NEW YORK TIMES CO
Form 8-K
October 31, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2016

The New York Times Company

(Exact name of registrant as specified in its charter)

New York	**1-5837**	**13-1102020**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

620 Eighth Avenue, New York, New York	**10018**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (212) 556-1234

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On October 28, 2016, Michael Golden, Vice Chairman of The New York Times Company (the Company), notified the Company of his intention to retire from his executive management position effective December 31, 2016. Mr. Golden will continue to serve on the Company s Board of Directors as Vice Chairman following his retirement.

A copy of the Company s press release announcing Mr. Golden s planned retirement is attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
Exhibit 99.1	The New York Times Company Press Release dated October 31, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE NEW YORK TIMES COMPANY

Date: October 31, 2016

By: /s/ Kenneth A. Richieri
Kenneth A. Richieri
Executive Vice President and General Counsel

Exhibit List

Exhibit Number	Description
Exhibit 99.1	The New York Times Company Press Release dated October 31, 2016

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CONSOLIDATED INCOME STATEMENT

		For the year ended Dec. 31, 2005		For the half-year ended June 30, 2005	
(millions)	**Notes**	**Published**	**Adjusted**	**Adjusted**	**2006**
Revenue	A.18	**25,244.9**	**25,693.1**	**12,306.8**	**13,997.7**
o/w Revenue from third-party financing activities		*125.8*	*325.8*	*163.9*	*175.1*
Cost of sales		(20,561.0)	(20,996.1)	(10,080.9)	(11,407.6)
Selling costs		(478.5)	(478.5)	(222.0)	(248.3)
General and administrative expenses		(2,403.0)	(2,397.6)	(1,126.5)	(1,253.2)
Other operating revenue and expenses		90.5	66.0	82.0	36.4
Operating income		**1,892.9**	**1,886.9**	**959.5**	**1,125.0**
Finance costs, net	A.20	(713.4)	(712.4)	(333.1)	(331.0)
Other financial income (expenses)	A.21	30.5	28.1	28.7	(20.1)
Income tax expense	A.22	(422.9)	(422.4)	(236.0)	(252.7)
Share of net income of associates		14.9	14.9	5.6	4.0
Net income (expense) from continuing operations		**802.0**	**795.1**	**424.7**	**525.2**
Net income (expense) from discontinued operations	A.23				54.0
Net income (expense) for the period		**802.0**	**795.1**	**424.7**	**579.2**
Attributable to Minority interests		179.0	172.9	107.8	134.7
Attributable to Equity holders of the parent		**623.0**	**622.2**	**316.9**	**444.5**
Net income attributable to equity holders of the parent per share					
Basic		1.60	1.59	0.81	1.13
Diluted		1.59	1.59	0.81	1.12
Net income from continuing operations per share					
Basic		2.05	2.04	1.09	1.33
Diluted		2.04	2.03	1.08	1.32
Net income from continuing operations attributable to equity holders of the parent per share					
Basic		1.60	1.59	0.81	0.99
Diluted		1.59	1.59	0.81	0.98

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CONSOLIDATED CASH FLOW STATEMENT

(millions)	Notes	For the year ended Dec. 31, 2005 Published	Adjusted	For the half-year ended June 30, 2005 Adjusted	2006
Net income for the period attributable to equity holders of the parent		623.0	622.2	316.9	444.5
Minority interests		179.0	172.9	107.8	134.7
Operating depreciation, amortization, provisions and impairment losses		1,829.3	1,690.7	795.4	807.3
Financial amortization and impairment losses	A.21	(21.0)	(21.0)	(24.7)	3.7
Gains (losses) on disposal and dilution		(70.0)	(70.0)	(34.1)	(33.6)
Share of net income of associates		(14.9)	(14.9)	(5.6)	(4.0)
Dividends received	A.21	(6.5)	(6.5)	(4.0)	(7.8)
Finance costs, net	A.20	713.4	712.4	333.1	331.0
Income tax expense	A.22	422.9	422.4	236.2	202.1
Other		32.1	33.7	5.7	34.7
Operating cash flow before changes in working capital		**3,687.3**	**3,541.9**	**1,726.7**	**1,912.6**
Changes in working capital		(52.2)	(157.0)	(247.5)	(311.3)
Income taxes paid		(338.8)	(338.8)	(176.0)	(160.9)
Net cash from operating activities		**3,296.3**	**3,046.1**	**1,303.2**	**1,440.4**
Purchases of property, plant and equipment		(2,081.9)	(1,719.5)	(721.1)	(793.1)
Proceeds on disposal of property, plant and equipment		173.5	168.8	73.5	55.2
Purchases of investments		(944.1)	(944.1)	(464.4)	(251.4)
Proceeds on disposal of investments		154.0	154.0	87.1	170.8
IFRIC 4 investment contracts:					
New IFRIC 4 loans		(269.3)			
Principal payments on IFRIC 4 loans		184.0			
Operating financial assets:					
New operating financial assets			(513.4)	(183.7)	(158.9)
Principal payments on operating financial assets			320.6	155.5	242.7
Dividends received		16.8	16.8	9.5	9.8
New long-term loans granted	A.11	(62.1)	(62.1)	(340.8)	(9.6)
Principal payments on long-term loans	A.11	55.7	55.7	374.9	52.2
Net decrease/(increase) in short-term loans		115.0	115.0	30.4	(65.5)
Sales and purchases of marketable securities		118.2	118.2	123.4	(9.9)
Net cash from (used in) investing activities		**(2,540.2)**	**(2,290.0)**	**(855.7)**	**(757.7)**
Net increase/(decrease) in short-term borrowings	A.16 & A.17	(2,936.2)	(2,936.2)	(1,580.1)	60.1
New long-term borrowings and other debt	A.16 & A.17	3,134.1	3,134.8	1,399.7	590.6
Principal payments on long-term borrowings and other debt		(2,318.9)	(2,319.6)	(1,397.3)	(543.9)
Proceeds on issue of shares		81.0	81.0		121.6
Purchase of treasury shares					58.4
Dividends paid		(374.0)	(374.0)	(352.4)	(411.7)
Interest paid		(738.8)	(738.8)	(248.0)	(313.2)
Net cash used in financing activities		**(3,152.8)**	**(3,152.8)**	**(2,178.1)**	**(438.1)**

Cash and cash equivalents at the beginning of the year		**4,240.2**	**4,240.2**	**4,240.2**	**1,829.3**
Effect of foreign exchange rate changes		(14.2)	(14.2)	120.1	(9.2)
Cash and cash equivalents at the end of the year		**1,829.3**	**1,829.3**	**2,629.7**	**2,064.7**
Cash and cash equivalents	A.13	2,336.1	2,336.1	3,171.1	2,642.0
- Bank overdrafts and other cash position items		506.8	506.8	541.4	577.3
Cash and cash equivalents at the end of the year		**1,829.3**	**1,829.3**	**2,629.7**	**2,064.7**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(millions)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to equity holders of the parent	Minority interests	Total equity
As of January 1, 2005 adjusted	**2,032.1**	**6,467.6**	**(459.3)**	**(4,677.5)**	**(72.1)**	**(79.6)**	**3,211.2**	**1,728.7**	**4,939.9**
Issue of share capital of the parent company	0.5	1.9					**2.4**		**2.4**
Elimination of treasury shares									
Share options				10.4			**10.4**		**10.4**
Third party share in share capital increases by subsidiaries and changes in consolidation scope								110.7	**110.7**
Parent company dividend distribution				(265.4)			**(265.4)**		**(265.4)**
Third party share in dividend distributions by subsidiaries								(100.8)	**(100.8)**
Foreign exchange translation adjustments					188.5		**188.5**	5.8	**194.3**
Fair value adjustments						(2.3)	**(2.3)**	0.4	**(1.9)**
Actuarial gains (losses) on pension obligations				(17.4)			**(17.4)**	(1.1)	**(18.5)**
Net income for the period				316.9			**316.9**	107.9	**424.8**
Other changes				(8.3)			**(8.3)**		**(8.3)**
As of June 30, 2005 adjusted	**2,032.6**	**6,469.5**	**(459.3)**	**(4,641.3)**	**116.4**	**(81.9)**	**3,436.0**	**1,851.6**	**5,287.6**

As of January 1, 2006 adjusted	**2,039.4**	**6,499.1**	**(452.7)**	**(4,452.1)**	**212.3**	**(55.8)**	**3,790.2**	**1,888.0**	**5,678.2**
Issue of share capital of the parent company	4.9	29.0					**33.9**		**33.9**
Elimination of treasury shares			56.1	14.8			**70.9**		**70.9**
Share options				6.8			**6.8**		**6.8**
Third party share in share capital increases by subsidiaries and changes in consolidation scope								114.3	**114.3**
Parent company dividend distribution				(336.3)			**(336.3)**		**(336.3)**
Third party share in dividend distributions by subsidiaries								(75.4)	**(75.4)**
Foreign exchange translation adjustments					(151.9)		**(151.9)**	(15.0)	**(166.9)**
Fair value adjustments						35.7	**35.7**	1.3	**37.0**
Actuarial gains (losses) on pension obligations				43.6			**43.6**	3.5	**47.1**
Net income for the period				444.5			**444.5**	134.7	**579.2**
Other changes				15.8			**15.8**	(3.7)	**12.1**
As of June 30, 2006	**2,044.3**	**6,528.1**	**(396.6)**	**(4,262.9)**	**60.4**	**(20.1)**	**3,953.2**	**2,047.7**	**6,000.9**

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A.1 Accounting principles and methods

A.1.1 Basis of preparation as of June 30, 2006

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 on interim financial reporting. They do not include all the disclosures required for full annual financial statements and must be read in conjunction with the Veolia Environnement (hereinafter referred to as the Group) financial statements for the year ended December 31, 2005.

The Veolia Environnement consolidated interim financial statements for the half-year ended June 30, 2006 were approved by the Board of Directors on September 14, 2006.

A.1.2 Main accounting principles and methods

With the exception of the matters referred to below, the accounting methods adopted by the Group in the condensed consolidated interim financial statements are identical to those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2005.

Concession contracts are accounted for the first time in accordance with draft interpretations D12/D13/D14. This change in accounting method has been applied retrospectively, with 2005 comparative figures adjusted and presented in the column 2005 adjusted (please refer to note A.1.3).

In May 2006, the European Union adopted IAS 21 revised, application of which is mandatory from January 1, 2006. The revised text states that in the case of a net investment in a foreign operation, foreign exchange gains or losses on loans denominated in a currency that is not the functional currency of the lending or borrowing company must be recorded in foreign exchange translation reserves. The impact on the Veolia Environnement financial statements is not material.

In accordance with IAS 34, the income tax expense has been estimated using the effective tax rate method.

A.1.3 Early adoption of draft interpretations D12/D13/D14

Introduction

A substantial portion of the Group s assets are used within the framework of concession or affermage contracts granted by public sector customers (grantors) and/or by concession companies purchased by the Group on full or partial privatization. The characteristics of these contracts vary significantly depending on the country and activity concerned. Nonetheless, they generally provide, directly or indirectly, for grantor involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

In March 2005, the International Financial Reporting Interpretation Committee (IFRIC) published draft interpretations D12, D13 and D14 on concession contracts. In line with other major private operators, Veolia Environnement considers these draft interpretations to contribute significantly to a better accounting presentation of the underlying economic substance of these contracts. Given recent progress in the examination of these drafts, Veolia Environnement decided, in accordance with IAS 8, to apply these draft interpretations in 2006, even although the definitive publication of these interpretations is not expected before Autumn 2006. The Group announced its intention to apply these draft interpretations in its 2005 Reference Document, filed April 6, 2006.

Draft Interpretation D12

In order to fall within the scope of Draft Interpretation D12, a contract must satisfy the following three criteria:

Ø the service covered by the contract concerns a service to public,

Ø

the concession grantor controls or regulates the service (infrastructure operating conditions, object of the concession) and determines the price,

Ø the infrastructure assets are returned to the concession grantor at the end of the contract, and the residual value is significant, that is the infrastructure assets have a useful life greater than that of the contract term.

