

**SEVERN**

**TRENT**

ENVIRONMENTAL LEADERSHIP

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31 October 2005

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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

Securities & Exchange Commission  
Office of International Corporation Finance  
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Washington, DC 20549  
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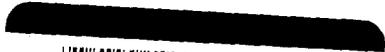
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Our Ref GLK

SUPPL

Dear Sir/Madam

In reference to **File Number 082-02819**, I enclose a copy of a Stock Exchange Announcement released on 31 October 2005.

Yours faithfully



05012415

**Gemma Knowles**  
Company Secretarial Assistant

Encl.

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MP

THOMSON  
FINANCIAL

*[Handwritten signature]*

Severn Trent Plc announced today that as a result of a referral by Ofwat, the Serious Fraud Office is undertaking a criminal investigation into alleged reporting irregularities made to Ofwat by Severn Trent Water Limited between 2000 and 2003.

Ofwat has been conducting its own investigation following allegations made by an employee of Severn Trent Water. Ofwat began its investigation into the allegations in January 2005. The matter reported to the SFO concerns data on leakage.

Severn Trent is supporting Ofwat in its review of these allegations and will cooperate fully with the Serious Fraud Office.

In May 2004 an employee of Severn Trent Water raised a number of allegations relating, in particular, to alleged accounting inaccuracies and regulatory returns. PricewaterhouseCoopers LLP Forensic Services was appointed by Severn Trent Plc to carry out a thorough and independent investigation and in the light of their findings Severn Trent Plc announced on 22 November 2004 that the Board was, and remains, of the view that the matters raised have no effect upon the integrity of the accounts and that Severn Trent Water's customers have not been overcharged. However, a disciplinary investigation was instigated which, though substantially complete, is likely to continue at least until Ofwat's review of these matters is completed.

The Board has taken and will continue to take such actions as it thinks appropriate to ensure the maintenance of both high ethical and professional standards.

**For further information contact:**

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