



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**”) (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 31 March 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) and on the website of the Issuer (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 the visa n°07-151 on 16 May 2007. 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 consistent”. 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:

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

Dalkia, a joint subsidiary of Veolia Environnement and Electricité de France (EDF) and the leading provider of energy services in Europe, wins first heating network contract in China

On 10 May 2007, Dalkia, through its Chinese subsidiary Dalkia Urban Heating (a joint venture with the City of Jiamusi), has won its first contract to operate and develop a heating network in China, for a period of 25 years, which is expected to generate aggregate revenue of €650 million. The system currently serves 250,000 residents, as well as businesses and municipal buildings, for a total of 5.5 million square meters. This is slated to increase to nearly 15 million square meters of building space by 2020. As part of the contract, more than 600 employees will join Dalkia's teams. Dalkia forecasts outlays of €40 million over the life of the contract, notably to extend and upgrade the network and to automate and computerize the operating systems.

Press release

Consolidated revenue ⁽¹⁾ at March 31, 2007

(Unaudited IFRS data)

Revenue up 9.8% at constant exchange rates

Recurring operating income ⁽²⁾: up 6.7% at constant exchange rates

Veolia Environnement

At March 31, 2007 (€m)	Adjusted at March 31, 2006 ⁽³⁾ (€m)	% change 2007/2006	Of which internal growth	Of which external growth	Of which currency effect
7,795.1	7,162.5	8.8%	4.4%	5.4%	-1.0%
7,952.2 ⁽⁴⁾	7,162.5	11.0%	6.6%	5.4%	-1.0%

Veolia Environnement's consolidated revenue rose 8.8% to €7,795.1 million versus €7,162.5 million at March 31, 2006 ⁽³⁾. Internal growth came in at 4.4%. This figure includes the €34 million negative impact of very mild weather conditions in Europe, as well as a net negative impact of €23 million resulting from the decrease in energy prices on revenue in the energy business. **Excluding these impacts, internal revenue growth would have been 6.6% and total growth 11%.**

The 5.4% external growth resulted, in particular, from the acquisitions made by Veolia Environnement's waste management division in the United Kingdom (with a contribution of around €180 million), and Veolia Transport in France and the United States. The negative €74.4 million impact of exchange rate fluctuations (-1%) primarily reflected the depreciation of the US dollar against the euro. The share of revenue posted outside France totaled €4,155.6 million, or 53.3% of the total versus 50.6% at March 31, 2006.

Water

At March 31, 2007 (€m)	Adjusted at March 31, 2006 (€m)	% change 2007/2006	Of which internal growth	Of which external growth	Of which currency effect
2,493.1	2,280.0	9.3%	9.4%	0.8%	-0.9%

- In **France**, internal growth, excluding Veolia Water Solutions & Technologies, came in at 5.1% thanks to the good performance of the distribution business and robust growth in the engineering business.
- **Outside France**, excluding Veolia Water Solutions & Technologies and excluding Proactiva, revenue increased 8.8% on a like-for-like basis. In Europe, 4.4% growth reflected the starting-up of new contracts signed in 2006, in particular in Central Europe, and growth in concession operations in Italy, partly offset by the end of work on BOT contracts

⁽¹⁾ Revenue from ordinary activities

⁽²⁾ Recurring part of operating income: an accounting item is considered to be non-recurring if it does not repeat itself in the normal course of operations during each year and if it significantly alters the economics of one or several cash generating units.

⁽³⁾ Financial statements at March 31, 2006 were restated, to ensure comparability, for:

- the application of the IFRIC12 interpretation on the accounting treatment of concessions,
- the amount of revenue from ordinary activities of Veolia Transport in Denmark, booked in 2006 under the IFRS5 standard and presented in the income statement in the "net income of discontinued operations" line.

⁽⁴⁾ Excluding weather conditions impact and the decrease of energy costs in the energy business.