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Draft Interpretation D12 states that such infrastructure assets must not be recognized as property, plant and equipment of the operator. When the operator finances the infrastructure, it must recognize a financial asset if the concession grantor has primary responsibility to pay the operator for the concession services (financial asset model, Draft Interpretation D13), and an intangible asset in all other cases (intangible asset model, Draft Interpretation D14).

Draft Interpretation D13 (financial asset model)

Financial assets resulting from the application of Draft Interpretation D13 are recognized in the balance sheet at amortized cost under a specific heading, Operating financial assets . In the absence of a specific contractual clause to the contrary, the effective interest rate is equal to the weighted average cost of capital of the entities carrying the assets concerned.

Revenue reflects the remuneration on the operating financial asset (excluding repayments of the principal), operating remuneration and revenue recognized on a stage of completion basis in the case of operating financial assets under construction (in accordance with IAS 11).

Draft Interpretation D14 (intangible asset model)

Intangible assets resulting from the application of Draft Interpretation D14 are recognized in the balance sheet under a specific heading Concession intangible assets . These assets are amortized, generally on a straight-line basis, over the term of the contract.

Under the intangible asset model, Revenue reflects operating remuneration and revenue recognized on a stage of completion basis in the case of intangible assets under construction (in accordance with IAS 11).

Application of the financial asset or intangible asset models depends on the identity in substance of the payer of the service. Nonetheless, certain contracts may include a payment commitment incumbent on the concession grantor. Where this is the case, the investment amount guaranteed by the concession grantor is recognized using the financial asset model and the residual balance is recognized using the intangible asset model.

Assets not falling within the scope of Draft Interpretation D12

The Group holds infrastructure assets that do not fall within the scope of Draft Interpretation D12, as at least one of the three criteria (service to public nature, control or regulation of the services and setting of prices, return of the infrastructure) are not satisfied. Where this is the case, the infrastructure is recognized in accordance with IFRIC 4 or IAS 16.

a) Assets relating to contracts covered by IFRIC4 Determining whether an arrangement contains a lease . The Interpretation seeks to identify the contractual terms and conditions of agreements which, without taking the legal form of a lease, convey a right to use an asset in return for payments included in the overall contract remuneration. It identifies in such agreements, based on the allocation of the risks and rewards of ownership, a lease contract which is then analyzed and accounted for in accordance with the criteria laid down in IAS 17. The contract operator therefore becomes the lessor vis-à-vis its customers. Where the lease transfers the risks and rewards of ownership of the asset in accordance with IAS 17 criteria, the operator does not recognize an item of property, plant and equipment but a financial asset to reflect the corresponding financing.

These financial assets are recognized at amortized cost in the balance sheet in Operating financial assets .

b) Property, plant and equipment

Infrastructure assets relating to contracts that do not fall into either of the above two categories continue to be recorded as Property, plant and equipment. The components approach is applied in accordance with IAS 16.

Outlook for 2006

Veolia Environnement considers these draft interpretations and the application procedures adopted by the Group to be consistent with current IFRS. Veolia Environnement does not expect any material changes in the accounting methods adopted, excluding publication by IFRIC of definitive interpretations substantially different from the current draft versions.

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A.1.4 Translation of foreign subsidiary financial statements (IAS 21)

The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated interim financial statements were as follows:

Period-end exchange rate	As of	As of	Average exchange rate	Average rate Half-year ended	Average rate Half-year ended
(one foreign exchange unit = xx)	June 30, 2006	Dec. 31, 2005	(one foreign exchange unit = xx)	June 30, 2006	June 30, 2005
U.S. Dollar	0.7865	0.8477	U.S. Dollar	0.8085	0.7829
Pound Sterling	1.4449	1.4592	Pound Sterling	1.4519	1.4640
Czech Crowns	0.0351	0.0345	Czech Crowns	0.0352	0.0332

A.2 Use of management estimates in the application of Group accounting standards

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Future results could differ significantly from these estimates.

Underlying estimates and assumptions are determined based on past experience and other factors considered reasonable given the circumstances. They act as a basis for making judgments necessary to the determination of the carrying amount of assets and liabilities, which cannot be obtained directly from other sources. Future values could differ from these estimates.

In preparing the consolidated interim financial statements, the significant judgments made by management when applying Group accounting methods and the main sources of uncertainty with respect to estimates were identical to those disclosed in the consolidated financial statements for the year ended December 31, 2005.

A.3 Significant events

The only significant event during the first six months of 2006 was the implementation of Draft Interpretations D12/D13 and D14, as disclosed in note A.1.2.

A.4 Goodwill

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Water	**1,954.8**	1,941.6
Waste Management	**1,525.1**	1,527.7
Energy Services	**823.1**	836.3
Transportation	**466.3**	446.7
Goodwill	**4,769.3**	**4,752.3**

The slight increase in goodwill is mainly due to changes in the scope of consolidation in the amount of 92.9 million, partially offset by foreign exchange losses of 81.9 million, including 79.3 million resulting from the fall in the U.S. dollar against the euro.

Changes in consolidation scope primarily concerned the acquisition of the Belgian subsidiary of Biffa (33.7 million) by the Waste Management Division, of the companies carrying the Changzhou contract in China (12.8 million) and the Hradec Kralove contract in the Czech Republic

(9.3 million) by the Water Division, of Shuttleport in the United States (13.9 million) and

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Dunn-Line in the United Kingdom (9.3 million) by the Transportation Division, and the impact of the proportional consolidation for the first time of Grand Bahamas in the United States, previously equity accounted, by the Waste Management Division (11.1 million).

A.5 Concession intangible assets

	As of June 30, 2006			
		Amortization		NCA as of
	Gross carrying	and impairment	Net carrying	Dec. 31, 2005
(millions)	amount	losses	amount	adjusted
Water	2,190.6	(801.4)	1,389.2	**1,352.8**
Waste Management	302.4	(82.2)	220.2	**223.2**
Energy Services	556.1	(312.0)	244.1	**247.0**
Other	28.1	(9.5)	18.6	**18.2**
Concession intangible assets	**3,077.2**	**(1,205.1)**	**1,872.1**	**1,841.2**

The increase in the net carrying amount of concession intangible assets is attributable to investments in the amount of 106.3 million (including 92.9 million by the Water Division), partially offset by charges to amortization of 69.6 million.

A.6 Other intangible assets

	As of June 30, 2006			
		Amortization		NCA as of
	Gross carrying	and impairment	Net carrying	Dec. 31, 2005
(millions)	amount	losses	amount	adjusted
Fees paid to local authorities	1,468.9	(790.4)	**678.5**	696.8
Trademarks	38.6	(15.1)	**23.5**	19.2
Purchased software	400.6	(290.6)	**110.0**	118.9
Internally-developed software	15.3	(12.6)	**2.7**	3.2
Other purchased intangible assets	590.7	(197.3)	**393.4**	404.4
Other internally-developed intangible assets	51.7	(2.5)	**49.2**	38.9
Other intangible assets	**2,565.8**	**(1,308.5)**	**1,257.3**	**1,281.4**

The 24.1 million decrease in other intangible assets is mainly due to charges to amortization of 86.8 million and foreign exchange losses of 14.6 million, partially offset by investments of 36.0 million and changes in consolidation scope of 34.4 million (primarily the entry into the consolidation scope of the wastewater treatment section of the Braunschweig contract in Germany, in the amount of 21.0 million).

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A.7 Property, plant and equipment

(millions)	Gross carrying amount	As of June 30, 2006 Depreciation and impairment losses	Net carrying amount	NCA as of Dec. 31, 2005 adjusted
Water	4,110.0	1,938.6	2,171.4	**2107.0**
Waste Management	6,569.2	3,811.2	2,758.0	**2829.8**
Energy Services	2,140.9	1,332.2	808.7	**819.4**
Transportation	2,611.4	1,514.8	1,096.6	**1,066.5**
Other	125.3	61.2	64.1	**71.3**
Property, plant and equipment	**15,556.8**	**8,658.0**	**6,898.8**	**6,894.0**

The stability of the property, plant and equipment balance is the net effect of:

Ø investments of 490.9 million (including 209.5 million by the Waste Management Division, 122.0 million by the Water Division and 105.5 million by the Transportation Division);

Ø disposals of 41 million (including 12.2 million by the Transportation Division in Denmark);

Ø foreign exchange losses of 133 million (primarily 67.7 million and 15.9 million resulting from the appreciation of the U.S. dollar and the pound sterling against the euro respectively);

Ø changes in consolidation scope in the amount of 158.4 million (primarily the Changzhou contract in China for 62.6 million in the Water Division and the acquisition of the Belgian subsidiary of Biffa for 23.5 million in the Waste Management Division and of Dunn-Line in the United Kingdom for 20.5 million in the Transportation Division);

Ø and charges to depreciation of 485.5 million.

A.8 Investments in associates

The principal investments in associates are as follows:

	% holding		Share in equity		Share of net income	
	As of June 30, 2006	As of Dec. 31, 2005	As of June 30, 2006	As of Dec. 31, 2005 adjusted	Half-year ended June 30, 2006	Half-year ended June 30, 2005 adjusted
Fovarosi Csatomazasi Muvek Reszvenytarsasag	**25.00%**	25.00%	**85.1**	93.1	**2.3**	2.2

Tiru	**24.00%**	24.00%	**11.8**	10.7	**0.3**	-1.5
Grand Bahamas (1)	**50.00%**	49.00%		13.9		0.8
CICG	**41.95%**	41.95%	**5.7**	5.6	**0.1**	
Southern Water Investments Limited (2) (3)		25.00%		17.7	**1.3**	2.7
Other (per unit < 5 million)			**63.6**	60.5	**1.3**	1.4
Investments in associates			**166.2**	**201.5**	**5.3**	5.6

(1) Change in consolidation method: from equity accounting to proportionate consolidation.
(2) Shares sold in 2006.
(3) The share of net income for the half-year ended June 30, 2006 is recorded in Net income from discontinued operations in the Income Statement.

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Movements in investments in associates during the first six months of 2006:

(millions)	% holding as of June 30, 2006	As of Dec. 31, 2005 adjusted	Net income	Dividend distribution	Foreign exchange translation	Changes in consolidation scope	Other	As of June 30, 2006
Fovarosi Csatomazasi Muvek Reszvenytarsasag	25.00%	93.1	2.3		(10.3)			**85.1**
Tiru	24.00%	10.7	0.3		0.7		0.1	**11.8**
Grand Bahamas	50.00%	13.9				(13.9)		
CICG	41.95%	5.6	0.1					**5.7**
Southern Water Investments Limited		17.7	1.3*		(0.8)	(18.2)		
Other (per unit < 5 million)		60.5	1.3	(2.0)	(1.0)	3.8	1.0	**63.6**
Investments in associates		**201.5**	**5.3**	**(2.0)**	**(11.4)**	**(28.3)**	**1.1**	**166.2**

* Recorded in Net income from discontinued operations in the Income Statement

A.9 Non-consolidated investments

Non-consolidated investments total 347.5 million as of June 30, 2006 compared to 209.5 million as of December 31, 2005. The increase in this heading is attributable in the amount of 100.5 million to the unblocking of collateral guarantees earmarked for the acquisition of the water services company serving the town of Kunming (Water Division). This company will be consolidated in the second half of 2006.

A.10 Operating financial assets

	Non-current		Current		Total	
(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted	As of June 30, 2006	As of Dec. 31, 2005 adjusted	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Water	**3,609.5**	3,714.1	**110.7**	53.1	**3,720.2**	3,767.2
Waste Management	**697.9**	729.3	**34.2**	18.7	**732.1**	748.0
Energy Services	**642.6**	707.9	**126.7**	113.0	**769.3**	820.9
Veolia Transport	**82.8**	83.5	**31.3**	20.9	**114.1**	104.4
Other	**6.1**	6.2	**0.2**	0.2	**6.3**	6.4
Operating financial assets	**5,038.9**	**5,241.0**	**303.1**	**205.9**	**5,342.0**	**5,446.9**

The 104.9 million decrease in operating financial assets is mainly due to major Water Division construction projects in Brussels (37.2 million) and the Hague (15.1 million) and the Berlin contract (50.5 million) and the repayment of cogeneration operating financial assets by the Energy Services Division (75.4 million) and Berlin contract operating financial assets (63.2 million) and the sale to the customer of the Brussels drainage basin (60.7 million) by the Water Division.

