

25 September 2006

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SECURITIES & EXCHANGE COMMISSION  
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SUPPL

Dear Sir/Madam

In reference to File Number 082-02819, the following Stock Exchange Announcement was released today:

'Disposal'.

Yours faithfully

Gemma Knowles  
Assistant Company Secretary

Encl.

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## **SALE OF SEVERN TRENT LABORATORIES (US)**

Severn Trent Plc announces today the sale of its US analytical environmental testing firm Severn Trent Laboratories (STL) to TestAmerica Holdings, an affiliate of H.I.G. Capital, for a cash consideration of approximately £85 million.

The transaction is subject to US regulatory approval and is expected to be completed by the end of December 2006. STL UK will remain part of the Severn Trent group.

Mr Colin Matthews, Group Chief Executive, said "We announced in June that following our decision to demerge Biffa we wanted to concentrate on water. Therefore STL US was no longer regarded as core. Today's announcement continues our strategic drive to create value through a focus on water."

STL Chief Executive Officer Rachel Brydon Jannetta will remain with STL US and resign from the Severn Trent Plc Board on completion of the deal.

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