VEOLIA ENVIRONNEMENT
Form 6-K
October 15, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of October 2008

Commission File Number: 001-15248

VEOLIA ENVIRONNEMENT

(Exact name of registrant as specified in its charter)

36-38, avenue Kléber

75116 Paris, France

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yeso No x

If Yes marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

This is a free translation into English of Veolia Environnement s update of its 2007 document de reference (the Reference Document) filed by Veolia Environnement with the French Autorité des marchés financiers on September 25, 2008 and is provided solely for the convenience of English speaking readers.

Update of the 2007 Reference Document

This update of the 2007 Reference Document was filed with the *Autorité des marchés financiers* (AMF) on September 25, 2008, pursuant to Article 212-13, paragraph IV, of the AMF s General Regulations. It supplements the 2007 Reference Document of Veolia Environnement filed with the AMF on March 31, 2008 under number D.08-0172. The reference document and its update may be used in connection with a financial transaction if supplemented by an offering memorandum (a *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 that to the best of my knowledge and after having taken all reasonable measures to ensure the accuracy thereof, all of the information contained in this update is true and that such update does not omit any information liable to rendering it misleading.

I certify that to my knowledge the condensed financial statements for the past half-year were established in accordance with applicable accounting standards and present a reliable representation of the assets, financial condition and results of the company and of all of the companies included in its scope of consolidation, and that the half-year activity report appearing in Chapter 9 presents a reliable depiction of the significant events that occurred during the first six months of the fiscal year and their impact on the financial statements, of the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

The statutory auditors have provided me with a letter indicating that they have completed their work (*lettre de fin de travaux*), and stating that they have verified the consistency of the information relating to the financial condition and financial statements contained in this update and that they have read the entire update. There were no observations noted in this letter.

The forecasted financial information presented in this update was subject to a report by the statutory auditors. Such report can be found in Chapter 13, paragraph 13.2 of this update.

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,

located at 1 Cours Valmy, 92923 Paris La Défense Cedex, France.

This company was appointed at the Combined General Shareholders Meeting held on May 10, 2007 as a replacement for Salustro Reydel, for a term of six 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 et Autres

Commissaire aux comptes, Member of the *Compagnie régionale de Versailles*

A company represented by Mr. Jean BOUQUOT and Mr. Patrick GOUNELLE,

located at 41, rue Ybry, 92576 Neuilly-sur-Seine Cedex, FRANCE.

This company was appointed on December 23, 1999, with a term that was renewed at the Combined General Shareholders Meeting held on May 12, 2005 for a term of six 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

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

Mr. Philippe MATHIS was appointed at the Combined General Shareholders Meeting held on May 10, 2007 for a term of six 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

Located at Tour Ernst & Young, Faubourg de l Arche, 92037 La Défense Cedex, FRANCE.

This company was appointed at the Combined General Shareholders Meeting held on May 12, 2005, for a term of six 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.

3. Selected Financial Information[1]

Data in IFRS

(in millions)	**06/30/2008**	**12/31/2007**	**06/30/2007**	**12/31/2006**	**12/31/2005**
Revenue from ordinary activities	18,091.7	32,628.2	15,461.6	28,620.4	25,570.4
Operating income	1,305.7	2,496.9	1,271.8	2,132.9	1,892.9
Net income attributable to the group	500.5	927.9	493.0	758.7	622.2
Net income per diluted share attributable to the group (in)	1.09	2.13	1.21	**1.89	**1.56
Net income per non-diluted share attributable to the group (in)	1.09	2.16	1.22	**1.90	**1.57
Dividends paid by the Company	553.5	419.7	419.7	336.3	265.4
Dividend per share paid during the fiscal year (in)	1.21	1.05	1.05	0.85	0.68
Total assets	47,126.0	46,306.9	41,812.3	40,123.7	36,381.0
Total current assets	17,440.5	17,214.0	16,257.4	14,956.4	13,544.5
Shareholders equity attributable to the group	7,394.0	7,612.9	4,640.7	4,360.8	3,790.2
Minority interests	2,494.4	2,577.8	2,296.5	2,192.6	1,888.0
Operating cash flow*	2,151.0	4,178.3	2,012.4	3,850.1	3,518.4
Recurring operating income	1,300.1	2,469.2	1,235.8	2,222.2	1,903.6
Recurring net income attributable to the group	497.5	933.2	481.9	762.0	630.2
Net financial debt	16,332.3	15,124.5	15,200.2	14,674.9	13,870.6