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A.11 Other non-current financial assets

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Other long-term loans (net)	373.1	428.4
Other investments (net)	137.5	263.2
Other non-current financial assets (net)	**510.6**	**691.6**

Other long-term loans

Other long-term loans as of June 30, 2006 mainly include:

- a deposit paid under the Berlin contract held by Veolia Water Germany of 97.3 million;
- payment guarantee deposits of 49.7 million;
- Water Division loans in the United States of 30.6 million;
- various loans to non-consolidated subsidiaries of 39 million.

Other investments

The decrease in other investments is primarily due to:

- the sale of Southern Water preferred shares in the amount of 66.3 million;
- and the unblocking of collateral guarantees earmarked for Water Division investments in China (Changzhou: 24.3 million and Kunming: 21.1 million).

Other investments as of June 30, 2006 mainly include:

- guarantee deposits paid to suppliers and others in the amount of 14.0 million;
- pension funds and other employee-related obligations in the amount of 11.5 million;
- various loans to co-shareholders and partners in the amount of 10.1 million.

A.12 Other current financial assets

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Other short-term loans (net)	280.5	221.2
Marketable securities and other current financial assets (nets)	75.5	60.7
Other current financial assets (net)	**356.0**	**281.9**

Other short-term loans as of June 30, 2006 mainly include:

- the temporary investment of the proceeds from the Veolia Transportation Central Europe share capital increase subscribed by the European Bank for Reconstruction and Development (EBRD) of 59.5 million;

- various loans and non-group current accounts of 118.3 million (mainly in respect of the Berlin contract for 53.3 million and in France in the Water Division for 53.4 million)

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A.13 Cash and cash equivalents

Movements in cash and cash equivalents during the first six months of 2006:

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Cash at bank and in hand	**1,033.6**	1,173.1
Cash equivalents	**1,608.4**	1,163.0
Cash and cash equivalents	**2,642.0**	**2,336.1**

The decrease in cash at bank and in hand is mainly due to arbitrage transactions between cash balances and investments by the Central Treasury Department.

The increase in very short-term financial assets is mainly due to an increase in cash-management investment funds of 236.0 million, certificates of deposit of 87.0 million and bond funds of 75.2 million (medium-term loan note equivalents, including accrued interest) within Veolia Environnement SA as part of its Group cash management activities and the contribution of cash of 48.5 million by the Biffa subsidiary acquired by the Waste Management Division during the first half of 2006.

A.14 Equity

A.14.1 Equity attributable to equity holders of the parent

A.14.1.1 Share capital

Share capital increase

In 2005, Veolia Environnement carried out a share capital increase of 34.6 million, subscribed by members of the Group employee savings plan in France and abroad. The discount on the issue price was expensed in the amount of 8.6 million.

In addition, the share capital was increased by 4.2 million (including additional paid-in capital) following the exercise of share options.

As of June 30, 2006, the share capital was increased by 31.7 million (including additional paid-in capital) following the exercise of share options.

In addition, the share capital was increased by 2.2 million (including additional paid-in capital) following the issue of subscription warrants.

Number of shares outstanding

405,070,515 shares were outstanding as of January 1st, 2004, 406,421,983 as of December 31, 2004, 407,872,606 as of December 31, 2005 and 408,864,500 as of June 30, 2006 (including treasury shares).

A.14.1.2 Offset of treasury shares against equity

In 2005, 193,306 shares with a net carrying amount of 9.2 million were sold as part of transactions reserved for employees. As of December 31, 2005, the Group held 15,990,242 of its own shares.

As of June 30, 2006, 2,282,778 shares with a net carrying amount of 70.9 million were sold as part of transactions reserved for employees. At the same date, the Group held 13,707,464 of its own shares.

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A.14.1.3 Stock options

In accordance with IFRS 2, an expense of 16.2 million in 2005 and 6.8 million in the first half of 2006 was recognized in respect of share option plans granted to employees.

A.14.1.4 Appropriation of net income and dividend distribution

A dividend distribution of 336.3 million was paid out of 2005 net income attributable to equity holders of the parent of 622.2 million. The residual balance of 285.9 million was transferred to Veolia Environnement s consolidated reserves.

A.14.1.5 Foreign exchange translation reserves

In 2005, positive translation differences of 284.4 million (portion attributable to equity holders of the parent) concerned the US dollar in the amount of 113.5 million.

Accumulated foreign exchange translation reserves as of December 31, 2005 are positive: 212.3 million (portion attributable to equity holders of the parent), including 49.1 million in respect of the US dollar and 41.7 million in respect of the Korean won.

In the first half of 2006, negative translation differences of 151.9 million (portion attributable to equity holders of the parent), concerned the fall in the US dollar in the amount of 87.1 million.

Accumulated foreign exchange translation reserves as of June 30, 2006 are positive: 60.4 million (portion attributable to equity holders of the parent), including 35.9 million in respect of the Korean won, 26.8 million in respect of the pound sterling, 20.2 million in respect of the Czech crown and negative 38 million in respect of the US dollar.

Movements in foreign exchange translation reserves (attributable to equity holders of the parent and minority interests)

(millions)	Total	Attributable to equity holders of the parent
Exchange differences on the translation of the financial statements of subsidiaries drawn up in a foreign currency	291.6	246.4
Exchange differences on the net financing of foreign investments	(35.0)	(34.1)
As of Dec. 31, 2005, adjusted	**256.6**	**212.3**
Exchange differences on the translation of the financial statements of subsidiaries drawn up in a foreign currency	(160.3)	(145.4)
Exchange differences on the net financing of foreign investments	(6.5)	(6.5)
Movement during the first six months of 2006	**(166.9)**	**(151.9)**
Exchange differences on the translation of the financial statements of subsidiaries drawn up in a foreign currency	131.2	101.0
Exchange differences on the net financing of foreign investments	(41.5)	(40.6)
As of June 30, 2006	**89.7**	**60.4**

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Breakdown by currency of foreign exchange translation reserves attributable to equity holders of the parent

(millions)	As of Dec. 31, 2005 adjusted	Movement	As of June 30, 2006
U.S. Dollar	49.1	(87.1)	(38.0)
Pound Sterling	33.1	(6.3)	26.8
Korean Won	41.7	(5.8)	35.9
Chinese Yuan	28.3	(17.8)	10.5
Czech Crown	18.3	1.9	20.2
Canadian Dollar	10.0	(7.0)	3.0
Australian Dollar	6.9	(10.4)	(3.5)
Swedish Krona	(5.0)	2.9	(2.1)
Norwegian Krona	2.0	1.1	3.1
Hungarian Florin	2.1	(9.2)	(7.1)
Polish Zloty	4.7	(1.7)	3.0
Romanian Leu	4.9	1.7	6.6
Other currencies	16.2	(14.2)	2.0
Total	212.3	(151.9)	60.4

A.14.2 Statement of recognized income and expense

(millions)	As of June 30, 2006	As of Dec. 31 2005 adjusted
Net income for the period	**579.2**	**795.1**
Actuarial gains or losses on pension obligations	47.1	(144.7)
Fair value adjustments on available-for-sale assets		(2.4)
Fair value adjustments on derivative instruments - cash-flow hedges [1]	37.0	13.7
Foreign exchange translation reserves:		
exchange differences on translation of the financial statements of subsidiaries drawn up in a foreign currency	(160.4)	328.2
exchange differences on the net financing of foreign investments	(6.5)	(13.8)
Income and expenses recognized directly in equity	**(82.8)**	**181.0**
Total recognized income and expenses	**496.4**	**976.1**
Attributable to equity holders of the parent	372.0	780.2
Attributable to minority interests	124.4	195.9

No new significant derivatives transaction during the period.

(1) The fair value adjustment of 37 million results from interest fluctuations during the period.

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A.15 Non-Current and Current Provisions

Pursuant to IAS 37, provisions maturing after more than one year are discounted. Discount rates are as follows:

	As of June 30, 2006	As of Dec. 31, 2005
Euros		
2 to 5 years	4.00%	3.25%
6 to 10 years	4.31%	3.88%
After 10 years	4.81%	4.32%
U.S. Dollars		
2 to 5 years	5.54%	5.16%
6 to 10 years	5.64%	5.55%
After 10 years	6.01%	5.79%
Pound Sterling		
2 to 5 years	4.91%	4.88%
6 to 10 years	5.04%	5.11%
After 10 years	5.29%	5.10%

Movements in non-current and current provisions during the first six months of 2006:

	Non-current		Current		Total	
(millions)	As of June 30, 2006	As of Dec. 31 2005 adjusted	As of June 30, 2006	As of Dec. 31 2005 adjusted	As of June 30, 2006	As of Dec. 31 2005 adjusted
Provisions excl. pensions and other employee benefits	**1,042.4**	982.3	**676.5**	754.0	**1,718.9**	1,736.3
Provisions for pensions and other employee benefits	**582.9**	639.1	**23.0**	26.6	**605.9**	665.7
Total	**1,625.3**	**1,621.4**	**699.5**	**780.6**	**2,324.8**	**2,402.0**

There was little movement in provisions excluding pensions and other employee benefits.

The decrease in provisions for pensions and other employee benefits is mainly due to the change in discount rates, notably in France and the United Kingdom.

A.16 Long-Term Borrowings

Long-term borrowings

(millions)	As of June 30, 2006	As of Dec. 31 2005

Bonds	7,427.7	7,857.9
Other long-term borrowings	5,203.2	5,864.9
Long-term borrowings	**12,630.9**	**13,722.8**

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Bonds break down by maturity as follows:

(millions)	As of June 30, 2006	As of Dec. 31, 2005
Veolia Environnement SA:		
Publicly offered or traded issuances (a)	**6,589.5**	6,939.0
Private placements (b)	**307.8**	344.0
Water:		
Three Valleys bond issue (c)	**283.3**	286.0
Waste Management:		
Montgomery bond issue (d)	**61.6**	74.8
Tyseley bond issue (e)	**59.1**	62.5
Other < 60 million	**126.4**	151.6
Bonds	**7,427.7**	**7,857.9**

(a) As of June 30, 2006, bonds issued under the European Medium Term Notes (EMTN) program totaled 7,259.7 million (including 6,589.5 million maturing in more than one year). The impact of the fair value measurement of long-term borrowings was 48.1 million. During the first six months of 2006, VE issued notes under its EMTN program with a euro equivalent of 450 million (recognized in the balance sheet at amortized cost of 450 million), which break down as follows.

- 300 million at floating rates (3-month Euribor + 0.06%), maturing February 15, 2008.

- 150 million at floating rates (3-month Euribor), maturing July 18, 2007 (recognized in short-term borrowings).

The 500 million EMTN program at floating rates (3-month Euribor + 0.07%), maturing May 30, 2007, was transferred to short-term borrowings given its maturity date.

(b) As of June 30, 2006, 307.8 million (including negative 15.2 million in respect of revaluations) remained outstanding on the private placement performed in the United States (USPP). This bond issue comprises five tranches:

- Tranches A, B and C, maturing January 30, 2013, of 33 million (fixed-rate interest of 5.84%), £7 million (fixed-rate interest of 6.22%) and US$147 million (fixed-rate interest of 5.78%) respectively;

- Tranche D, maturing January 30, 2015, of US$125 million, bearing fixed-rate interest of 6.02%

- Tranche E, maturing January 30, 2018, of US$85 million, bearing fixed-rate interest of 6.31%

Within the context of IFRS transition, Veolia Environnement launched the renegotiation of certain covenants included in the USPP documentation in order to adapt the definitions and thresholds of financial ratios.

The thresholds defined in the March 24, 2006 amendment are as follows:

a. Debt coverage ratio (Net financial debt/Adjusted cash flow[5]) < 5.30

b. Finance cost coverage ratio (Adjusted cash flow/Net finance costs) > 3.20

(c) The 200 million bond issue performed by the Water Division subsidiary, Three Valleys, in July 2004 bearing interest of 5.875%, was recognized as of June 30, 2006 at amortized cost for a euro equivalent of 283.3 million. This bond matures on July 13, 2026.

