

PRESS RELEASE

Veolia Transport pursues expansion in Asia with signature of first contract in China

Paris, December 8, 2008 – Veolia Transport China Limited, the Chinese subsidiary of Veolia Transport, has signed a partnership agreement with Nanjing Zhongbei. The agreement covers the creation of a joint venture to operate the transportation systems in six Chinese cities for a period of 30 years.

Based in Nanjing, the capital of Jiangsu Province, Nanjing Zhongbei is a company specializing in public transportation and real estate development. It has been listed on the Shenzhen stock exchange since 1996 and its main shareholder is the City of Nanjing.

Under the terms of the agreement, Veolia Transport will hold 49% of a joint-venture company that will group together the transportation activities of Nanjing Zhongbei. These are located in the Nanjing suburbs of Luhe and Pukou, and in Ma'anshan, Huainan, Huaibei and Anqing, cities in Anhui Province with populations ranging from 0.5 million to 1.5 million. Jiangsu and Anhui Provinces are both located in the Yangtze valley near Shanghai, in booming eastern China.

For 2009, the joint venture will generate revenue of over 400 million yuan, or €40 million (nearly €20 million for Veolia Transport). The six transportation systems use a total of 2,000 buses, have 6,500 employees and carry 360 million riders per year.

This joint venture will enable Veolia Transport to enter into the public transportation market in China. With the country's cities continuing to grow (45% of Chinese now live in urban areas) and mobility increasing by 10% per year, public transportation has become a priority for the population and for the government.

Veolia Transport will manage the joint venture and bring its expertise, methods and experience in the operation and management of transportation systems and in equipment maintenance. It will contribute to modernizing the transportation offer and adapting it to suit people's needs.

"With this first operation, Veolia Transport is now, like the other divisions of Veolia Environnement, well established in China. Two years after opening our bureau in Shanghai, we will be entering into the operational phase of our expansion in this country. Our aim is to demonstrate our expertise and to make it available to the Chinese people's need for day-to-day mobility," said Cyrille du Peloux, CEO of Veolia Transport.

Veolia Environnement's transport division operates in 30 countries and employs 81,532 people. Veolia Transport posted revenue of €5.6 billion in 2007. Veolia Transport operates 38,076 road and rail vehicles and carries more than 2,5 billion passengers per year. Veolia Transport contributes to remedy the shortage of urban space and avoids 3.6 million metric tons of greenhouse gas emissions (equivalent CO₂) per year. www.veolia-transport.com

Veolia Environnement (Paris Euronext: VIE and NYSE: VE) is the worldwide reference in environmental services. With more than 300,000 employees the company has operations all around the world and provides tailored solutions to meet the needs of municipal and industrial customers in four complementary segments: water management, waste management, energy management and freight and passenger transportation. Veolia Environnement recorded revenue of €32,6 billion in 2007.

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Press release also available on our web site: <http://www.veolia-finance.com>