PRESS RELEASE

Paris, August 4, 2011

FIRST HALF 2011 RESULTS

+4.4% ORGANIC REVENUE GROWTH

POSITIVE FREE CASH FLOW* AND NET FINANCIAL DEBT* REDUCTION

DIFFICULTIES IN SOUTHERN EUROPE, NORTH AFRICA AND THE UNITED STATES

ADJUSTED OPERATING CASH FLOW -3.5% (EXCLUDING VEOLIA TRANSDEV)**

ADJUSTED OPERATING INCOME* -10% (EXCLUDING VEOLIA TRANSDEV)**

APPROXIMATELY €800M IN ASSET WRITE-DOWNS

COMPANY-WIDE RESTRUCTURING AND TRANSFORMATION PLAN

EXECUTIVE COMMITTEE CHANGES

(NON-AUDITED IFRS FIGURES)

Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement, indicated: «In the context of improving Company performance, several months ago I launched a complete review of our operations, which is now finished and decisions have been reached. A number of changes have already been initiated and accomplished and the scope of Veolia's operations has already changed significantly throughout the last 18 months. However I have decided to accelerate the restructuring of our activities and supplement the transformation of Veolia Environnement with a convergence plan in order to increase synergies between our businesses and further reduce costs. This second phase will facilitate the achievement of the objective we set: to make Veolia a more reactive and more efficient company given its operational environment, focused on a significantly reduced number of countries, with fewer entities and activities, and a clear objective: to quickly improve profitability, all while capturing growth opportunities present within our activities.»

* Refer to page 14 for definitions

** Compared to previously published 2010 figures

- **First half 2011 performance was characterized by: continued organic revenue growth, localized operational difficulties and asset write-downs.**
    - **Consolidated revenue** grew 4.4% at constant scope and exchange rates (+15.5% at current exchange rates) to €16,286.7M.
    - **Adjusted operating cash flow** grew 2.3% at constant scope and exchange rates (+2.8% at current rates) to €1,740.8M, which was negatively impacted by operational difficulties within the United States in the Marine Services business, in Southern Europe and to a lesser extent in North Africa, by a total amount of €97M. Excluding Veolia Transdev, adjusted operating cash flow declined by 3.5% compared to previously published first half 2010 figures.
    - **Adjusted operating income** declined 8.3% at constant exchange rates (-7.2% at current rates) to €937.8M, versus €1010.9M in H1 2010 due to operational difficulties resulting in a -€109M impact. Excluding Veolia Transdev, adjusted operating income declined 10% compared to previously published first half 2010 figures.
    - **Operating income** amounted to €252.2M, versus €1100.7M in the prior year period and was negatively impacted by non-recurring write-downs amounting to €686M (principally in Italy, Morocco and the United States).
    - The total amount of non-recurring write-downs accounted for in the first half of 2011 was €800.3M, to which an additional €38M in write-downs were accounted for in adjusted operating income. In addition, a capital gain of €429.8M was generated due to the combination of Veolia Transport and Transdev, which is accounted for in discontinued operations.
    - **Net income** was -€67.2M. Adjusted net income amounted to €188.1M versus €262.9M in H1 2010.

- **Positive free cash flow[*] of €155M versus -€133M in H1 2010. Reduction in net financial debt by €454M, to €14.8 billion versus €15.2 billion at December 31, 2010.**
    - Controlled gross investments*, €1,199M in H1 2011 versus €1,333M in H1 2010
    - Solid execution on asset divestment program, with €1,048M in divestments completed as of June 30, 2011, including €540M related to the combination of Veolia Transport and Transdev.

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- **2011 Objectives**
    - Continued organic revenue growth
    - A program of asset divestments of at least €1.3 billion
    - Positive free cash flow after dividend payment
    - Efficiency Plan cost savings of at least €250M
    - Slight decline in adjusted operating income at constant exchange rates, compared to previously published 2010 figures, excluding Veolia Transdev.

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- **Acceleration of company restructuring**
    - Exit certain geographies and certain activities: Transport in Morocco, Environmental Services in Egypt, Marine Services in the United States, and in Southern Europe
    - Increased geographic concentration of company operations, with a presence in less than 40 countries targeted by 2013, versus 77 countries currently

- **Launching Convergence plan:**
    - Reinforcement of Company operational performance and integration
    - Rationalization of the organization, processes and local headquarters
    - Additional cost savings plan: a minimum of €150M benefit to 2013 annual operating income, increasing to €250M to €300M annually by 2015, in addition to the annual Efficiency Plan of at least €250M.

[*] Refer to page 14 for definitions

- **Executive Committee changes:**
  - Denis Gasquet, Chief Operating Officer and Senior Executive Vice President of Veolia Environnement, will take responsibility for a team dedicated to operational performance, organizational structure and cost reductions. He will no longer serve as CEO of the Environmental Services division in order to devote himself fully to the Company's transformation plan.
  - A new Head of Environmental Services division: Jérôme Le Conte
  - A new Head of Energy Services division: Franck Lacroix
  - A new Director of Human Resources: Jean-Marie Lambert

- **Dividend**
  - The Board of Directors will determine its dividend per share recommendation associated with the 2011 fiscal year at the Annual General Shareholders Meeting associated with the full year 2011 accounts. The Board confirms the intent to maintain a high payout as a percentage of adjusted net income.

Key figures for the six months ending June 30, 2011 [(1)]

VEOLIA ENVIRONNEMENT

During the first half of 2011, Company results were marked by two key events – the creation of the Veolia Transdev joint venture with Caisse des Depots on March 3, 2011 and localized difficulties, particularly in Southern Europe, North Africa (Maghreb and Egypt), and in the United States (Marine Services).