(d) The US Dollar bond issue, bearing interest of 5.0%, was performed to finance the Montgomery plant near Philadelphia (Pennsylvania) in the United States. This redeemable loan was recognized as of June 30, 2006 at amortized cost for a euro equivalent of 61.6 million, and the final repayment is due on January 11, 2014

(e) This pound sterling bond issue, bearing interest of 6.6675%, was performed to refinance the incineration plant in Birmingham (UK). This redeemable loan was recognized as of June 30, 2006 at amortized cost for a euro equivalent of 59.1 million, and the final repayment is due on July 30, 2018.

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5 Adjusted cash flow is equal to Operating cash flow before changes in working capital less replacement expenditure and cash flow of discontinued operations and plus repayments on operating assets of a financial nature.

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Breakdown of bond issues by main component:

Operation (millions)	Final maturity	Currency	Nominal in million	Interest rate	Amortized cost restatement	Revaluation	Net carrying amount	Effective interest rate before hedging	Effective interest rate after hedging
Series 1	06/27/2008	EUR	700	5.88%	5	12	**717**	5.51%	3.98%
Series 7	02/01/2012	EUR	1,000	5.88%	(7)	(24)	**969**	6.02%	5.82%
Series 8	04/29/2009	CZK	14	Pribor 3M + 0.67%			**14**	2.82%	2.82%
Series 8 a	04/29/2009	CZK	9	Pribor 3M + 0.67%			**9**	3.05%	3.05%
Series 9	04/23/2010	CZK	21	Pribor 3M + 0.67%			**21**	3.19%	3.19%
Series 10	05/28/2013	EUR	1,000	4.88%	(7)	(10)	**983**	5.00%	4.05%
Series 10 a	05/28/2018	EUR	750	5.38%	2	1	**753**	5.35%	4.44%
Series 12	11/25/2033	EUR	700	6.12%	(6)		**694**	6.19%	6.19%
Series 13	03/04/2009	USD	21	Libor USD 3M + 0.55%			**21**	4.75%	4.75%
Series 14	06/30/2015	USD	39	4.69%	(1)	(3)	**35**	4.99%	5.95%
Series 15	06/17/2015	EUR	616	1.75%	(6)		**610**	4.29%	4.29%
Series 17	02/12/2016	EUR	900	4.00%	(6)	(15)	**879**	4.09%	3.94%
Series 18	12/11/2020	EUR	600	4.38%	(8)	(9)	**583**	4.50%	4.39%
Series 20	02/15/2008	EUR	300	Euribor 3M +0.06%			**300**	2.94%	3.23%
Total publicly offered issuances			**6,670**		**(34)**	**(48)**	**6,588**	**n/a**	**n/a**
USPP EUR 2013	01/30/2013	EUR	33	5.84%	(0.1)		**33**	5.89%	5.89%
USPP GBP 2013	01/30/2013	GBP	10	6.22%			**10**	6.27%	6.27%
USPP USD 2013	01/30/2013	USD	115	5.78%	(0.3)	(6)	**109**	5.83%	6.59%
USPP USD 2015	01/30/2015	USD	98	6.02%	(0.3.)	(5)	**93**	6.06%	6.55%
USPP USD 2018	01/30/2018	USD	67	6.31%	(0.2)	(4)	**63**	6.35%	6.64%
Total private placements			**323**		**(0.9)**	**(15)**	**307**	**n/a**	**n/a**
Three Valleys bond issue	07/13/2026	GBP	289	5.88%	(6)		**283**	6.05%	6.05%
Montgomery bond issue	01/11/2014	USD	60	5.00%	1		**61**	3.60%	3.60%

Tyseley bond issue	07/30/2018	GBP	69	6.67%	(10)		**59**	9.50%	9.50%
MBM Chicago Biosolids bond issue	11/01/2023	USD	37	5.92%			**37**	5.92%	5.92%
Selchp (49%) bond issue	12/31/2021	GBP	33	7.14%			**33**	7.39%	7.39%
Total main bond issues			**7,481**		**(50)**	**(63)**	**7,368**	**n/a**	**n/a**

* including long-term interest

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Breakdown of other long-term borrowings by main component:

(millions)	As of June 30, 2006	As of Dec. 31, 2005
BWB and SPE debts (a)	2,119.8	2,126.0
Cogevolt (b)	349.6	457.0
Syndicated credit in CZK (c)	351.0	344.8
Local authority borrowing annuities (d)	110.7	120.3
Shenzhen (e)	98.6	105.3
Finance lease obligations	766.1	802.0
Other < 100 million as of June 30, 2006	1,407.4	1,909.5
Other long-term borrowings	**5,203.2**	**5,864.9**

(a) The Berliner Wasser Betriebe debt consists of two lines:
The debt borne by the operating companies of 1,193.6 million as of June 30, 2006 compared to 1,192.0 million as of December 31, 2005;

Acquisition debt of 600 million as of June 30, 2006. The Berlin contract acquisition debt borne by RWE/Veolia Wasser Betailigungs AG (RVB) of 600 million, maturing January 15, 2005, was refinanced in the same amount for three years, maturing January 15, 2008.

Special purpose entity (SPE) debts total 326.2 million as of June 30, 2006.

(b) This securitization of future receivables was organized to finance cogeneration installations in the Energy Services Division. The debt reflects payments due to the amortization of future receivables over the period to May 2012. The average fixed rate of interest payable on this debt is 5.42%.

(c) This CZK 12 billion syndicated credit facility arranged by Komerčni Banka, Crédit Lyonnais and ING Bank in favor of Veolia Environnement, refinances the five-year CZK 8 billion syndicated credit facility negotiated in November 2003. It comprises a five-year tranche of CZK 8 billion (maturing July 29, 2010) and a seven-year tranche of CZK 4 billion (maturing July 27, 2012). As of June 30, 2006, this syndicated credit facility had been drawn down CZK 10 billion (351.0 million euro equivalent).

(d) The Group assumes certain fee obligations to local authorities under public service contracts. Local authority borrowing annuities as of June 30, 2006 total 110.7 million.

(e) This financing which concerns the comprehensive water management contract for the town of Shenzhen is carried by Beijing Capital VW Invest and consolidated (50%) as of June 30, 2006 in the euro equivalent of 98.6 million. This Chinese Yuan redeemable loan matures in June 2022 and bears interest to November 2010 at a fixed-rate of 6.93% (revisable every six years).

Long-term borrowings break down by original currency (before swap transactions) as follows (amortized cost or fair value)

(millions)	As of June 30, 2006	As of Dec. 31, 2005
Euro	10,270.6	11,103.5

U.S. Dollar	569.9	655.2
Pound Sterling	500.7	515.8
Czech Crown	452.3	446.8
Chinese Yuan	157.7	139.9
Australian Dollar	104.8	137.8
Korean Won	99.0	122.4
Polish Zloty	56.4	62.5
Norwegian Crown	32.8	41.7
Other	386.7	497.2
Long-term borrowings	**12,630.9**	**13,722.8**

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The 833 million decrease in euro-denominated long-term borrowings during the first six months of 2006 is mainly due to the transfer to short-term borrowings of:

Ø the 500 million floating-rate issue, maturing May 30, 2007;

Ø the securitization program governed by an agreement signed in June 2002 for five years. As of June 30, 2006, Veolia Environnement consolidated the Acqueduc debt fund in the amount of 323.6 million.

Breakdown of long-term borrowings by maturity

(millions)	As of June 30, 2006	As of Dec. 31, 2005
Maturing in one to two years	1,938.1	2,348.8
Maturing in two to five years	2,502.7	2,820.6
Maturing after five years	8,190.1	8,553.4
Total	**12,630.9**	**13,722.8**

Undrawn credit lines

The main undrawn credit lines as of June 30, 2006 were as follows:

Ø undrawn multi purposes medium-term credit lines of 1,075 million,

Ø medium-term syndicated loan of 4,000 million, maturing April 20, 2012,

Ø medium-term syndicated loan denominated in Czech crowns of a euro equivalent of 70 million.

A.17 Short-Term Borrowings

Movements in short-term borrowings during the first six months of 2006 (amortized cost or fair value):

(millions)	As of June 30, 2006	As of Dec. 31, 2005
Short-term borrowings	**3,192.0**	2,138.2

Short-term borrowings total 3,192.0 million as of June 30, 2006 compared to 2,138.2 million as of December 31, 2005. This increase was mainly due to the reclassification of long-term borrowings as short-term due to their maturity.

As of June 30, 2006, short-term borrowings concern Veolia Environnement SA for 2,011 million (including treasury notes of 905 million and bond issues maturing within one year of 670 million), the Water Division for 434 million (mainly Berlin for 134 million, Kunming for 80 million and Compagnie Générale des Eaux for 63 million), the Energy Services Division for 220 million (mainly financing interest in respect of Cogevolt of 96 million), the Waste Management Division for 284 million and the Transportation Division for 210 million.

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A.18 Revenue

Breakdown of Revenue

	Half-year ended June 30,	
		2005
(millions)	2006	adjusted
Sales of goods and services	**13,620.5**	11,869.1
D12 / IFRIC 4 Construction contracts	**202.1**	273.8
Remuneration on operating financial assets	**175.1**	163.9
Revenue	**13,997.7**	**12,306.8**

A.19 Personnel Costs

Personnel costs including employee profit-sharing totaled 4.4 billion for the first six months of 2006 compared to 4.0 billion for the first six months of 2005:

	Half-year ended June 30,	
		2005
(millions)	2006	adjusted
Employee costs	(4,336.0)	(3,916.7)
Profit sharing	(30.7)	(30.8)
Share-based compensation (IFRS 2)	(6.8)	(10.3)
Total	**(4,373.5)**	**(3,957.8)**

A.20 Finance Costs, Net

The income and expense balances making up net finance costs are as follows:

	Half-year ended June 30,	
		2005
(millions)	2006	adjusted
Income	**38.5**	34.9
Expense	**(369.5)**	(368.0)
Finance costs, net	**(331.0)**	**(333.1)**

Net finance costs represent the cost of borrowings net of cash and cash equivalents.

Finance costs include the impact of revaluing non-hedging derivative instruments. These movements, that are calculated in accordance with IAS 39 and depend on market conditions at the end of the period, represented gains of 6.9 million as of June 30, 2005 and gains of 5.7 million as of June 30, 2006.

The overall stability of net finance costs is the result of a slight increase in average net financial debt and a financing rate of 5%, in line with the rate for the first-half of 2005 and down slightly on the rate for fiscal year 2005 as a whole.

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A.21 Other Financial Income (Expenses)

(millions)	Half-year ended June 30, 2006	2005 adjusted
Loan income	**14.8**	15.3
Dividends	**7.8**	4.0
Foreign exchange gains (losses)	**(7.4)**	9.7
Financial provisions	**(2.4)**	24.4
Other income (expense)	**(32.9)**	(24.7)
Other financial income (expenses)	**(20.1)**	**28.7**

Other financial income (expenses) fell from a net income of 28.7 million for the half-year ended June 30, 2005 to a net expense of 20.1 million for the half-year ended June 30, 2006.

This downturn in the contribution of other financial income (expenses) was mainly due to:

- a change in the net foreign exchange position from a net gain of 9.7 million to a net loss of 7.4 million,

- the impact of the fair value measurement of derivatives embedded in Korean contracts (net gain of 5.4 million as of June 30, 2005, compared to a net loss of 17.5 million as of June 30, 2006) due to fluctuations in foreign exchange and interest rates.

A.22 Income Tax Expense

Analysis of the income tax expense

The income tax expense breaks down as follows:

(millions)	Half-year ended June 30, 2006	2005 adjusted
Current income tax expense	**(189.0)**	**(169.3)**
France	(39.7)	(63.5)
Other countries	(149.3)	(105.8)
Deferred income tax expense (credit)	**(63.7)**	**(66.7)**
France	(57.4)	(8.6)
Other countries	(6.3)	(58.1)
Total income tax expense	**(252.7)**	**(236.0)**

The income tax expense was calculated for the first half of 2006 using the effective tax rate method, under which the expected tax rate at the end of the year is applied to pre-tax accounting net income for the period.