* *Operating cash flow = cash flow from continuing operations before tax and financial elements.*

*** The diluted and undiluted net earnings per share were recalculated on a retrospective basis in accordance with the IAS 33 accounting standard. In both cases, the July 2007 capital increase was taken into account.*

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[1] The terms appearing in the table (other than operating cash flow) are defined in Chapter 9, paragraph 9.2.1 of the Reference Document and in Chapter 9, paragraph 9.2.1 of this update.

9. Operating and Financial Review

9.1 Results of operations for the first half of 2008

9.1.1 General context

The Group s strategy of developing environmental businesses through long-term contracts enabled it, once again, to record a marked increase in activity, with a 17% rise in revenue based on current exchange rates (19.5% at constant exchange rates).

The rise is attributable to the steady level of organic growth and the contribution of acquisitions carried out in 2007 and in early 2008. It results from the growth of all group activities and specifically the substantial increase in engineering and construction activities in the water sector (seawater desalination) and recent acquisitions in Europe, the Group s main market. It is also related to the pursuit of the development strategy and particularly the acquisition of the Bartin group (effective in February 2008), active in waste recycling and recovery and, in the energy sector, the acquisition of the Praterm group in Poland in February 2008.

Group operating results (operating cash flow and operating income) are also up. However, they were affected by the appreciation of the euro against certain currencies in countries where the Group has a significant presence (United States, United Kingdom and the Asia zone) and the sharp increase in prices of oil products (average price of a barrel increasing from $63.3 in the first half of 2007 to $110.3 in the first half of 2008), even though this is for a significant part passed on over time through contractual indexation formulas. Lastly, the contribution of certain acquisitions and recent developments (Germany) did not meet expectations.

These cyclical events do not call into question the Group s strategy and its outlook for the medium term. The Group has implemented a new cost-cutting plan (Veolia 2010) and is conducting a review of its asset portfolio. These actions should help improve Group profitability by 2010.

9.1.2 New commercial successes within growth markets

New contracts:

Several major contracts were won during the first half of 2008:

In January 2008, Veolia Eau won two installation contracts in Dubai for the treatment and recycling of briny wastewater, via its subsidiary Veolia Water Solutions & Technologies, for a total estimated amount of 22.4 million in terms of the Group share.

At the end of January 2008, Veolia Eau won a contract in Nantes for the modernization of a wastewater treatment facility attributed to a business grouping. The contract represents a total of approximately 29 million, of which 13.7 million for the segment carried out by Veolia Eau.

In February 2008, Veolia Eau won a contract for the modernization and extension of a Warsaw wastewater treatment plant as part of a consortium. The contract represents cumulative revenue estimated at   500 million, including   148 million for the Veolia Eau share.

On February 13, 2008, Veolia Propreté won a 25-year Private Finance Initiative (PFI) for the recycling of waste in the borough of Southwark (London) in the UK, representing revenue estimated at   900 million.

On March 17, 2008, Veolia Propreté won a 25-year PFI contract for the recycling of waste in the UK s West Berkshire district, representing cumulative revenue of   667 million.

On April 29, 2008, Veolia Eau, via its subsidiary Veolia Water AMI, was awarded the first delegated water management contract in Saudi Arabia. The six-year contract represents estimated aggregate revenues of   40 million.