The 2010 financial statements have been re-presented to classify the former Veolia Transport division, the Netherlands operations in the Water division, the Norwegian operations in the Environmental Services division and the German activities in the Energy Services division into discontinued operations, as well as for the reclassification into “continuing operations” the Renewable Energies business within the Energy Services division.

Revenue (€M)						
Half year ended June 30, 2011	Half year ended June 30, 2010 re-presented	Half year ended June 30, 2010 published	Change 2011/2010	Of which internal growth	Of which external growth	Of which currency effect
16,286.7	14,106.5	17,177.3	15.5%	4.4%	10.8%	0.3%

REVENUE AND COMMERCIAL DEVELOPMENT ACTIVITY

Veolia Environnement consolidated revenue was €16,286.7 million for the half-year ended June 30, 2011, up 15.5% compared to re-presented revenue of €14,106.5 million for the first half of 2010. In the quarter ended March 31, 2011, the Company reported consolidated revenue of €8,159.4 million, up 11.3% (+3.4% at constant scope and exchange rates). Second quarter 2011 consolidated revenue grew 19.9%.

The consolidation scope impact on revenue for the half-year ended June 30, 2011 includes €1,316.9 million in respect of the first-time consolidation of Veolia Transdev (+9.3%). In addition, it reflects targeted acquisitions performed in 2010 of €158.4 million in the Water division (primarily the impact of the acquisition of certain United Utilities assets), -€20.5 million in the Environmental Services division and +€63.3 million in the Energy Services division (relating to the acquisition of Dalkia Industry CZ and two other subsidiaries Czech-Karbon and NWR Energetyka PL Spolka from the NWR Group in 2010).

At constant scope and exchange rates, first half 2011 revenue increased 4.4% compared to the first half of 2010. This increase is explained principally by:

- growth in Water Division revenue, mainly tied to the recovery of the Works business and the contribution of operations activities in Europe and in Asia, despite the negative impact of contractual erosion in France;
- the increase in the price of recycled raw materials (in the approximate amount of €155 million) and the improvement in activity levels for industrial services, commercial waste collection and the treatment of hazardous waste in the Environmental Services Division, particularly in continental Europe;
- energy prices (in the approximate amount of €160 million compared to June 30, 2010), partially offset by a lower climate effect than in the first half of 2010 in the Energy Services Division;
- reduced by the downturn in the Works business in the Energy Services Division in Southern Europe.

The share of revenue generated outside France in the first half of 2011 was €9,792.4 million, representing 60.1% of total revenue, compared to 59.4% of total re-presented revenue in the first half of 2010.

The foreign exchange impact of €43.9 million primarily reflects the appreciation compared to the euro of the Australian dollar for €42.9 million, the Swiss franc for €15.0 million and Eastern European currencies (the Czech Republic and Poland) for €31.5 million, offset by the depreciation of the U.S. dollar in the amount of -€61.9 million.

Veolia Environnement has benefitted from favorable market trends and has won several significant contracts during the first half of 2011, including:

- Thames Water in the United Kingdom awarded Vennsys Limited, a consortium led by Veolia Water U.K., a contract to manage all its water metering services. This 10-year contract represents total estimated revenue of approximately £240 million (roughly €280 million);
- The Private Finance Initiative (PFI) contract for the treatment of 350,000 tons of residual waste per year for Hertfordshire county for 25 years and estimated cumulative revenue of over £1.3 billion (roughly €1.5 billion);
- Dalkia was awarded a 30-year contract for the operation and maintenance of the Montreal University Hospital, representing estimated cumulative revenue of CAD1.6 billion (approximately €1.2 billion);

OPERATING PERFORMANCE

Adjusted operating cash flow increased 2.8% (+2.3% at constant exchange rates) to €1,740.8 million for the half-year ended June 30, 2011, compared to re-presented €1,694.0 million for the half-year ended June 30, 2010. The favorable foreign exchange impact was €7.5 million.

The variation in adjusted operating cash flow for the first half of 2011 resulted primarily from the following items:

- the downturn in operations in the Gulf of Mexico (Marine Services) as well as Southern Europe, particularly in Italy,
- restructuring measures and contract terminations tied to the acceleration of restructuring, and the degradation in the business environment in Southern Europe and North Africa,
- a downturn in operational performance in the Water division, primarily tied to contractual erosion in France and a one-off increase in asset maintenance costs in the first quarter of 2011, particularly in the United Kingdom,
- the favorable impact of the increase in recycled raw materials prices and activity growth and favorable volume effects in the Environmental Services division,
- the positive impact of energy prices, offset by weather conditions overall less favorable in 2011 than in 2010, in the Energy Services division.

Finally, adjusted operating cash flow benefited in the half-year ended June 30, 2011 from the contribution of the new entity, Veolia Transdev, in the amount of €75.5 million in external growth. Adjusted operating cash flow excluding Veolia Transdev would have declined by 3.5% (-3.9% at constant exchange rates) compared to first half of 2010 previously published figures.

The effects of the Company Efficiency Plan contributed €108 million to the growth in adjusted operating cash flow in the first half of 2011.

Accordingly, the adjusted operating cash flow margin declined 1.3 points to 10.7% in the first half of 2011 compared to 12.0% re-presented in the first half of 2010.

Adjusted operating income* declined 7.2% to €937.8 million for the half-year ended June 30, 2011 compared to re-presented adjusted operating income of €1,010.9 million for the half-year ended June 30, 2010. Excluding Transport activities, adjusted operating income would have declined by 10.0% compared to the first half 2010 previously published figures.