The decrease in the tax expense in France is mainly due to the extension of the scope of the French tax group (decrease in tax payable) and an increase in taxable income (increase in deferred tax charge). The increase in the tax expense for other countries reflects an increase in taxable income and changes in consolidation scope. The drop in the deferred tax expense is due to the one-off consumption of timing differences in the first-half of 2005.

A.23 Net Income from Discontinued Operations

Net income from discontinued operations for the first half of 2006 of   54 million, relating to the sale of the Group   s investment in Southern Water, comprises net income for the period, disposal proceeds and the tax effect of the disposal.

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A.24 Derivative Instruments

The fair value of derivative instruments recognized in the balance sheet breaks down as follows:

(millions)	As of June 30, 2006 Assets	Liabilities	As of Dec. 31, 2005 Assets	Liabilities
Interest rate derivatives	**47.9**	**125.6**	**195.7**	**97.8**
Fair value hedges	9.0	69.1	164.7	2.5
Cash flow hedges	3.4	50.6		88.6
Derivatives not qualifying for hedge accounting	35.5	5.9	31.0	6.7
Foreign exchange derivatives	**38.5**	**41.2**	**18.0**	**31.5**
Net investment hedges	31.1	0.2	13.9	0.3
Derivatives not qualifying for hedge accounting	7.4	41.0	4.1	31.2
Other derivative instruments including commodity derivatives	**39.1**	**31.4**	**35.3**	**25.2**
Total derivative instruments	**125.5**	**198.2**	**249.0**	**154.5**

There is no new significant operation during the period. Change in fair value hedges result for interest rate fluctuation over the period.

A.25 Commitments and Contingencies

Specific commitments given

Ø **Southern Water operation**

As part of the sale of Southern Water, Société Générale Bank and Trust SA, on the one hand, and CDC IXIS, on the other hand, exercised their put option. As of June 30, 2006, the Group is no longer bound by any commitment to these companies.

Ø **Replacement obligation**

The Group and its water and heat distribution subsidiaries, as part of their contractual obligations under concession contracts and in return for the revenue they receive, assume responsibility for the replacement of assets of the publicly-owned utility networks they manage. The Group estimates future expenditure required in this regard over the remaining term of the relevant contracts at 2.2 billion (1.7 billion for Water and 0.5 for Energy Services). This expenditure will either be expensed immediately or included in the cost of the assets.

Ø **Performance Bonds issued for U.S. subsidiaries**

Insurance companies have issued performance guarantees in connection with the activities of the Group s U.S. subsidiaries (operating guarantees, site restoration guarantees), which have been underwritten by Veolia Environnement up to a maximum amount of $1.4 billion (drawn $0.2 billion as of June 30, 2006).

Ø **Specific Berlin contract commitments**

Under the Berlin water contract, the Group may be obliged to purchase rights of passage for water pipes from landowners still not indemnified who present claims for payments. The cost to the Group could total 610 million (50%).

Ø **Agreements with EDF**

Veolia Environnement granted EDF a call option over its entire holding of Dalkia shares, exercisable in the event a competitor of EDF acquires the control of Veolia Environnement.

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Similarly, EDF granted Veolia Environnement a call option over its entire holding of Dalkia shares, exercisable in the event of a change in the legal status of EDF and/or the acquisition of control of EDF by a competitor of Veolia Environnement, acting alone or in concert. In the absence of agreement regarding the selling price of the shares, the price shall be determined by an independent expert.

Breakdown by maturity of specific commitments given

	As of		Maturity		
(millions)	Dec. 31, 2005 adjusted	As of June 30, 2006	Less than one year	One to five years	More than five years
Southern Water Put	321				
Water replacement obligations	1,819	**1,687**	430	697	560
Dalkia replacement obligations	535	**535**	68	335	132
Performance bonds issued by VE for U.S. subsidiaries	145	**172**	2		170
Specific Berlin contract commitment (50%)	610	**610**	5	374	231
Specific commitments given	**3,430**	**3,004**	**505**	**1,406**	**1,093**

Other commitments given

Other commitments and contingencies include neither collateral guarantees supporting borrowings, nor specific commitments and contingencies described above.

Other commitments and contingencies are as follows:

	As of			Maturity	
(millions)	Dec. 31, 2005 adjusted	As of June 30, 2006	Less than one year	One to five years	More than five years
Operational guarantees	2,963	3,139	885	1,183	1,071
Financial guarantees					
Debt guarantees	251	243	84	95	64
Warranty obligations given	516	482	14	350	118
Commitments given					
Obligations to buy	95	91	32	56	3
Obligations to sell	9	9	9		
Other commitments given					
Letters of credit	819	799	298	489	12
Other commitments given	772	856	208	372	276
Other commitments given	**5,425**	**5,619**	**1,530**	**2,545**	**1,544**

Operational guarantees: in the course of their normal activities, the Group s subsidiaries give guarantees to their customers. If the company does not reach its specified targets, it may have to pay penalties. This commitment is often guaranteed by an insurance company, a financial institution, or the parent company of the Group. These guarantees included in the contract are performance commitments. The insurance company or the financial institution often requires counter guarantees from the parent company. The commitment is the amount of the guarantee anticipated in the contract and given by the parent company to the customer or the counter guarantee given by the parent company to the insurance company or to the financial institution.

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Debt guarantees: these relate to guarantees given to financial institutions in connection with the financial debt of non-consolidated companies, equity associates, or proportionately consolidated companies.

Warranty obligations given: these include guarantees linked to the sale of Water activities in the United States for 341 million and the sale of Connex Transport UK Ltd for 25 million.

Obligations to buy: these include commitments given by Group companies to purchase shares in other companies or invest. As of June 30, 2006, these commitments mainly concerned the Transportation Division (15 million), the Waste Management Division (33 million) and the Water Division (30 million).

Letters of credit: letters of credit delivered by financial institutions to Group creditors, customers and suppliers guaranteeing operating activities.

The impact of movements in the U.S. dollar on commitments and contingencies is approximately - 169 million and mainly concerns the Water Division (- 66 million) and Veolia Environnement S.A. (- 76 million).

Other commitments and contingencies given break down by division as follows:

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Water	2,615	2,388
Waste Management	678	715
Energy Services	578	542
Transportation	254	275
Proactiva	7	10
Holding companies	1,432	1,440
Other	55	55
Total	**5,619**	**5,425**

Litigation (not accounted for)

The Group is subject to various litigation in the normal course of its business. Taking into account the uncertain nature of the outcome of such litigation, management considers, in accordance with IAS 37 criteria, that a provision is not necessary at the balance sheet date.

Commitments received

(millions)	As of June 30, 2006	As of Dec. 31, 2005 adjusted
Guarantees received	**1,154**	**1,759**
Debt guarantees	187	191
Warranty obligations received	15	27
Other guarantees received	952	1,541

The fall in guarantees received on June 30, 2005 mainly concerns greenhouse gas emission quotas in the Energy Services Division (application of the Kyoto protocol from 2005) in the amount of negative

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339 million (228 million as of June 30, 2006 compared to 567 million as of December 31, 2005), due in part to the fact that commitments received as of June 30, 2006 only concern 2007 (as of December 31, 2005 they concerned 2006 and 2007) and in part to a fall in the value of one metric ton of CO^2 during the first half of 2006.

Greenhouse gas emission rights

Trends in the first half of 2006 do not suggest that the Group will exceed its CO^2 emission quotas.

Related party transactions

There have been no modifications with respect to related party transactions during the first half of 2006.

A.26 Segment reporting

Pursuant to IAS 14, Veolia Environnement provides primary information by business segment and secondary information by geographical area. The business segments are Water, Waste Management, Energy Services and Transportation.

The Water segment integrates drinking water and wastewater activities such as water distribution, water and wastewater treatment, industrial process water, manufacturing of water treatment equipment and systems.

The Waste Management segment collects, processes and disposes of household, trade and industrial waste.

The Energy Services segment includes heating production and distribution, energy optimization and related services, and electricity production.

The Transportation segment focuses on the operation of passenger transportation services, both road and rail networks.

Revenue by segment	**Half-year ended June 30,**	**2005**
(millions)	**2006**	**adjusted**
Water	4,801.0	4,294.5
Waste Management	3,547.9	3,218.1
Energy Services	3,245.3	2,706.0
Transportation	2,403.5	2,088.2
Revenue as per consolidated income statement	**13,997.7**	**12,306.8**

Operating income by segment	**Half-year ended June 30,**	**2005**
(millions)	**2006**	**adjusted**
Water	526.6	462.9
Waste Management	307.2	247.2
Energy Services	266.7	228.3
Transportation	70.2	60.0
Total business segments	**1,170.7**	**998.4**
Unallocated operating income	(45.7)	(38.9)
Operating income as per consolidated income statement	**1,125.0**	**959.5**

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Geographical breakdown of Revenue

Half-year ended June 30, 2006 (millions)	**France**	**Germany**	**United Kingdom**	**Rest of Europe**	**United States**	**Oceania**	**Asia**	**Rest of world**	**Total**
Water	2,346.1	639.2	258.9	592.0	320.5	52.4	227.8	364.1	**4,801.0**
Waste Management	1,535.9	73.4	469.3	369.3	674.0	193.1	78.7	154.2	**3,547.9**
Energy Services	1,903.2	33.6	210.8	1,006.9	6.1		11.6	73.1	**3,245.3**
Transportation	892.2	244.9	27.7	702.2	309.9	198.3		28.3	**2,403.5**
Revenue	**6,677.4**	**991.1**	**966.7**	**2,670.4**	**1,310.5**	**443.8**	**318.1**	**619.7**	**13,997.7**

Half-year ended June 30, 2005 adjusted (millions)	**France**	**Germany**	**United Kingdom**	**Rest of Europe**	**United States**	**Oceania**	**Asia**	**Rest of world**	**Total**
Water	2,142.2	610.6	206.6	520.0	271.5	40.1	173.6	329.9	**4,294.5**
Waste Management	1,454.4	69.7	412.3	345.0	561.1	174.7	68.9	132.0	**3,218.1**
Energy Services	1,655.7	34.5	173.1	800.5	0.3		4.7	37.2	**2,706.0**
Transportation	894.7	185.1	14.5	651.3	141.1	183.6		17.9	**2,088.2**
Revenue	**6,147.0**	**899.9**	**806.5**	**2,316.8**	**974.0**	**398.4**	**247.2**	**517.0**	**12,306.8**

A.27 Subsequent events

The Waste management division acquired on June 30, 2006 Cleanaway Holding Limited Company for a consideration of 859 million. This company is an operator in the United Kingdom in municipal and industrial waste collected and integrated waste management services. Annual revenue is estimated at 684 million. This acquisition should be finished during the second half of 2006.