On May 19, 2008, Veolia Eau, via OTV, a subsidiary of Veolia Water Solutions & Technologies, was awarded two major contracts with the *Syndicat interdépartemental pour l assainissement de l agglomération parisienne* (SIAAP). The two contracts represent total cumulative revenues of   224.1 million over the term for the Veolia Eau portion

On June 9, 2008, Veolia Eau was awarded a new contract in India covering the design, construction and operation of a drinking water treatment plant in the city of Nagpur, representing estimated cumulative revenues of   24 million.

On June 12, 2008, Veolia Transport won the management contract for the urban bus network of the city of Bilbao, Spain (400,000 inhabitants). The contract has a term of 8 years with an additional two years under option and represents estimated cumulative revenues of   305 million over the first eight years.

Major acquisitions and divestitures:

The Group also proceeded with the following acquisitions:

On November 19, 2007, Veolia Propreté announced the signature of an agreement for the acquisition of the entire share capital of Bartin Recycling Group, a company specializing in the collection and recovery of industrial waste and in particular the recycling of ferrous and non-ferrous metals. The transaction represents an investment of 189.9 million in terms of the enterprise value and was finalized on February 13, 2008. The acquisition s contribution to Group revenue for the period ended June 30, 2008 amounts to 136 million.

In February 2008, following a takeover bid launched on December 17, 2007, Dalkia became the majority shareholder in Praterm, a heat production and distribution company in Poland, with a stake of 97.9%. This transaction will further strengthen Dalkia s positioning in this country, where it already owns two of the largest heating networks in Poznan and Lodz. The operation represents an investment of 117 million for Dalkia in terms of the enterprise value (Group share). The Praterm contribution to Group revenue for the period ended June 30, 2008 amounts to 16 million (Group share).

In February 2008, Veolia Cargo, a subsidiary of Veolia Transport specialized in rail freight transport, signed an agreement relating to the acquisition of Rail4Chem, a railway company specialized in international rail freight transport. Owned by four private shareholders, Rail4Chem generated revenues of more than 80 million in 2007. The acquisition was finalized on April 18, 2008 for an investment of 40 million in terms of the enterprise value.

The Group sold the ship *Jean Nicoli* for 105 million in the first half of 2008. The ship, which was owned by Veolia Transport, had been leased to the SNCM in the context of a public service delegation.

9.2 Accounting and financial information

9.2.1 Definitions and accounting context

The term **organic growth** includes growth resulting from:

the expansion of an existing contract, particularly resulting from an increase in prices and/or volumes delivered or processed,

new contracts,

the acquisition of operating assets attributed to a particular contract or project.

The term **external growth** includes growth through acquisitions (those occurring during the current financial year and those with a partial impact on the past year), net of divestitures, of entities and/or assets used in one or more markets and/or that hold multiple contracts.

Net financial debt represents gross financial debt (long-term borrowings, short-term borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents and excluding fair value adjustments to derivatives hedging debt.

Net finance costs represent the cost of gross financial debt, including related gains and losses on interest rate and foreign exchange hedges, less income on cash and cash equivalents.

Net income (loss) from discontinued operations is the total of income and expenses, net of tax, related to businesses sold or in the process of being sold, in accordance with IFRS 5. It is equal to the net income (loss) generated in the period by the assets and liabilities reported in the balance sheet headings, Assets of discontinued operations and Liabilities of discontinued operations.

Recurring net income attributable to equity holders of the parent is defined as follows: recurring portion of operating income + recurring portion of financial items + recurring portion of the share of net income of associates + recurring portion of net income attributable to minority interests + recurring portion of the income tax expense. An accounting 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.

Accounting context

The accounting policies used to approve the financial statements for the first half of 2008 have not changed in relation to the fiscal year 2007 financial statements.

9.2.2 Revenue

9.2.2.1 Overview

As of June 30, 2008 (in millions)	As of June 30, 2007 (in millions)	% change 2008/2007	of which internal growth	of which external growth	of which currency effect
18,091.7	15,461.6	17.0%	11.1%	8.4%	(2.5)%

Veolia Environnement s consolidated revenue at June 30, 2008, was 18,091.7 million, up 17.0% (+19.5% at constant exchange rates), versus 15,461.6 million at June 30, 2007.