In addition to variation in adjusted operating cash flow, the change in adjusted operating income is due to:

- lower amounts of capital gains from divestments in the first half of 2011, compared to re-presented first half 2010 (difference of -€62.8 million compared to re-presented first half 2010); the majority of capital gains during the first half of 2011 are accounted for in discontinued operations;
- asset write-downs accounted for in adjusted operating income for -€38.0 million;
- the impact of the change in discount rate utilized to calculate landfill site remediation provisions for -€4 million in the first half of 2011 versus -€33.0 million for the first half of 2010 in the Environmental Services division.

The adjusted operating income margin declined to 5.8% in the first half of 2011 from the re-presented 7.2% in the first half of 2010.

Operating income fell 77.1% to €252.2 million for the half-year ended June 30, 2011 compared to re-presented operating income of €1,100.7 million for the half-year ended June 30, 2010.

In addition to the change in adjusted operating income described above, operating income includes impairment losses on goodwill and non-current assets of approximately €686 million, primarily on Company activities in Italy (€448 million, of which €298 million related to goodwill), the United States (€152 million for TNAI) and Morocco (€32 million).

NET INCOME

The **cost of net financial debt** decreased to -€375.8 million in the first half of 2011, versus -€387.5 million in the half-year ended June 30, 2010, due to the decrease in average net debt from €15.5 billion at June 30, 2010 to €14.8 billion at June 30, 2011.

The decrease in net finance costs was mainly due to the fall in outstanding debt primarily following the refinancing by the Caisse des dépôts et consignations of the activities of the new entity, Veolia Transdev, and positive cash flows during the second half of 2010.

The financing rate (defined as the ratio of net finance costs excluding fair value adjustments to instruments not qualifying for hedge accounting, to average monthly net financial debt for the period) increased from 5.06% in the six months ended June 30, 2010 to 5.32% in the six months ended June 30, 2011. This increase is mainly due to the increase in cash investments (with associated carrying costs) and to a lesser extent the rise in short-term rates.

For the first half of 2011, the Company recorded **income tax expense** of -€304.4 million, including a write-down of deferred tax assets of the France tax group for -€114.7 million.
The tax rate for the half-year ended June 30, 2011 was 33.1% (compared to 33.4% for the half-year ended June 30, 2010) after adjustment for one-off items and particularly:

- impairment of goodwill not deductible for tax purposes of -€500.4 million,
- impairment of assets not deductible for tax purposes in Italy of -€150.0 million,
- the impairment of the net deferred tax asset position of the France tax group of -€114.7 million.

* Refer to page 14 for definitions

Net income from discontinued operations increased from €40.3 million for the half-year ended June 30, 2010 to €433.7 million for the half-year ended June 30, 2011 largely due to:

- the gain on divestment of German activities in the Energy Services division, sold in May 2011,
- the gain on divestment of Norwegian activities in the Environmental Services division, sold in March 2011,
- the reclassification of Veolia Transport net income and expenses to "Net income from discontinued operations" for the period January 1 to March 3, 2011 and the recognition of a gain on divestment of €429.8 million in connection with the Veolia Transdev combination.

Net income attributable to non-controlling interests was €35.8 million for the half-year ended June 30, 2011, compared to €171.3 million for the half-year ended June 30, 2010. This decrease in net income attributable to non-controlling interests is mainly due to EDF's share of impairments recorded in the Energy Services Division in Southern Europe.

The **net loss attributable to owners of the Company** was €67.2 million for the half-year ended June 30, 2011, compared to net income of €374.2 million for the half-year ended June 30, 2010.

Adjusted net income attributable to owners of the Company* was €188.1 million for the half-year ended June 30, 2011, compared to €262.9 million for the half-year ended June 30, 2010 (re-presented for discontinued operations).

CASH FLOWS

Cash flow from operations before changes in working capital totaled €1,731.7 million for the first half of 2011, including adjusted operating cash flow of €1,740.8 million (compared to re-presented €1,694.0 million for the first half of 2010), operating cash flow from financing activities of €7.8 million (compared to re-presented -€6.0 million for the first half of 2010) and operating cash flow from discontinued operations of -€16.9 million (compared to re-presented €189.5 million for the first half of 2010).

The Company continues to apply selective investment criteria while making capital expenditures required by contractual terms or for required maintenance.
Gross investments were €1,199 million in the first half of 2011 versus €1,333 million for the first half of 2010. First half 2011 gross investments include €453 million in maintenance capital expenditures, €473 million in growth and development investments associated with existing operations, €102 million in financial investments and €171 million in new operating financial assets.

At the same time, Veolia Environnement continued to make industrial and financial divestments, with €1,048 million in divestments completed in the first half of 2010 versus €766 million in the first half of 2010. The Company also received repayments of operating financial assets of €219 million.

Free cash flow amounted to +€155 million for the first half of 2011, versus -€133 million for the first half of 2010. This improvement is due to:

- a larger portion of the dividend paid in shares: 86 % of the dividend was paid in cash in 2010 versus 35% in 2011;
- continuation of the divestment program, with notably the impact of the Veolia Transdev combination contribution to reduction in Company net debt by €540 million, as well as the divestment of Norwegian operations in the Environmental Services division;
- good control of investments during the first half of 2011;

* Refer to page 14 for definitions

- partially offset by the change in working capital requirements.

Net financial debt declined to €14,764 million at June 30, 2011 versus €15,218 million at December 31, 2010, including a favorable foreign exchange rate impact of €283 million.

