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12 December 1997

**SOUTH WEST WATER PLC ACQUIRES
WASTE DISPOSAL COMPANY**

South West Water Plc announced today the acquisition of Terry Adams Ltd, the Exeter based waste disposal company for the sum of £77 million plus a contingent consideration of up to £28 million. The acquisition will be funded primarily by loan notes with back up from existing borrowing facilities.

The acquisition continues South West Water's strategy of growing its successful subsidiary Haul Waste Group Ltd, which now becomes one of the largest landfill operators in the UK. In 1996/97 Haul Waste contributed £7.8 million profit before tax to South West Water Plc's results.

The newly acquired landfill sites are strategically located throughout England from Bristol to Manchester and Derbyshire. They complement Haul Waste's existing network of sites in the South of England and Scotland. The Terry Adams sites have a total void space of 49 million cubic metres, of which 17 million are currently consented sites plus extensions. Following the acquisition, the South West Water Group will have 55 million cubic metres of consented void and 75 million cubic metres of unconsented void.

In the 12 months ending 31 March 1997, Terry Adams' turnover was £15.5 million and profit before tax and directors' remuneration was £5.5 million.

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Colin Drummond, Managing Director of South West Water Plc's Enterprise Division said today, "The acquisition of Terry Adams Ltd represents a natural progression in growing our waste management business. It will further enhance our ability to contribute to the South West Water Group's profit growth."

- ENDS -

There will be an analyst and institutional investor briefing today at 11.30am at Financial Dynamics, 30 Furnival Street, London EC4.

For further information, please contact:

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* on 12 December 1997. Thereafter 01392 446688.

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<http://www.swwater.co.uk/news/news.htm>