



**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 prospectus supplement (the “**Supplement**”) is supplemental to and must be read in conjunction with the base prospectus dated 9 June 2006 granted visa n°06-186 on 8 June 2006 by the *Autorité des marchés financiers* (the “**AMF**”), as supplemented with a supplement dated 11 October 2006 which was granted visa n°06-362 on 11 October 2006 by the AMF (the base prospectus together with its supplement, 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 *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 for the purposes of incorporating the 30 September 2006 turnover figures of Veolia Environnement as well as further additional information as set out in this Supplement.

Copies of this Supplement will be available (i) without charge from the specified office of the fiscal agent or each of the paying agents, (ii) on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and (iii) on the website of the Issuer ([www.veolia.com](http://www.veolia.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 Prospectus Supplement the visa n°06-394 on 7 November 2006. This document may only be used for the purposes of a financial transaction if 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 coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it. 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 being 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 judgments 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 Proglio  
Chairman of the Board and CEO

## **2. STATUTORY AUDITORS**

### **Statutory auditors:**

SALUSTRO REYDEL, member of KPMG International  
commissaire aux comptes  
member of the Compagnie régionale de Paris  
represented by Mr. Bernard CATTENOZ and Bertrand VIALATTE  
1 cours Valmy, 92923 Paris La Défense

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. Hubert LUNEAU  
1 cours Valmy, 92923 Paris La Défense

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

On 12 October 2006, Veolia Water, the water division of Veolia Environnement, announced the signing of a partnership agreement with the Russian companies Evraziysky and EWP (Eurasian Water Partnership). This partnership involves the acquisition by Veolia Water of a stake in EWP which, in the longer term, should raise to 50%. It will enable Veolia Water to pursue its development in Russia in a local context of strong economic growth.

On 16 October 2006, Veolia Environmental Services, the waste division of Veolia Environnement, announced that it had been awarded a 50 year concession contract to partner a Chinese environmental services company in the design, construction and operation of two hazardous waste treatment centers in the cities of Qingdao and Jinan, in the Eastern part of China. The two projects will begin in late 2006, with Veolia Environmental Services holding a 66% stake in each joint venture. Total sales from the two joint ventures are expected to stand at €700 million over the 50-year contractual period.

On 27 October 2006, Dalkia International announced the signing of an agreement with American Standard Inc. (ASI) to acquire all of the outstanding shares of ASI's subsidiary TDU Pty Ltd., an Australian company that sells, services and maintains heating, ventilation and air conditioning systems in Australia and New Zealand. With this acquisition Dalkia, a joint subsidiary of Veolia Environnement and Electricité de France (EDF) and the leading provider of energy services in Europe, seeks to penetrate the fast growing markets of Australasia.

#### 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 2006

Paris, October 31, 2006

#### PRESS RELEASE

##### Consolidated revenue <sup>(1)</sup> for the first 9 months of 2006 (Unaudited IFRS data)

Confirmation of strong growth in revenue and income:  
Revenue up 12.4%  
Recurring operating income up 16.7%

#### VEOLIA ENVIRONNEMENT

At September 30, 2006 (€m)	At September 30, 2005 adjusted <sup>(2)</sup> (€m)	Change 2006/2005	Of which internal growth	Of which external growth	Of which exchange rate fluctuation
20,657.1	18,380.7	+12.4%	+8.4%	+3.7%	+0.3%

The Group's consolidated revenue rose by 12.4% to €20,657.1 million versus €18,380.7 million at September 30, 2005. Internal growth was 8.4%. External growth of 3.7% was primarily driven by the acquisitions made by Veolia Transport in the United States as well as by Veolia Water in the Solutions and Technologies business.

Revenue generated outside France totaled €10,890.8 million, or 52.7% of total revenue.

The impact of exchange rate fluctuations was limited, contributing only 0.3% to revenue (€57.2 million).

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

<sup>(2)</sup> The accounts to September 30, 2005 have been restated for application of draft interpretations D12, D13 and D14 on concession accounting to ensure comparability of the 2005 and 2006 periods.

## WATER

At September 30, 2006 (€m)	At September 30, 2005 adjusted <sup>(1)</sup> (€m)	% change 2006/2005	Of which internal growth	Of which external growth	Of which exchange rate fluctuation
7,331.0	6,662.8	+10.0%	+7.7%	+1.9%	+0.4%

- In **France**, the water business (works/engineering and distribution) achieved 3.8% growth, excluding Veolia Water Solutions & Technologies.
- **Outside France**, excluding Veolia Water Solutions & Technologies, revenue rose 11.5% (up 8.7% on a like-for-like basis). In Europe, the 8.2% growth was driven by the launch of new contracts, in particular in Germany (contract for the city of Braunschweig's wastewater services) and in the Czech Republic (Hradec Kralove and Prostějov). In the Asia-Pacific region, the strong growth in revenue of 30.8% (internal growth of 18.3%), was primarily driven by the start-up of new contracts in China (Hohhot, Changzhou and Kunming in the municipal field). The increased stake in the Adelaide contract in Australia and small acquisitions in Japan account for external growth in the region. In Africa and in the Middle East, 10.9% growth was recorded. In North America, revenue increased 12.1%.
- **Veolia Water Solutions and Technologies** achieved an 18.7% increase in revenue on a like-for-like basis, led in particular by the strength of the Design-Build business in France, in the Middle East and in the United States. Taking into account the acquisitions made over the period, total growth was 27.7%.