MARINE SERVICES ACCOUNTING FRAUD

In addition, during the second quarter of 2011, the Company identified an incidence of accounting fraud in the United States in the Marine Services business within the Environmental Services division (not correlated with the operational downturn previously discussed). This fraud impacted the years 2007-2010, by amounts that were not significant in any of those years. The correction of accounts associated with the fraud had no impact on the accounts for the first half of 2011, or on the comparative 2010 period.

OBJECTIVES AND OUTLOOK

For 2011, taking into account the results of operations throughout the first half and the consequences of action plans, Company objectives are the following:

- Organic revenue growth
- Program of asset divestments of at least €1.3 billion
- Positive free cash flow after dividend payment
- Efficiency Plan cost savings of at least €250 million
- Slight decline in adjusted operating income at constant exchange rates, compared to previously published 2010 figures, excluding Veolia Transdev.

APPENDIX

RESULTS BY DIVISION

WATER

Revenue (€M)					
Half year ended June 30, 2011	Half year ended June 30, 2010 re-presented	Change 2011/2010	Of which internal growth	Of which external growth	Of which currency effect
6,214.0	5,891.3	5.5%	2.5%	2.7%	0.3%

The increase in Water Division revenue at constant scope and exchange rates is mainly due to the good level of activity in Europe and particularly the United Kingdom, Germany and Central Europe, as well as the ramp-up of activities in Asia.

- External growth in the Water Division revenue in the first half of 2011 is mainly attributable to the integration of assets purchased from United Utilities in the United Kingdom and Central Europe in November 2010.

- Revenue from Operations increased 5.7% (+2.6% at constant scope and exchange rates). In France, revenue declined 0.9% (-0.8% excluding scope effects), due to contractual erosion (essentially on the renewed SEDIF "Syndicat des Eaux d'Ile de France" contract) and relative stability in volumes sold compared to 2010. Outside France, revenue increased by 9.7%, (+4.5% at constant scope and exchange rates). In Europe, revenue grew 13.8% (+4.5% at constant scope and exchange rates) due to the favorable contribution of activities in Germany and the United Kingdom and the good performance recorded in Central Europe. Revenue in the Asia-Pacific region grew 12.6% (+8.8 at constant scope and exchange rates) benefiting from growth in China and one-off projects in Japan.

- Technologies and Networks revenue rose 4.9% (+2.5% at constant scope and exchange rates). This activity benefited from the launch of construction work on the Hong Kong sludge incinerator and the progressive recovery of the "Industrial Solutions" and Design and Build activities, despite the completion of certain major Design and Build contracts in the Middle East.

Adjusted operating cash flow declined 2.2% (-2.5% at constant exchange rates) to €766.4 million for the half-year ended June 30, 2011, compared to re-presented €783.7 million for the half-year ended June 30, 2010.

The adjusted operating cash flow margin (ratio of adjusted operating cash flow to revenue) decreased from re-presented 13.3% for the first half of 2010 to 12.3% for the first half of 2011, penalized by both a fall in the margin on construction activities and downward pressure on margins on the renewal of contracts in France.

- For Operations activities, adjusted operating cash flow was stable compared to the prior year period (+0.1% at current exchange rates, -0.2% at constant exchange rates). **In France,** the fall in adjusted operating cash flow was due to the negative effects of contractual erosion, while volumes sold were globally stable compared to the first half of 2010, given an exceptionally dry spring. **Outside France**, adjusted operating cash flow declined, due notably to a one-off increase in asset maintenance costs in the first quarter of 2011 in the United Kingdom, partially offset by favorable activity trends in China and Central Europe. Adjusted operating cash flow in the United States declined, due to unfavorable movements in certain contracts.

- Finally, the adjusted operating cash flow of the Technologies and Networks business declined due to the impact of the lower activity in SADE and the completion of certain major construction contracts outside France, partially offset by a recovery in the Industrial Solutions business.

The impact of the Efficiency Plan was €46 million in the half-year ended June 30, 2011.

Adjusted operating income declined 17.4% (-18.0% at constant exchange rates) to €483.9 million in the half-year ended June 30, 2011, compared to re-presented €585.6 million in the half-year ended June 30, 2010. In addition to the decrease in adjusted operating cash flow, the Water division's adjusted operating income was negatively impacted by the decrease in capital gains on divestments, which were particularly favorable in the first half of 2010 (-€43.5 million) and the impairment of non-current assets in Southern Europe and North Africa in the amount of €35.3 million as of June 30, 2011.

Accordingly, the adjusted operating income margin (adjusted operating income / revenue) fell from re-presented 9.9% in the first half of 2010 to 7.8% in the first half of 2011.

ENVIRONMENTAL SERVICES

Revenue (€M)					
Half year ended June 30, 2011	Half year ended June 30, 2010 re-presented	Change 2011/2010	Of which internal growth	Of which external growth	Of which currency effect
4,894.3	4,513.8	8.4%	8.7%	-0.5%	0.2%

The 8.7% organic growth in revenue reflects the increase in the price of recycled raw materials in the approximate amount of €155 million (primarily in France and Germany) and the improvement in activity levels for industrial services, treatment of hazardous waste and commercial waste collection with an increase in volumes in the main geographical areas, accentuated by a favorable base effect compared to the first half of 2010.

- In France, revenue increased 6.7% (+8.6% at constant scope), under the combined effect of continued strong recycled raw materials prices (paper/cardboard and metals) and increased volumes for certain activities, primarily hazardous waste treatment and landfill.