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B. ADJUSTED 2005 CONSOLIDATED FINANCIAL STATEMENTS: RECONCILIATION SCHEDULES

B.1 Summary of the impact of interpretation D12 on the main income statement and balance sheet headings

(millions)	As of Dec. 31 2005 Published	Adjusted	Difference
Income Statement			
Revenue	25,244.9	25,693.1	448.2
Revenue from third-party financing activities	125.8	325.8	200.0
Operating income	1,892.9	1,886.9	-6.0
Net income attributable to equity holders of the parent	623.0	622.2	-0.8
Balance Sheet			
Intangible assets (1)	1,171.5	3,122.6	1,951.1
Property, plant and equipment	12,351.5	6,894.0	-5,457.5
Operating financial assets	2,065.4	5,446.9	3,381.5
Operating receivables	10,112.3	10,424.1	311.8
Equity attributable to equity holders of the parent	3,802.6	3,790.2	-12.4
Total equity	5,693.5	5,678.2	-15.3
Cash Flow Statement			
Operating cash flow before changes in working capital	3,687.3	3,541.9	-145.4
Changes in working capital	(52.2)	(157.1)	-104.9
Purchases of property, plant and equipment	(2,081.9)	(1,719.5)	362.4
New operating financial assets	(269.3)	(513.4)	-244.1
Principal payments on operating financial assets	184.0	320.6	136.6
Net financial debt	(13,870.6)	(13,870.6)	

(1) Excluding goodwill but including concession intangible assets

B.2 Reconciliation of published and adjusted equity as of December 31, 2005

(millions)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Fair value reserves	Equity attributable to equity holders of the parent	Minority interests	Total equity
As of Dec. 31, 2005 published	**2,039.4**	**6,499.1**	**(452.7)**	**(4,227.4)**	**(55.8)**	**3,802.6**	**1,890.9**	**5,693.5**
D13				6.2		**6.2**	(11.8)	**(5.6)**
D14				(28.3)		**(28.3)**	9.4	**(18.9)**
D13/D14 bifurcation				6.0		**6.0**		**6.0**
Other				3.7		**3.7**	(0.5)	**3.2**
As of Dec. 31, 2005 adjusted	**2,039.4**	**6,499.1**	**(452.7)**	**(4,239.8)**	**(55.8)**	**3,790.2**	**1,888.0**	**5,678.2**

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B.3 Adjusted 2005 financial statements

B.3.1 Consolidated Balance Sheet

(millions)	Notes	As of Dec. 31, 2005 Published	D12 Restatements	As of Dec. 31, 2005 Adjusted
Goodwill	B.4.1	4,863.1	-110.8	4,752.3
Concession intangible assets	B.4.2		1,841.2	1,841.2
Other intangible assets	B.4.3	1,171.5	109.9	1,281.4
Publicly-owned utility networks Property, plant and equipment	B.4.4	5,629.5 6,722.0	-5,457.5	6,894.0
Investments in associates		201.5		201.5
Non-consolidated investments		209.5		209.5
Long-term IFRIC 4 loans Non-current operating financial assets	B.4.5	1,901.9	3,339.1	5,241.0
Derivative instruments - Assets		249.0		249.0
Other non-current financial assets		692.5	-0.9	691.6
Deferred tax assets		1,127.3	7.4	1,134.7
Non-current assets		**22,767.8**	**-271.6**	**22,496.2**
Inventories and work-in-progress		646.2	-11.0	635.2
Operating receivables	B.4.6	10,112.3	311.8	10,424.1
Short-term IFRIC 4 loans Current operating financial assets	B.4.5	163.5	42.4	205.9
Other short-term loans		221.2		221.2
Marketable securities		60.7		60.7
Cash and cash equivalents		2,336.1		2,336.1
Current assets		**13,540.0**	**343.2**	**13,883.2**
Assets of discontinued operations		1.6		1.6
Total assets		**36,309.4**	**71.6**	**36,381.0**
Share capital	B.2	2,039.4		2,039.4
Additional paid-in capital	B.2	6,499.1		6,499.1
Reserves and retained earnings attributable to equity holders of the parent	B.2	(4,735.9)	-12.4	(4,748.3)
Minority interests	B.2	1,890.9	-2.9	1,888.0
Equity		**5,693.5**	**-15.3**	**5,678.2**
Non-current provisions	B.4.7	1,613.6	7.8	1,621.4
Long-term borrowings		13,722.8		13,722.8
Derivative instruments - Liabilities		154.5		154.5
Other non-current liabilities		207.8	-4.1	203.7
Deferred tax liabilities	B.4.8	1,124.1	80.9	1,205.0
Non-current liabilities		**16,822.8**	**84.6**	**16,907.4**
Operating payables		10,374.3	-4.5	10,369.8

Current provisions	B.4.7	773.8	6.8	780.6
Short-term borrowings		2,138.2		2,138.2
Bank overdrafts and other cash position items		506.8		506.8
Current liabilities		**13,793.1**	**2.3**	**13,795.4**
Liabilities of discontinued operations				
Total equity and liabilities		**36,309.4**	**71.6**	**36,381.0**

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B.3.2 Consolidated Income Statement

(millions)	Notes	Year ended Dec. 31, 2005 Published	D12 Restatements	Year ended Dec. 31, 2005 Adjusted
Revenue	B.5.1	**25,244.9**	**448.2**	**25,693.1**
o/w Revenue from third-party financing activities	B.5.1	*125.8*	*200.0*	*325.8*
Cost of sales		(20,561.0)	-435.1	(20,996.1)
Selling costs		(478.5)		(478.5)
General and administrative expenses		(2,403.0)	5.4	(2,397.6)
Other operating revenue and expenses		90.5	-24.5	66.0
Operating income	B.5.2	**1,892.9**	**-6.0**	**1,886.9**
Finance costs, net		(713.4)	1.0	(712.4)
Other financial income (expenses)		30.5	-2.4	28.1
Income tax expense		(422.9)	0.5	(422.4)
Share of net income of associates		14.9		14.9
Net income from continuing operations		**802.0**	**-6.9**	**795.1**
Net income from discontinued operations				
Net income for the year		**802.0**	**-6.9**	**795.1**
Attributable to Minority interests		179.0	-6.1	172.9
Attributable to Equity holders of the parent		**623.0**	**-0.8**	**622.2**
Net income attributable to equity holders of the parent per share				
Diluted		1.59		1.59
Basic		1.60	-0.01	1.59
Net income from continuing operations per share				
Diluted		2.04	-0.01	2.03
Basic		2.05	-0.01	2.04
Net income from continuing operations attributable to equity holders of the parent per share				
Diluted		1.59		1.59
Basic		1.60	-0.01	1.59

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B.3.3 Consolidated Cash Flow Statement

(millions)	Notes	Year ended Dec. 31, 2005 Published	D12 Restatements	Year ended Dec. 31, 2005 Adjusted
Net income for the year attributable to equity holders of the parent		623.0	-0.8	622.2
Minority interests		179.0	-6.1	172.9
Operating depreciation, amortization, provisions and impairment losses		1,829.3	-138.6	1,690.7
Financial amortization and impairment losses		(21.0)		(21.0)
Gains (losses) on disposal and dilution		(70.0)		(70.0)
Share of net income of associates		(14.9)		(14.9)
Dividends received		(6.5)		(6.5)
Finance costs, net		713.4	-1.0	712.4
Income tax expense		422.9	-0.5	422.4
Other		32.1	1.6	33.7
Operating cash flow before changes in working capital	B.6.1	**3,687.3**	**-145.4**	**3,541.9**
Changes in amounts receivable on D14 assets recognized on a stage of completion basis	B.6.2		-117.6	(117.6)
Changes in working capital, excluding amounts receivable on D14 assets recognized on a stage of completion basis	B.6.2	(52.2)	12.8	(39.4)
Income taxes paid		(338.8)		(338.8)
Net cash from operating activities		**3,296.3**	**-250.2**	**3,046.1**
Purchases of property, plant and equipment	B.6.3	(2,081.9)	362.4	(1,719.5)
Proceeds on disposal of property, plant and equipment		173.5	-4.7	168.8
Purchases of investments		(944.1)		(944.1)
Proceeds on disposal of investments		154.0		154.0
IFRIC 4 investment contracts:				
New IFRIC 4 loans	B.6.4	(269.3)	269.3	
Principal payments on IFRIC 4 loans	B.6.5	184.0	-184.0	
Operating financial assets:				
New operating financial assets	B.6.4		-513.4	(513.4)
Principal payments on operating financial assets	B.6.5		320.6	320.6
Dividends received		16.8		16.8
New long-term loans granted		(62.1)		(62.1)
Principal payments on long-term loans		55.7		55.7
Net decrease/(increase) in short-term loans		115.0		115.0
Sales and purchases of marketable securities		118.2		118.2
Net cash from (used in) investing activities		**(2,540.2)**	**250.2**	**(2,290.0)**
Net decrease in short-term borrowings		(2,936.2)		(2,936.2)
New long-term borrowings and other debt		3,134.1	0.7	3,134.8
Principal payments on long-term borrowings and other debt		(2,318.9)	-0.7	(2,319.6)
Proceeds on issue of shares		81.0		81.0
Purchase of treasury shares				
Dividends paid		(374.0)		(374.0)
Interest paid		(738.8)		(738.8)

Net cash used in financing activities	**(3,152.8)**	**(3,152.8)**
Cash and cash equivalents at the beginning of the year	**4,240.2**	**4,240.2**
Effect of foreign exchange rate changes	(14.2)	(14.2)
Cash and cash equivalents at the end of the year	**1,829.3**	**1,829.3**
Cash and cash equivalents	2,336.1	2,336.1
- Bank overdrafts and other cash position items	506.8	506.8
Cash and cash equivalents at the end of the year	**1,829.3**	**1,829.3**

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B.4 Analysis of the main balance sheet restatements

B.4.1 Goodwill

(millions)	As of Dec. 31, 2005 Published	D14	As of Dec. 31, 2005 Adjusted
Goodwill	**4,863.1**	-110.8	**4,752.3**

The restatements represent a full or partial transfer of goodwill balances to contractual rights.

B.4.2 Concession intangible assets

(millions)	As of Dec. 31, 2005 Published	D14	As of Dec. 31, 2005 Adjusted
Concession intangible assets		1,841.2	**1,841.2**

Concession intangible assets consist of assets financed by the Group under concession contracts as defined by draft interpretation D12, which do not satisfy D13 criteria for classification as operating financial assets, notably because payments for the use of the infrastructure assets are borne by users.

These assets are held by the Group divisions as follows:

ü Water: 1,371.0 million, notably in Germany, France, Morocco and China

ü Waste Management: 223.2 million, mainly incinerators without guaranteed volumes in France and the United Kingdom

ü Energy Services: 247.0 million, representing heat networks in France and the Baltic States.

Concession intangible assets are mainly located in Europe (1,379.4 million).

B.4.3 Other intangible assets

(millions)	As of Dec. 31, 2005 Published	D13	D14	Other	As of Dec. 31, 2005 Adjusted
Other intangible assets	**1,171.5**	-41.0	172.3	-21.4	**1,281.4**

The restatement of negative 41 million following application of draft interpretation D13 mainly corresponds to the transfer of Berlin contract intangible assets to operating financial assets (Water Division).

The impact of draft interpretation D14 mainly reflects the transfer of goodwill of 149.8 million to contractual rights.

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B.4.4 Property, plant and equipment

(millions)	As of Dec. 31, 2005 Published	D13	D14	D13/D14 bifurcation	IFRIC4	IAS 16	As of Dec. 31, 2005 Adjusted
Publicly-owned utility networks	5,629.5	-3,141.5	-1,989.7	-287.5	-39.2	-171.6	0.0
Property, plant and equipment	6,722.0					172.0	6,894.0
Property, plant and equipment	**12,351.5**	-3,141.5	-1,989.7	-287.5	-39.2	0.4	**6,894.0**

Restatements to property, plant and equipment as a result of application of draft interpretation D12 involve the identification of D13 operating financial assets and D14 concession intangible assets.

Certain of the contracts analyzed lead to specific treatments in the accounts. The choice of the financial asset or intangible asset model is based on the identity in substance of the payer of the service. Nonetheless, certain contracts may include a payment commitment incumbent on the concession grantor. Where this is the case, the investment amount guaranteed by the concession grantor is recognized using the financial asset model and the residual balance is recognized using the intangible asset model. These restatements are presented in the D13/D14 bifurcation column and primarily concern incinerators in the Waste Management Division.

The Group owns infrastructures that do not fall within the application scope of draft interpretation D12 as at least one of the three qualifying criteria (service to public, control or regulation of services and price setting, return of the infrastructure) are not satisfied. Where this is the case, the infrastructure is recognized in accordance with IFRIC4 or IAS 16.

Adjusted property, plant and equipment as of December 31, 2005 break down as follows:

ü Water: 2,107.0 million, mainly assets not allocated to a specific contract and UK assets

ü Waste Management: 2,829.8 million, representing industrial plant (landfill sites, vehicles, etc.)

ü Energy Services: 819.4 million, mainly assets not allocated to a specific contract and energy production and conversion equipment

ü Transportation: 1,066.5 million, mainly rolling stock and warehouses

ü Other: 71.3 million

B.4.5 Operating financial assets (non-current and current)

(millions)	As of Dec. 31, 2005 Published	D13	IFRIC4	As of Dec. 31, 2005 Adjusted

Long-term IFRIC 4 loans	1,901.9	-608.0	33.2	1,327.1
Long-term D13 loans		3,913.9		3,913.9
Non-current operating financial assets	**1,901.9**	**3,305.9**	**33.2**	**5,241.0**
Short-term IFRIC 4 loans	163.5	-8.5	10.2	165.2
Short-term D13 loans		40.7		40.7
Current operating financial assets	**163.5**	**32.2**	**10.2**	**205.9**
Operating financial assets	**2,065.4**	**3,338.1**	**43.4**	**5,446.9**

These headings record loans relating to concession contracts satisfying the criteria laid down in draft interpretations D12 and D13 and loans relating to contracts recognized in accordance with IFRIC4.

