



21 December 2007

PHILIPPINE STOCK EXCHANGE

Disclosure Department
4/F PSE Center
Exchange Road
Ortigas Center, Pasig City

Attention: **ATTY. PETE M. MALABANAN**
Head, Disclosure Department

Gentlemen:

In reference to your email dated December 21, 2007, requesting for clarifications on the news article entitled "Maynilad exits rehas courts okays debt deal" published in the December 21, 2007 issue of Business World which reported in part that:

"West zone concessionaire Maynilad Water Services, Inc. is finally exiting rehabilitation, giving its new owners the leeway to move forward in terms of improving services and raising revenues.

In a five-page order, Judge Reynaldo B. Daway of the Quezon City Regional Trial Court Branch 90 approved the Prepayment and Settlement Agreement (PSA), reached by the firm and its creditors in August and on which the rehab exit was hinged.

Maynilad, regulators and several creditors had asked the court to okay the deal, which they said meant that firm had successfully implemented a capital and debt restructuring exercise....

DMCI Chief Finance Officer Herbert Consunji...said the firm was planning capital expenditures of P18 billion to P25 billion from year to 2012 to improve its services.

The exit from rehabilitation also means a review of its water prices can now proceed under the rate rebasing mechanism..."

We would like to confirm the veracity of the news article above.

Thank you.

A handwritten signature in black ink, appearing to read "Aldric G. Borlaza", is written over a light blue rectangular background.

Aldric G. Borlaza
Finance Officer