- Outside France, revenue grew 9.3% (+8.5% at constant scope and exchange rates). Revenue in Germany grew 14.4% and benefited from the increase in the price of paper and cardboard and activity growth in the commercial and industrial sector. United Kingdom revenue increased 11.3% (+11.0% at constant scope and exchange rates), in line with the ramp-up of integrated contracts as well as improvement in landfill volumes, despite an economic climate which remained difficult and weighed on other activities. In North America revenue declined 3.3% (+1.6% at constant scope and exchange rates), with revenue benefitting from improvement in solid waste and hazardous waste treatment activities. However, revenue was penalized by operational difficulties and a fall in the fleet utilization rate in the Gulf of Mexico in the Marine Services business. In the Asia-Pacific region, revenue grew 17.3% (+8.5% at constant scope and exchange rates) and benefited from growth in industrial services and commercial waste collection activities in Australia.

Adjusted operating cash flow declined 4.6% (-4.1% at constant exchange rates) to €582.7 million for the half-year ended June 30, 2011, compared to re-presented €607.7 million for the half-year ended June 30, 2010.

This decrease was mainly attributable to:

- operational difficulties in Italy and in the Marine Services business in the Gulf of Mexico, with in particular a fall in asset utilization rates,

- the consequences of the notification of the early termination of the Alexandria contract (Egypt),
- an unfavorable movement in the fuel prices,
- favorable recycled raw material price effects in the first half-year,
- improved activity levels, with in particular a moderate increase, variable across geographical areas, in volumes for services such as industrial services, hazardous waste treatment and commercial waste collection, particularly in France and Germany,
- the ramp-up of integrated contracts in the United Kingdom,
- the implementation of the Efficiency plan (€30 million).

The adjusted operating cash flow margin decreased substantially from re-presented 13.5% for the half-year ended June 30, 2010, to 11.9% for the half-year ended June 30, 2011.

Adjusted operating income increased 5.2% (3.1% at constant exchange rates) to €252.8 million for the half-year ended June 30, 2011, compared to re-presented €240.4 million for the half-year ended June 30, 2010.
The increase in adjusted operating income reflects:

- operational improvements in France and Germany
- the positive impact of the change in discount rates used at June 30 each year to calculate site remediation provisions, generating an increase of €29 million compared to the first half of 2010.

The adjusted operating income margin fell from re-presented 5.3% in the first half of 2010, to 5.2% in the first half of 2011.

ENERGY SERVICES

Revenue (€M)					
Half year ended June 30, 2011	Half year ended June 30, 2010 re-presented	Change 2011/2010	Of which internal growth	Of which external growth	Of which currency effect
3,861.5	3,701.4	4.3%	2.1%	1.7%	0.5%

Revenue increased 4.3% (+2.1% at constant scope and exchange rates); this rise was mainly due to the favorable impact of energy prices (approximately €160 million compared to June 30, 2010), which partially offset the negative climate effect in the first half of 2011.

- In **France,** revenue increased 2.9% (+2.6% at constant scope), driven by the increase in the average fuel basket in a weather environment less favorable than in the first half of 2010.
- **Outside France**, revenue increased 4.6% (1.5% at constant scope and exchange rates); the increase in the price of heat and electricity in the first half of 2011 compared to the first half of 2010, offset the unfavorable climate effect in Central Europe and commercial and operational difficulties in southern Europe, particularly in Italy and Spain, with the downturn in the Works business and the new installations halted in the solar panel business.
- External revenue growth in revenue in Energy Services division in the first half of 2011 is mainly attributable to the reorganization of activities in the Czech Republic that occurred in 2010.

Adjusted operating cash flow fell 4.0% (-4.7% at constant exchange rates) to €361.9 million for the half-year ended June 30, 2011, compared to re-presented €377.0 million for the half-year ended June 30, 2010.

- Division adjusted operating cash flow benefited in France from a favorable price impact which offset a negative climate effect. The loss of the street lighting contract with the City of Paris by the specialized subsidiary, Citelum, led the Company to recognize adaptation costs of approximately €10 million in the half-year ended June 30, 2011.
- Outside France the decrease in adjusted operating cash flow reflects the favorable impact of energy prices in a unfavorable weather context compared to the first-half of 2010 and operational and economic difficulties in Southern Europe and particularly Italy, which led the Company to recognize adaptation costs of approximately €7 million in the half-year ended June 30, 2011.

The impact of the Efficiency Plan was €32 million in the half-year ended June 30, 2011.

The adjusted operating cash flow margin decreased from re-presented 10.2% for the half-year ended June 30, 2010, to 9.4% for the half-year ended June 30, 2011.

Adjusted operating income decreased 4.0% (-4.9% at constant exchange rates) to €253.0 million for the half-year ended June 30, 2011, compared to re-presented €263.6 million for the half-year ended June 30, 2010.

Overall, the adjusted operating income margin fell from 7.1% in the first half of 2010, re-presented, to 6.6% in the first half of 2011.

VEOLIA TRANSDEV

Revenue (€M)						
Half year ended June 30, 2011	Half year ended June 30, 2010 re-presented	Half year ended June 30, 2010 published	Change 2011/2010	Of which internal growth	Of which external growth	Of which currency effect
1,316.9	-	2,847.5	100%	-	100%	-

The contribution of the new entity, Veolia Transdev, is recognized in external growth in the comparison with re-presented figures for the half-year ended June 30, 2010.
Veolia Transdev revenue was €1,316.9 million for the half-year ended June 30, 2011. After adjustment for the impact of the VTD combination - that is €381.5 million relating to the entry of Transdev subsidiaries, -€868.5 million related to the reclassification of former Veolia Transport activities in January and February 2010 to discontinued operations and -€989.5 million in respect of the adoption of proportionate consolidation for Veolia Transport entities - Transportation Division revenue is down €54.1 million compared to previously published figures for the half-year ended June 30, 2010.