Certain assets recognized in accordance with IFRIC 4 as of December 31, 2005, also satisfy the criteria for recognition in accordance with draft interpretations D12 and D13 and have therefore been reclassified. Such assets have a net carrying amount of 608 million and concern BOT (Build operating and transfer) contracts in the Water Division and incinerators in the Waste Management Division.

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Operating financial assets break down by division as follows:

(millions)	IFRIC4	D13	Total
Water	502.8	3,264.4	3,767.2
Waste Management	120.3	627.7	748.0
Energy Services	795.0	25.9	820.9
Transportation	74.2	30.2	104.4
Other		6.4	6.4
Veolia Group	**1,492.3**	**3,954.6**	**5,446.9**

Operating financial assets in the Water Division mainly comprise infrastructure assets relating to the Berlin contract (2.8 billion) and BOT contracts. In the Waste Management Division operating financial assets comprise incinerators and in the Energy Services Division they comprise cogeneration assets.

Note that pursuant to the financial asset model (D13), revenue generated by the construction of the underlying infrastructure is recognized on a stage of completion basis (in accordance with IAS 11). The corresponding entry in the balance sheet is recognized in loans. This is notably the case for BOT contracts and incinerators.

B.4.6 Operating receivables

(millions)	As of Dec. 31, 2005 Published	D14	As of Dec. 31, 2005 adjusted
Operating receivables	**10,112.3**	311.8	**10,424.1**

Under the intangible asset model (D14), revenue generated by the construction of the underlying infrastructure is recognized on a stage of completion basis (in accordance with IAS 11). The corresponding entry in the balance sheet is recognized in operating receivables.

As of December 31, 2005, this restatement mainly concerned the Water Division in the amount of 276.9 million.

B.4.7 Provisions (non-current and current)

(millions)	As of Dec. 31, 2005 Published	D14	Other	As of Dec. 31, 2005 Adjusted
Non-current provisions	1,613.6	7.1	0.7	1,621.4
Current provisions	773.8	6.8		780.6
Provisions	**2,387.4**	13.9	0.7	**2,402.0**

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B.4.8 Deferred tax liabilities

(millions)	As of Dec. 31, 2005 Published	D14	Other	As of Dec. 31, 2005 Adjusted
Deferred tax liabilities	**1,124.1**	75.0	5.9	**1,205.0**

D14 restatements mainly concern the reclassification of goodwill as intangible rights (please refer to B.4.1 and B.4.3) and provision restatements (please refer to B.4.7).

B.5 Analysis of the main income statement restatements

B.5.1 Revenue

(millions)	Year ended Dec. 31, 2005 Published	Remuneration of operating financial assets	Cancellation flows linked to PP&E	Revenue recognized on a stage of completion basis	Other	Year ended Dec. 31, 2005 Adjusted
Water	8,888.7	161.3	-266.1	351.1	-0.8	9,134.2
Waste Management	6,604.1	34.1	-0.1	110.6		6,748.7
Energy Services	5,402.4	1.3	-3.2	63.1		5,463.6
Transportation	4,349.7	3.3	-3.7		-2.7	4,346.6
Revenue	**25,244.9**	200.0	-273.1	524.8	-3.5	**25,693.1**

The cancellation of flows linked to property, plant and equipment mainly corresponds to the application of the operating financial asset model to the Berlin contract (- 264 million). This reclassification led to the cancellation of fees of 143 million remunerating certain infrastructure assets and income of 121 million received in respect of the obsolescence of certain assets.

Restatements relating to the recognition of revenue on a stage of completion basis concern contracts recognized in accordance with the operating financial asset model in the amount of 278 million and contracts recognized in accordance with the concession intangible asset model in the amount of 247 million. The inclusion of income of 115 million in respect of contracts recognized in accordance with IFRIC4, brings revenue recognized on a stage of completion basis to 640 million.

Taking into account draft interpretation D12 restatements, total remuneration on operating financial assets, including contracts recognized in accordance with IFRIC4, is 325.8 million.

B.5.2 Operating income

(millions)	Year ended Dec. 31, 2005	D13	D14	D13/D14 bifurcation	Other	Year ended Dec. 31, 2005

	Published					Adjusted
Water	1,007.3	-8.7	-0.7		4.4	1,002.3
Waste Management	530.5	14.3	-8.9	5.8	1.9	543.6
Energy Services	326.1		-12.1	0.5	0.8	315.3
Transportation	114.1	0.2			-3.5	110.8
Other	-85.1					-85.1
Net income	**1,892.9**	5.8	-21.7	6.3	3.6	**1,886.9**

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B.6 Analysis of the main cash flow statement restatements

B.6.1 Operating cash flow before changes in working capital

(millions)	Year ended Dec. 31, 2005 Published	D13	D14	D13/D14 bifurcation	Other	Year ended Dec. 31, 2005 Adjusted
Operating cash flow before changes in working capital	**3,687.3**	-138.0	-11.2	4.3	-0.5	**3,541.9**

The restatements primarily concern the portion of revenue allocated to cancel charges to depreciation and amortization in the amount of - 138 million, including - 121 million in respect of the Berlin contract (please refer to B.5.1).

B.6.2 Changes in working capital

(millions)	Year ended Dec. 31, 2005 Published	D13	D14	D13/D14 bifurcation	Year ended Dec. 31, 2005 Adjusted
Change in D14 loans/assets recognized on a stage of completion basis			-111.6	-6.0	(117.6)
Change in other working capital requirements	(52.2)	-0.4	2.5	10.7	(39.4)
Change in working capital	**(52.2)**	-0.4	-109.1	4.7	**(157.0)**

Restatements mainly consist of an amount of 117.6 million, resulting from application of the D14 intangible asset model. Under this model, revenue from the construction of infrastructure assets is recognized on a stage of completion basis (in accordance with IAS 11). The corresponding entry in the balance sheet is recognized in operating receivables. On completion of the construction phase, the operator swaps the operating receivable on the concession grantor for an operating right recognized in concession intangible assets. This restatement primarily concerns the Water Division (- 83.8 million).

B.6.3 Purchases of property, plant and equipment

(millions)	Year ended Dec. 31, 2005 Published	D13	D14	D13/D14 bifurcation	Other	Year ended Dec. 31, 2005 Adjusted
Purchases of property, plant and equipment	**(2,081.9)**	177.1	119.6	61.7	4.0	**(1,719.5)**

The 177.1 million decrease in purchases of property, plant and equipment attributable to the financial asset model (D13) corresponds to the reclassification of assets as operating financial assets (please refer to B.6.4).

The 119.6 million decrease in purchases of property, plant and equipment attributable to the intangible asset model (D14) corresponds to the reclassification of purchases relating to infrastructure assets under construction as changes in working capital (please refer to B.6.2)

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The 61.7 million decrease in purchases of property, plant and equipment attributable to a combination of the D13 and D14 models, corresponds to reclassifications as operating financial assets (please refer to B.6.4) and mainly concerns incinerators in the Waste Management Division.

B.6.4 New operating financial assets

(millions)	Year ended Dec. 31, 2005 Published	D13	D13/D14 bifurcation	Other	Year ended Dec. 31, 2005 Adjusted
New operating financial assets	**(269.3)**	-170.4	-68.5	-5.2	**(513.4)**

These restatements represent the corresponding entries to the restatements presented in note B.6.3 and concern incinerators, BOT contracts and investments relating to the Berlin contract.

B.6.5 Principal payments on operating financial assets

(millions)	Year ended Dec. 31, 2005 Published	D13	D13/D14 bifurcation	Other	Year ended Dec. 31, 2005 Adjusted
Principal payments on operating financial assets	**184.0**	133.3	1.8	1.5	**320.6**

The restatements of 136.6 million mainly correspond to the portion of revenue allocated to principal loan payments in respect of infrastructure assets (please refer to B.6.1). This income, which is included in the published 2005 revenue figure, is now excluded from revenue and recognized as an operating financial asset repayment flow. It mainly corresponds to the reduction in operating cash flow.

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C ANALYSIS OF THE IMPACT OF INTERPRETATION D12 ON THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2005

C.1 Consolidated income statements for the half-year ended June 30, 2005, adjusted

(millions)	Notes	Half-year ended June 30, 2005 Published	D12 Restatements	Half-year ended June 30, 2005 Adjusted
Revenue	C.1.1	**12,148.3**	**158.5**	**12,306.8**
o/w Revenue from third-party financing activities		*53.2*	*110.7*	*163.9*
Cost of sales		(9,939.6)	-141.3	(10,080.9)
Selling costs		(222.0)		(222.0)
General and administrative expenses		(1,129.1)	2.7	(1,126.4)
Other operating revenue and expenses		95.2	-13.2	82.0
Operating income	C.1.2	**952.8**	**6.7**	**959.5**
Finance costs, net		(324.1)	-9.0	(333.1)
Other financial income (expenses)		30.0	-1.3	28.7
Income tax expense		(236.7)	0.7	(236.0)
Share of net income of associates		5.6		5.6
Net income from continuing operations		**427.6**	**-2.9**	**424.7**
Net income from discontinued operations				
Net income for the period		**427.6**	**-2.9**	**424.7**
Attributable to Minority interests		108.5	-0.7	107.8
Attributable to Equity holders of the parent		**319.1**	**-2.2**	**316.9**
Net income attributable to equity holders of the parent per share				
Basic		0.82	-0.01	0.81
Diluted		0.81		0.81
Net income from continuing operations attributable to equity holders of the parent per share				
Basic		0.82	-0.01	0.81
Diluted		0.81		0.81

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C.1.1 Revenue

(millions)	Half-year ended June 30, 2005 Published	Remuneration of operating financial assets	Cancellation flows linked to PP&E	Revenue recognized on a stage of completion basis	Other	Half-year ended June 30, 2005 Adjusted
Water	4,207.2	93.6	-145.8	140.0	-0.5	4,294.5
Waste Management	3,162.1	14.8	-0.1	41.3		3,218.1
Energy Services	2,690.3	0.9	-0.6	15.4		2,706.0
Transportation	2,088.7	1.4	-0.4		-1.5	2,088.2
Revenue	**12,148.3**	110.7	-146.9	196.7	-2.0	**12,306.8**

The cancellation of flows linked to property, plant and equipment mainly corresponds to the application of the operating financial asset model to the Berlin contract (- 132 million). This reclassification results in the cancellation of fees of 61 million remunerating certain infrastructure assets and of income of 71 million received in respect of the obsolescence of certain assets.

Restatements relating to the recognition of revenue on a stage of completion basis concern contracts recognized in accordance with the operating financial asset model in the amount of 112 million and contracts recognized in accordance with the concession intangible asset model in the amount of 85 million. The inclusion of income of 77 million in respect of contracts recognized in accordance with IFRIC4, brings revenue recognized on a stage of completion basis to 274 million.

Taking into account draft interpretation D12 restatements, total remuneration on operating financial assets, including contracts recognized in accordance with IFRIC4, is 163.9 million.