## WASTE MANAGEMENT

At September 30, 2006 (€m)	At September 30, 2005 adjusted <sup>(1)</sup> (€m)	% change 2006/2005	Of which internal growth	Of which external growth	Of which exchange rate fluctuation
5,361.7	4,914.3	+9.1%	+8.2%	+0.7%	+0.2%

- In **France**, revenue rose 4.8% (including 4.4% internal growth) under the dual effect of the larger contribution from new incineration plants and increased tonnages of treated solid waste within the framework of high value-added service contracts.
- **Outside France**, internal growth totaled 11.3%. Growth was particularly strong in the United States across all business lines, increasing 15.3%. In the United Kingdom, total growth was 12.7%, including 6.9% internal growth. The acquisition of Cleanaway UK, which was concluded on September 28, 2006, will contribute to results beginning in the fourth quarter of the year.

## ENERGY SERVICES

At September 30, 2006 (€m)	At September 30, 2005 adjusted <sup>(1)</sup> (€m)	% change 2006/2005	Of which internal growth	Of which external growth	Of which exchange rate fluctuation
4,249.4	3,669.3	+15.8%	+13.6%	+1.6%	+0.6%

The Energy Services business achieved total growth of 15.8%, including 13.6% internal growth. The impact on revenue of the rise in energy prices was €26 million. Excluding this effect, revenue increased 9.7%.

- In **France**, 10.5% internal growth resulted primarily from the rise in energy prices and, to a lesser extent, the positive impact of weather conditions, the coming on stream of new contracts and the increase in business at engineering subsidiaries.
- **Outside France**, revenue increased 23.0%, with internal growth up 18.4%. This increase was mainly driven by the full impact of the Lodz contract in Poland, positive weather conditions and favorable prices in Central Europe and a small acquisition in Italy.

<sup>(1)</sup> The accounts to September 30, 2005 have been restated for application of draft interpretations D12, D13 and D14 on concession accounting to ensure comparability of the 2005 and 2006 periods.

## TRANSPORT

At September 30, 2006 (€m)	At September 30, 2005 adjusted <sup>(1)</sup> (€m)	% change 2006/2005	Of which internal growth	Of which external growth	Of which exchange rate fluctuation
3,715.0	3,134.3	+18.5%	+4.1%	+14.5%	-0.1%

- **In France**, revenue increased 11.4%, driven by the contribution from the SNCM contract. The conclusion of the Toulouse contract was offset by new urban and inter-city contracts and by the good performance achieved across the rest of the business.
- **Outside France**, revenue was up 23.5%, including internal growth of 7.2%. External growth resulted primarily from acquisitions made in the United States (ATC and Shuttleport) and in Norway (Helgelandske).

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**Recurring operating income grew 16.7%** at current exchange rates (+15.9% at constant exchange rates). It increased to €1,551.2 million at September 30, 2006 compared with the adjusted <sup>(1)</sup> recurring operating income of €1,329.4 at September 30, 2005.

This strong performance resulted from the continued maturity of contracts, the favorable impact of the efficiency program and accelerated growth.

Free cash flow generated during the first nine months financed the Group's growth, with the exception of the acquisition in the Waste Management sector of Cleanaway UK, which concluded on September 28, 2006. This transaction primarily explains the increase in net financial debt at September 30, 2006 that stood at €4.8 billion compared with €3.9 billion at December 31, 2005 and €3.8 billion at June 30, 2006.

The very strong results achieved by Veolia Environnement during the first nine months of 2006 **allow the company to confirm its full-year growth and profitability objectives.**

### Appendix I

**Revenue from ordinary activities at September 30, 2005 reported and after early adoption of draft interpretations D12, D13 and D14**

In €m	At September 30, 2005	
	Reported	D12
Veolia Water	6,521.5	6,662.8
Veolia Environmental Services (waste management)	4,824.6	4,914.3
Veolia Energy	3,628.5	3,669.3
Veolia Transport	3,136.5	3,134.3
<b>Veolia Environnement</b>	<b>18,111.1</b>	<b>18,380.7</b>

<sup>(1)</sup> The accounts to September 30, 2005 have been restated for application of draft interpretations D12, D13 and D14 on concession accounting to ensure comparability of the 2005 and 2006 periods.

## Appendix II

### Operating income at September 30, 2005 reported and after early adoption of draft interpretations D12, D13 and D14

In €m	At September 30, 2005	
	Reported	D12
Operating income	1,321.3	1,329.3
Recurring operating income	1,321.4	1,329.4