- Revenue remained stable in **France** thanks to recent commercial successes, primarily in Bayonne and Antibes, which offset the loss of the Ile et Vilaine and Mayotte contracts and lower activity levels in the airport and tourist businesses, mainly due to the strike at SNCM between January 31, 2011 and March 17, 2011.
- **Outside France**, revenue declined slightly in line with the divestiture of the Division’s activities in Norway (-€41.5 million compared to the half-year ended June 30, 2010).

Adjusted operating cash flow amounted to €75.5 million for the half-year ended June 30, 2011, compared to previously published €159.2 million for the half-year ended June 30, 2010. After adjustment for the impact of the VTD combination - that is €23.2 million relating to the entry of Transdev subsidiaries, -€17.7 million in respect of the reclassification of former Veolia Transport activities in January and February 2010 in discontinued operations and -€70.7 million in respect of the adoption of proportionate consolidation for Veolia Transport entities - Transportation Division adjusted operating cash flow declined €18.4 million compared to previously published figures for the half-year ended June 30, 2010, primarily due to the consequences of the strike at SNCM, the increase in fuel costs, the downturn in inter-city activities in France, and pressure on margins.

The adjusted operating cash flow margin increased from the previously published 5.6% for the half-year ended June 30, 2010, to 5.7% for the half-year ended June 30, 2011.

Adjusted operating income amounted to €10.4 million for the half-year ended June 30, 2011, compared to previously published €48.2 million for the half-year ended June 30, 2010. In addition to the decrease in adjusted operating cash flow, this fall primarily reflects the impact on the consolidation scope of the VTD combination, as detailed above, as well as the impact of the revaluation of the provisional opening balance sheet of the new entity, Veolia Transdev.

Overall, the adjusted operating income margin fell from the previously published 1.7% in the first half of 2010 to 0.8% in the first half of 2011.

HOLDINGS

Adjusted operating cash flow of holdings companies amounted to (€74.4) million in the first half of 2010, compared to (€45.7) million in the first half of 2011.
The decrease in these costs is mainly due to a reduction in overhead expenses.

Definitions

Definitions of indicators used in the press release:

"Adjusted operating income" and "Adjusted net income attributable to owners of the Company" are equal to operating income and net income attributable to owners of the Company, respectively, adjusted to exclude the impact of goodwill impairment charges and certain special items.

Special items include items such as restructuring costs and gains and losses from asset disposals that substantially change the economics of one or more cash-generating units. For this purpose, we generally consider a disposal to have the potential to change the economics of one or more cash-generating units if the total consideration exceeds approximately €100 million based on enterprise value and before deducting non-controlling interests or adjusting for proportional consolidation. Items may qualify as "special" although they may have occurred in prior years or are likely to recur in following years. Other "special" items may be non-recurring, meaning that the nature of the relevant charge or gain is such that it is not reasonably likely to recur within two years, and there was not a similar charge or gain within the prior two years.

We believe that adjusted operating income and adjusted net income attributable to owners of the Company are useful measurement tools because they show the results of our operations excluding the impact of:

- goodwill impairment charges, which we record when we determine that the value of a cash generating unit is less than its carrying value, and which differ from the other revenue and expense items used to determine operating income as they depend on management's assessment of the future potential of a cash generating unit, rather than results of operations in the period in question,
- "special" items, which relate to events or charges that we do not consider to be part of the normal income-generating potential of the business.

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

Free Cash Flow represents cash generated (which is equal to the sum of operating cash flow before changes in working capital and principal payments on operating financial assets) net of the cash component of the following items: (i) changes in working capital from operations, (ii) operations involving equity (share capital movements, dividends paid and received), (iii) investments net of disposals (including the change in receivables and other financial assets), (iv) net financial interest paid and (v) tax paid.

The term "net investment", as presented in the statement of change in net financial debt, includes capital expenditure net of industrial asset disposals (purchases of intangible assets and property, plant and equipment net of disposals), financial investment net of financial disposals (purchases of financial assets net of disposals, including the net debt of companies entering or leaving the scope of consolidation), partial purchases net of partial sales resulting from transactions with non-controlling interests that do not result in a gain or loss of control, new operating financial assets and principal payments on operating financial assets. The net investment concept also takes into account issues of share capital subscribed by minority interests.
The Group considers growth investments, which generate additional cash flows, separately from maintenance-related investments, which reflect the replacement of equipment and installations used by the Group.

The term "internal growth" (or "at constant exchange rates and consolidation scope") includes growth resulting from:

- o the expansion of an existing contract, primarily resulting from an increase in prices and/or volumes distributed or processed;

- new contracts; and/or
- the acquisition of operating assets allocated to a particular contract or project

The term “external growth” includes growth through acquisitions (performed in the period or which had only partial effect in the prior period), net of divestitures, of entities and/or assets deployed in different markets and/or containing a portfolio of more than one contract.