C.1.2 Operating income

(millions)	Half-year ended June 30, 2005 Published	D13	D14	D13/D14 bifurcation	Other	Half-year ended June 30, 2005 Adjusted
Water	459.0	-2.5	-0.9		7.3	462.9
Waste Management	247.5	5.2	-9.2	2.8	0.9	247.2
Energy Services	225.1		1.8	0.4	1.0	228.3
Transportation	60.1	0.3			-0.4	60.0
Other	(38.9)					(38.9)
Operating income	**952.8**	3.0	-8.3	3.2	8.8	**959.5**

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C.2 Consolidated cash flow statement for the half-year ended June 30, 2005

(millions)	Notes	Half-year ended June 30, 2005 Published	D12 restatements	Half-year ended June 30, 2005 Adjusted
Net income for the period attributable to equity holders of the parent		319.1	-2.2	316,.9
Minority interests		108.5	-0.7	107.8
Operating depreciation, amortization, provisions & impairment losses		860.6	-65.2	795.4
Financial amortization and impairment losses		(24.9)	0.2	(24.7)
Gains (losses) on disposal and dilution		(33.9)	-0.2	(34.1)
Share of net income of associates		(5.6)		(5.6)
Dividends received		(4.0)		(4.0)
Finance costs, net		324.1	9.0	333.1
Income tax expense		236.9	-0.7	236.2
Other		4.9	0.8	5.7
Operating cash flow before changes in working capital	C.2.1	**1,785.7**	**-59.0**	**1,726.7**
Changes in amounts receivable on D14 assets recognized on a stage of completion basis	C.2.2		-56.0	(56.0)
Changes in working capital, excluding amounts receivable on D14 assets recognized on a stage of completion basis	C.2.2	(195.8)	4.3	(191.5)
Income taxes paid		(176.0)		(176.0)
Net cash from operating activities		**1,413.9**	**-110.7**	**1,303.2**
Purchases of property, plant and equipment	C.2.3	(868.1)	147.0	(721.1)
Proceeds on disposal of property, plant and equipment		74.1	-0.6	73.5
Purchases of investments		(464.4)		(464.4)
Proceeds on disposal of investments		87.1		87.1
IFRIC 4 investment contracts:				
New IFRIC 4 loans	C.2.4	(84.3)	84.3	
Principal payments on IFRIC 4 loans	C.2.5	82.8	-82.8	
Operating financial assets:				
New operating financial assets	C.2.4		-183.7	(183.7)
Principal payments on operating financial assets	C.2.5		155.5	155.5
Dividends received		9.5		9.5
New long-term loans granted		(340.8)		(340.8)
Principal payments on long-term loans		374.9		374.9
Net decrease/(increase) in short-term loans		30.4		30.4
Sales and purchases of marketable securities		123.4		123.4
Net cash from (used in) investing activities		**(975.4)**	**119.7**	**(855.7)**
Net decrease in short-term borrowings		(1,580.1)		(1,580.1)
New long-term borrowings and other debt		1,399.7		1,399.7
Principal payments on long-term borrowings and other debt		(1,397.3)		(1,397.3)
Proceeds on issue of shares				
Purchase of treasury shares				
Dividends paid		(352.4)		(352.4)
Interest paid		(248.0)		(248.0)

Net cash used in financing activities	**(2,178.1)**		**(2,178.1)**
Cash and cash equivalents at the beginning of the year	**4,240.2**		**4,240.2**
Effect of foreign exchange rate changes	129.1	-9.0	120.1
Cash and cash equivalents at the end of the year	**2,629.7**		**2,629.7**
Cash and cash equivalents	3,171.1		3,171.1
- Bank overdrafts and other cash position items	541.4		541.4
Cash and cash equivalents at the end of the year	**2,629.7**		**2,629.7**

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C.2.1 Operating cash flow before changes in working capital

(millions)	Half-year ended June 30, 2005 Published	D13	D14	D13/D14 bifurcation	Other	Half-year ended June 30, 2005 Adjusted
Operating cash flow before changes in working capital	**1,785.7**	-56.8	-4.6	2.8	-0.4	**1,726.7**

The restatements primarily concern the portion of revenue allocated to cancel charges to depreciation and amortization (- 56.8 million), mainly in respect of the Berlin contract (please refer to C.1.1).

C.2.2 Changes in working capital

(millions)	Half-year ended June 30, 2005 Published	D13	D14	D13/D14 bifurcation	Half-year ended June 30, 2005 Adjusted
Change in D14 loans/assets recognized on a stage of completion basis			-52.7	-3.3	(56.0)
Other changes in working capital items	(195.8)	-0.2	2.9	1.6	(191.5)
Changes in working capital	**(195.8)**	**-0.2**	**-49.8**	**-1.7**	**(247.5)**

Restatements mainly consist of an amount of 56.0 million, resulting from application of the D14 intangible asset model. Under this model, revenue from the construction of infrastructure assets is recognized on a stage of completion basis (in accordance with IAS 11). The corresponding entry in the balance sheet is recognized in operating receivables. On completion of the construction phase, the operator swaps the operating receivable on the concession grantor for an operating right recognized in concession intangible assets. This restatement primarily concerns the Water Division (- 41.3 million)

C.2.3 Purchases of property, plant and equipment

(millions)	Half-year ended June 30, 2005 Published	D13	D14	D13/D14 bifurcation	Other	Half-year ended June 30, 2005 Adjusted
Purchases of property, plant and equipment	**(868.1)**	**68.3**	**54.0**	**24.8**	**-0.1**	**(721.1)**

The 68.3 million decrease in purchases of property, plant and equipment attributable to the financial asset model (D13) corresponds to the reclassification of assets as operating financial assets (please refer to C.2.4).

The 54 million decrease in purchases of property, plant and equipment attributable to the intangible asset model (D14) corresponds to the reclassification of purchases relating to infrastructure assets under construction as changes in working capital (please refer to C.2.2)

The 24.8 million decrease in purchases of property, plant and equipment attributable to a bifurcation of the D13 and D14 models, corresponds to reclassifications as operating financial assets (please refer to C.2.4) and mainly concerns the Waste Management Division.

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C.2.4 New operating financial assets

(millions)	Half-year ended June 30, 2005 Published	D13	D13/D14 bifurcation	Other	Half-year ended June 30, 2005 Adjusted
New operating financial assets	**(84.3)**	-71.9	-26.6	-0.9	**(183.7)**

These restatements represent the corresponding entries to the restatements presented in note C.2.3 and concern incinerators, BOT contracts and investments relating to the Berlin contract.

C.2.5 Principal payments on operating financial assets

(millions)	Half-year ended June 30, 2005 Published	D13	D13/D14 bifurcation	I4	Half-year ended June 30, 2005 Adjusted
Principal payments on operating financial assets	**82.8**	68.9	2.4	1.4	**155.5**

The restatements of 72.7 million mainly correspond to the portion of revenue allocated to principal loan payments in respect of infrastructure assets. This income, which is included in the published 2005 revenue figure, is now excluded from revenue and recognized as an operating financial asset repayment flow (please refer to C.2.5). It mainly corresponds to the reduction in operating cash flow.

20.6.2 Statutory Auditors Review Report on the half-year financial information for 2006

This is a free translation into English of the statutory auditors review report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity of Statutory Auditors and in accordance with the requirements of Article L. 232-7 of the French Commercial Law (Code de commerce), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of VEOLIA ENVIRONNEMENT for the six-month period ended June 30, 2006;

- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all the significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 standards of the IFRSs as adopted by the European Union applicable to interim financial information.

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Without qualifying our opinion, we would like to draw attention to the matter discussed in notes A.1.2 and A.1.3 relating to the change in accounting method relative to the accountability of concessions according to the IFRIC D12/D13/D14 draft interpretation applied by the Company, retrospectively and for the first time.

In accordance with professional standards applicable in France, we have also verified the information given in the half-year management report commenting the condensed half-year consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, on September 18, 2006.

The Statutory Auditors

SALUSTRO REYDEL Member of KPMG International		ERNST & YOUNG et AUTRES	
Bertrand Vialatte	Bernard Cattenoz	Jean Bouquot	Patrick Gounelle

Chapter 21 Additional information on share capital and statutory provisions

21.1 Share capital

21.1.1 Share capital as of September 14, 2006

On September 14, 2006, the Board of Directors approved the Company s capital increase following the exercise, in the first half of 2006, of stock options and share warrants which led to the issue of 991,894 new shares and a related capital increase of 4,959,470.

This increase raised share capital of Veolia Environnement on that date to 2,044,322,500 divided into 408,864,500 fully-paid shares, all of the same class, with a par value of 5 euros each.

21.1.2 Veolia Environnement on the Stock Exchange

Veolia Environnement shares have been admitted for trading on Eurolist of Euronext Paris[6] (compartment A) since July 20, 2000, under ISIN FR 0000124141-VIE, Reuters VIE. PA code and Bloomberg VIE. FP code and they qualify for the Deferred Settlement Service (DSS). The Company s shares have also been listed on the New York Stock Exchange in the form of American Depositary Receipts (ADR) under the symbol VE since October 5, 2001.

Since August 8, 2001, the shares have been included in the CAC 40, a widely followed equity index of 40 major French stocks published by Euronext Paris.

The tables below describe the stock prices and the transaction volumes for Veolia Environnement shares over the last 18 months, first, on the Eurolist of Euronext, and second on the New York Stock Exchange.

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6 Former Premier Marché of Euronext Paris, now Eurolist of Euronext since February 21, 2005.

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Eurolist of Euronext

Year *(month/quarter)*	Price *(in euros)* High	Low	Transactions in number of securities
2006			
August	44.00	40.11	31,902,279
July	42.85	38.61	44,708,949
Second quarter	49.45	36.49	150,220,240
June	44.68	36.49	63,913,699
May	49.45	42.35	52,511,763
April	48.73	44.93	33,794,778
First quarter	46.40	37.82	97,177,963
March	46.40	43.21	36,690,010
February	46.19	40.96	28,715,281
January	41.37	37.82	31,675,272
2005			
Fourth quarter	39.14	33.80	98,720,710
December	39.14	36.26	27,207,376
November	36.64	34.26	37,216,352
October	36.28	33.8	34,296,982
Third quarter	35.40	29.56	102,226,963
September	35.40	32.95	36,768,020
August	33.20	31.23	28,715,094
July	32.49	29.56	36,743,849
Second quarter	31.82	27.17	110,251,403
June	31.62	29.51	29,145,254
May	31.82	29.21	44 ,734,280
April	29.50	27.17	36,371,869
First quarter	28.42	25.21	122,493,492
March	27.80	25.24	42,593,017

Source: Euronext Paris.

New York Stock Exchange

Year (months/quarter)	Price *(in dollars)* High	Low	Transactions in number of shares
2006			
August	56.56	51.65	1,171,000
July	55.00	48.80	2,318,900
Second quarter	62.70	46.14	4,357,400
June	57.49	46.14	2,124,800
May	62.70	54.91	1,336,400
April	60.50	55.15	896,200
First quarter	56.40	46.15	2,069,500
March	56.40	52.00	1,029,400
February	54.35	48.67	634,900

January	51.04	46.15	405,200
2005			
Fourth quarter	46.43	40.70	982,900
December	46.43	42.57	326,800
November	42.99	40.70	312,900
October	43.62	41.00	343,200
Third quarter	43.45	35.75	729,500
September	43.45	41.05	264,400
August	41.10	38.21	250,000
July	39.11	35.75	215,100
Second quarter	39.65	35.24	1,340,600
June	38.75	36.17	403,500
May	39.65	37.73	546,100
April	38.33	35.24	391,000
First quarter	36.46	33.07	682,700
March	35.75	33.77	347,200

Source: Bank of New York.

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Chapter 24 Documents accessible to the public

Veolia Environnement press releases, annual reference documents including, in particular, its historical financial information filed with the AMF as well as the updates, just as the US annual reports (Forms 20-F) filed with the US Securities and Exchange Commission, can be consulted on the Company s website at: www.veoliaenvironnement.com, and a copy can be obtained from the head office at 36/38 avenue Kléber in Paris.

The annual information document required in application of directive 2003/71/CE of article 221-1-1 of the AMF s General Regulations mentioning all the information Veolia Environnement has published and rendered public in the last twelve months in France, in the other member States and in the United States to meet its obligations under stock market and securities regulations, is available on the Company s website at the address indicated above and on the AMF website at: www.amf-france.org.

Veolia Environnement bylaws together with the minutes of General Meetings of Shareholders, statutory auditors reports and all other corporate documents can be consulted at the Company s head office.

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INVESTOR RELATIONS

Madame Nathalie PINON

Investor Relations Officer

Telephone: 33 1 71 75 01 67

Address: 36/38, avenue Kléber, 75116 Paris (head office).

WEBSITES

General information about the Company:

www.veoliaenvironnement.com

Financial information:

www.veolia-finance.com

Direct access to the general information section for private shareholders:

www.actionnaires.veolia.com

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: October 12, 2006

VEOLIA ENVIRONNEMENT

By:	/s/ Alain Tchernonog
Name:	Alain Tchernonog
Title:	General Counsel