Internal growth of 11.1% was driven by the strong commercial development in all Group activities and boosted by the start-up of engineering and construction contracts in the Water division. The increase of energy prices within the Energy division contributed approximately 189 million in revenue.

External growth of 8.4% was primarily led by the contribution from acquisitions completed by Veolia Environmental Services (the waste management division) in Germany, Italy and France (for a total revenue contribution of 718 million euros), by Veolia Energy in the United States (revenue contribution of 172 million euros) and Veolia Water mainly in the United Kingdom and Japan (for a total revenue contribution of approximately 148 million euros).

The share of recorded revenue outside France totaled 10,416.2 million, or 57.6% of the total at June 30, 2008 versus 54.5% at June 30, 2007

The negative impact of exchange rate movements for 391.3 million primarily reflects the depreciation of the US dollar for - 195.3 million and the pound sterling for - 194.6 million, partially offset by the appreciation of the Czech crown for + 63.7 million.

9.2.2.2 Revenue by division

(million)

	As of June 30, 2008	As of June 30, 2007	% change 2008/2007
Water	5,987.7	5,220.7	14.7%
Environmental Services	5,085.4	4,195.9	21.2%

Energy Services	4,049.1	3,320.7	21.9%
Transportation	2,969.5	2,724.3	9.0%
Revenue	**18,091.7**	**15,461.6**	**17.0%**
Revenue at 2007 exchange rates	**18,483.0**	**15,461.6**	**19.5%**

WATER

As of June 30, 2008 (in millions)	As of June 30, 2007 (in millions)	% change 2008/2007	of which internal growth	of which external growth	of which currency effect
5,987.7	5,220.7	14.7%	12.8%	3.8%	(1.9)%

In **France**, organic growth was 3.3%[2], supported by a wider offering of services and by growth in the engineering works business that offset the decline in volumes in production due to the weather conditions during the second quarter of 2008.

Outside France, excluding Veolia Water Solutions & Technologies, revenue increased 19.0% (up 15.2% at constant consolidation scope and exchange rates). In Europe, growth of 15.1% benefited from the new unregulated activities in the water business acquired in the United Kingdom and price increases in the Czech Republic and the provisional admission of the Brussels facility. Business was brisk in the Africa/Middle East region, increasing 22.7% at constant consolidation scope and exchange rates, mainly due to the BOT contract for Oman Sûr (Build, Operate and Transfer). In Asia-Pacific, robust growth of 36% at constant consolidation scope and exchange rates, was mainly driven by the start-up of new industrial and municipal contracts in China (Lanzhou, Haikou, etc.), by the increase in volumes and the expansion of the Shenzhen concession as well the Gold Coast contract and the Sydney desalination contract in Australia. In the United States, 5.6% growth at constant exchange rates was primarily due to the start-up of the Milwaukee contract and the good level of engineering works activities in Indianapolis.

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[2] Excluding subsidiaries and foreign construction establishments.

Veolia Water Solutions & Technologies, achieved revenue of 1,095.1 million, an increase of 29.5% at constant consolidation scope and exchange rates, largely due to strong, sustained growth in the Design and Build municipal and industrial business, in particular in the Middle East.

ENVIRONMENTAL SERVICES

As of June 30, 2008 (in millions)	As of June 30, 2007 (in millions)	% change 2008/2007	of which internal growth	of which external growth	of which currency effect
5,085.4	4,195.9	21.2%	8.5%	18.2%	(5.5)%

In France, revenue increased 15.5% (7.3% on a constant consolidation scope), driven by the good performance of the non-hazardous household and industrial waste management (new contracts in incineration) activities, as well as the paper sorting, recycling and trade business and the acquisition of Bartin Recycling Group, finalized in February 2008.

Outside France, all geographical regions contributed to the 8.6% organic growth. Despite the economic slowdown, growth was strong in North America (up 10.8% at constant consolidation scope and exchange rates) due to the increase in prices in the