The term “change at constant exchange rates” refers to changes resulting from the application of the prior period’s exchange rates to the current period, all other things being equal.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(€ million)*	**As of June 30, 2011**	As of December 31, 2010 (1)
Goodwill	6,383.0	6,840.2
Concession intangible assets	4,279.6	4,164.6
Other intangible assets	1,441.0	1,505.8
Property, plant and equipment	8,814.5	9,703.3
Investments in associates	331.2	311.7
Non-consolidated investments	126.6	130.7
Non-current operating financial assets	5,067.8	5,255.3
Non-current derivative instruments - Assets	455.6	621.1
Other non-current financial assets	836.1	773.1
Deferred tax assets	1,474.6	1,749.6
Non-current assets	**29,210.0**	**31,055.4**
Inventories and work-in-progress	1,192.6	1,130.6
Operating receivables	11,784.0	12,488.7
Current operating financial assets	359.2	373.3
Other current financial assets	143.9	132.3
Current derivative instruments - Assets	84.8	34.6
Cash and cash equivalents	6,037.2	5,406.8
Assets classified as held for sale	275.4	805.6
Current assets	**19,877.1**	**20,371.9**
Total assets	**49,087.1**	**51,427.3**

EQUITY AND LIABILITIES *(€ million)*	**As of June 30, 2011**	As of December 31, 2010 (1)
Share capital	2,598.2	2,495.6
Additional paid-in capital	9,796.2	9,514.9
Reserves and retained earnings attributable to owners of the Company	(4,977.7)	(4,134.6)
Total equity attributable to owners of the Company	**7,416.7**	**7,875.9**
Total equity attributable to non-controlling interests	2,845.7	2,928.5
Equity	**10,262.4**	**10,804.4**
Non-current provisions	2,216.0	2,313.9
Non-current borrowings	16,767.4	17,896.1
Non-current derivative instruments – Liabilities	159.7	195.1
Deferred tax liabilities	2,011.6	2,101.4
Non-current liabilities	**21,154.7**	**22,506.5**
Operating payables	12,470.9	13,773.9
Current provisions	645.9	689.9
Current borrowings	3,909.7	2,827.1
Current derivative instruments – Liabilities	33.9	51.7
Bank overdrafts and other cash position items	463.9	387.0
Liabilities directly associated with assets classified as held for sale	145.7	386.8
Current liabilities	**17,670.0**	**18,116.4**
Total equity and liabilities	**49,087.1**	**51,427.3**

(1) Amounts at December 31, 2010 corrected in application of IAS 8 “Accounting Policies, Change in Accounting Estimates and Errors.”

CONSOLIDATED INCOME STATEMENT

(€ million)	**Half-year ended June 30, 2011**	**Half-year ended June 30, 2010** [1]
Revenue	**16,286.7**	**14,106.5**
o/w revenue from operating financial assets	184.6	170.0
Cost of sales	(14,046.8)	(11,326.4)
Selling costs	(303.1)	(299.0)
General and administrative expenses	(1,688.7)	(1,529.4)
Other operating revenue and expenses	4.1	149.0
Operating income	**252.2**	**1,100.7**
Finance costs	(435.6)	(439.3)
Income from cash and cash equivalents	59.8	51.8
Other financial income and expenses	(43.3)	(32.6)
Income tax expense	(304.4)	(182.7)
Share of net income of associates	6.2	7.3
Net income/(loss) from continuing operations	**(465.1)**	**505.2**
Net income from discontinued operations	433.7	40.3
Net income/(loss) for the period	**-31.4**	**545.5**
Non-controlling interests	35.8	171.3
Attributable to owners of the Company	**(67.2)**	**374.2**

(in euros)		
Net income/(loss) attributable to owners of the Company per share[2]		
Diluted	(0.14)	0.78
Basic	(0.14)	0.78
Net income/(loss) from continuing operations attributable to owners of the Company per share [2]		
Diluted	(1.05)	0.67
Basic	(1.05)	0.67
Net income from discontinued operations attributable to owners of the Company per share [2]		
Diluted	0.91	0.11
Basic	0.91	0.11

(1) In accordance with IFRS 5 « Non-current assets held for sale and discontinued operations », the Income Statements of:

-the historical Veolia Transport division,

-Water activities in the Netherlands, divested in December 2010, Environmental Services activities in Norway, divested in March 2011,

-German operations in the Energy Services division partially divested in May 2011,

are presented in a separate line "Net income from discontinued operations" for the half years ending June 30 201 and 2011.

Furthermore, as the divestiture process for Renewable Energy activities was interrupted at the end of 2010, these activities are no longer presented in Net income from discontinued operations.

(2) In accordance with IAS 33, the weighted number of shares outstanding utilized for the calculation of earnings per share for 2010 was adjusted to take into account the dividend distribution in shares completed in June 2011. The adjusted number of shares amounted to 480.1 million (basic) and 480.2 millions (diluted) at June 30, 2010.
The weighted average number of shares outstanding at June 30, 2011 is 487.0 million (basic and diluted).

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	**Half-year ended June 30, 2011** (1)	Half-year ended June 30, 2010 (1)
Net income/(loss) for the period attributable to owners of the Company	(67.2)	374.2
Net income/(loss) for the period attributable to non-controlling interests	35.8	171.3
Operating depreciation, amortization, provisions and impairment losses	1,556.5	929.9
Financial amortization and impairment losses	10.5	9.7
Gains/(losses) on disposal and dilution	(532.1)	(232.2)
Share of net income of associates	(6.2)	(7.4)
Dividends received	(3.0)	(4.2)
Finance costs and finance income	381.9	409.2
Income tax expense	307.3	197.4
Other items	48.2	29.6
Operating cash flow before changes in working capital	**1,731.7**	**1,877.5**
Changes in working capital	(657.6)	(381.6)
Income taxes paid	(210.1)	(197.0)
Net cash from operating activities	**864.0**	**1,298.9**
Industrial investments	(914.7)	(844.9)
Proceeds on disposal of intangible assets and property plant and equipment	80.3	71.6
Purchases of investments	(44.7)	(316.8)
Proceeds on disposal of financial assets	956.6	458.0
Operating financial assets:		-
New operating financial assets	(170.1)	(158.4)
Principal payments on operating financial assets	219.3	214.3
Dividends received	8.6	7.8
New non-current loans granted	(70.0)	(26.7)
Principal payments on non-current loans	10.8	38.2
Net decrease/(increase) in current loans	(13.2)	(38.1)
Net cash from/(used in) investing activities	**62.9**	**(595.0)**
Net increase/decrease in current borrowings	(129.9)	(648.6)
New non-current borrowings and other debts	618.9	334.3
Principal payments on non-current borrowings and other debts	(29.1)	(55.5)
Proceeds on issue of shares	38.8	108.4
Share capital reduction		-
Transactions with non-controlling interests: partial purchases and sales	(1.4)	90.3
Purchases of/proceeds from treasury shares	2.2	-
Dividends paid	(388.6)	(709.4)
Interest paid	(469.7)	(507.4)
Net cash from/(used in) financing activities	**(358.8)**	**(1,387.9)**
Net cash at the beginning of the year	**5,019.8**	**5,159.5**
Effect of foreign exchange rate changes and other	(14.6)	126.4
Net cash at the end of the period	**5,573.3**	**4,601.9**
Cash and cash equivalents	6,037.2	5,058.0
Bank overdrafts and other cash position items	463.9	456.1
Net cash at the end of the period	**5,573.3**	**4,601.9**