(Brussels and The Hague). Growth outside of France was also supported by the Africa / Middle East region, which increased revenue by 13%. In Asia-Pacific, very strong growth in excess of 40%, was mainly driven by the launch of new contracts in China, South Korea, Japan and Australia.

- **Veolia Water Solutions & Technologies** posted a 25% increase in revenue on a like-for-like basis, largely due to strong, sustained growth in the “Design and Build” business in the Middle East, France and Ireland.

Environmental Services (Waste Management)

At March 31, 2007 (€m)	Adjusted at March 31, 2006 (€m)	% change 2007/2006	Of which internal growth	Of which external growth	Of which currency effect
2,033.3	1,715.1	18.6%	8.2%	12.6%	-2.2%

- In **France**, revenue rose 6.5% (6.0% at a constant consolidation scope) under the combined impact of the larger contribution of incineration plants and a satisfactory performance of landfills.
- **Outside France**, excluding Proactiva, internal growth of 9.9% was driven by activity across all regional zones. It was noticeably robust in the United Kingdom, with 12.8% internal growth, due to the increasing contribution of integrated contracts. In North America, internal growth totaled 7.0%, led in particular by strong growth in the industrial services business. In Asia, the development of the recent Foshan and Likeng contracts made a significant contribution to the 14.6% internal growth in operations.
- The 12.6% external growth primarily reflected the acquisition of Cleanaway in the United Kingdom.

Energy services

At March 31, 2007 (€m)	Adjusted at March 31, 2006 (€m)	% change 2007/2006	Of which internal growth	Of which external growth	Of which currency effect
1,955.6	2,025.0	-3.4%	-6.2%	2.7%	0.1%

- The decrease in revenue was a result of the change in energy prices (negative impact of €23 million) and the impact of the mild winter in the first quarter of 2007 in contrast with the first quarter of 2006 when the weather was colder than the ten-year average (negative impact of €134 million). In aggregate, these elements had a negative impact of 7.8% on the change in the division’s revenue.
- As a result, in **France**, revenue decreased by 7.7%, because of the extremely mild winter in the first quarter of 2007 and the decline in energy prices that reduced revenue growth by around €104 million.
- **Outside France**, weather conditions were partly offset by the Group’s recent development in particular in Central Europe, the United Kingdom and Australia. Accordingly, total growth in business outside France came in at 3.8%.

Transportation

At March 31, 2007 (€m)	Adjusted at March 31, 2006 (€m)	% change 2007/2006	Of which internal growth	Of which external growth	Of which currency effect
1,313.1	1,142.4	14.9%	7.5%	8.9%	-1.5%

- In the Transportation division, revenue in **France** increased 17.4%, notably because of the impact of the contribution made by SNCM, new urban and inter-city contracts, and the development of existing contracts.
- **Outside France**, revenue grew 13.5%, up 8.8% on a like-for-like basis, and reflected the full impact of the division's development in North America (+15.7% internal growth), growth in Australia and small acquisitions made in Central Europe and the United Kingdom.

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Consolidated operating income increased 6.1% to €654.8 million versus €617.2 million in the first quarter of 2006. **It grew 6.7% at constant exchange rates. Weather conditions negatively impacted operating income by €34 million. Excluding this impact, operating income increased 11.6% (12.2% at constant exchange rates).**

Net financial debt ⁽¹⁾ increased slightly to €14.9 billion versus €14.7 billion at December 31, 2006 because of the capital expenditure program and projects carried out.

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Outside the impact of the mild weather, first-quarter results underscored the relevance of Veolia Environnement's profitable growth strategy.

Due to Veolia Environnement's growth within its existing contracts, recent business development (e.g. waste contract in Pinellas County, Florida in the United States; water contract awards in the Middle East; and acquisitions within the energy services business in Central Europe), as well as the contribution expected from the acquisition of Sulo in the field of waste management in Germany, consolidated revenue and operating income should grow by at least 10% in 2007.

⁽¹⁾ 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.