(1) Net cash flows attributable to discontinued operations as defined by IFRS 5 «Non-current assets held for sale and discontinued operations », contributed -€98.8 million and €81.1 million to net cash from operating activities, €99.0 million and -€54.9 million to net cash from investing activities and 150.1 million and -€32.9 million the net cash from financing activities as of June 30, 2011 and 2010, respectively.

REVENUE BY GEOGRAPHIC AREA

Half-year ended June 30, 2011 *(€ million)*	France	Germany	United Kingdom	Other European countries	United States	Oceania	Asia	Middle East	Rest of the world	**Total**
Water	2,377.5	746.1	409.0	862.7	348.5	136.2	702.1	122.3	509.6	**6,214.0**
Environmental Services	1,717.6	612.7	824.7	465.6	588.7	340.8	116.6	51.3	176.3	**4,894.3**
Energy Services	1,860.1	4.9	71.8	1,514.7	159.9	22.0	50.4	41.0	136.7	**3,861.5**
Sub-total	*5,955.2*	*1,363.7*	*1,305.5*	*2,843.0*	*1,097.1*	*499.0*	*869.1*	*214.6*	*822.6*	***14,969.8***
Transportation	539.1	95.5	16.0	413.7	158.2	42.0	16.0	5.6	30.8	**1,316.9**
Revenue	**6,494.3**	**1,459.2**	**1,321.5**	**3,256.7**	**1,255.3**	**541.0**	**885.1**	**220.2**	**853.4**	**16,286.7**

Half-year ended June 30, 2010 re-presented *(€ million)*	France	Germany	United Kingdom	Other European countries	United States	Oceania	Asia	Middle East	Rest of the world	**Total**
Water	2,317.1	712.9	287.8	835.5	339.1	125.3	563.2	191.7	518.7	**5,891.3**
Environmental Services	1,605.3	535.5	741.1	419.1	610.9	280.2	109.7	41.3	170.7	**4,513.8**
Energy Services	1,811.6	1.2	63.4	1,470.4	155.7	19.5	40.2	42.9	96.5	**3,701.4**
Sub-total	*5,734.0*	*1,249.6*	*1,092.3*	*2,725.0*	*1,105.7*	*425.0*	*713.1*	*275.9*	*785.9*	***14,106.5***
Transportation	-	-	-	-	-	-	-	-	-	**-**
Revenue	**5,734.0**	**1,249.6**	**1,092.3**	**2,725.0**	**1,105.7**	**425.0**	**713.1**	**275.9**	**785.9**	**14,106.5**

Change *(€ million)*	France	Germany	United Kingdom	Other European countries	United States	Oceania	Asia	Middle East	Rest of the world	**Total**
Water	60.4	33.2	121.2	27.2	9.4	10.9	138.9	(69.4)	(9.1)	**322.7**
Environmental Services	112.3	77.2	83.6	46.5	(22.2)	60.6	6.9	10.0	5.6	**380.5**
Energy Services	48.5	3.7	8.4	44.3	4.2	2.5	10.2	(1.9)	40.2	**160.1**
Sub-total	*221.2*	*114.1*	*213.2*	*118.0*	*(8.6)*	*74.0*	*156.0*	*(61.3)*	*36.7*	***863.3***
Transportation	539.1	95.5	16.0	413.7	158.2	42.0	16.0	5.6	30.8	**1,316.9**
Revenue	**760.3**	**209.6**	**229.2**	**531.7**	**149.6**	**116.0**	**172.0**	**(55.7)**	**67.5**	**2,180.2**
Change (%)	**13.3%**	**16.8%**	**21.0%**	**19.5%**	**13.5%**	**27.3%**	**24.1%**	**-20.2%**	**8.6%**	**15.5%**
Change at constant exchange rates (%)	**13.3%**	**16.8%**	**20.7%**	**17.5%**	**19.1%**	**17.1%**	**23.2%**	**-18.8%**	**8.4%**	**15.2%**
Change at constant exchange rates, excl. VTD (%)	**3.9%**	**9.1%**	**19.3%**	**2.3%**	**4.8%**	**7.2%**	**20.9%**	**-20.8%**	**4.5%**	**5.8%**

Important Disclaimer

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

*The release of **key figures for the period ending September 30, 2011** will be on **November 10, 2011***

Veolia Environnement
2011 Half Year Results Presentation

Thursday August 4th, 2011 at 8:45 am CET/ 7:45 am GMT

Speakers:

Antoine Frérot (Chairman & Chief Executive Officer)

Pierre-François Riolacci (Chief Financal Officer)

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