



DMCI HOLDINGS
I N C O R P O R A T E D

07 July 2009

PHILIPPINE STOCK EXCHANGE

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

Attention: **JANET A. ENCARNACION**
Head, Disclosure Department

Gentlemen:

We reply to your request for clarification to the attached news articles entitled “DMCI-MPIC ups capital by 2.8b” published in the July 7, 2009 issue of the Manila Standard Today. The article reported in part, that:

“DMCI-MPIC Water Co. Inc., a joint venture between DMCI Holdings, Inc. and Metro Pacific Investments Corp., is increasing its authorized capital stock by P2.8 to P8.8 billion. Documents filed with the Securities and Exchange Commission showed that the company would implement the capital increase by converting shareholders’ advances into equity. Metro Pacific will convert P1.9 billion worth of advances while DMCI will credit P961 million...”

We confirm that DMCI-MPIC Water Company, Inc. (DMWC) has applied with the Securities and Exchange Commission for increase in its authorized capital stock from ₱6,000,000,000.00 to ₱8,884,800,000.00. Of the proposed increase of ₱2,884,800,000.00, MPIC and DMCI Holdings, Inc. (DMCI) subscribed to 1,923,200,000 and 961,600,000 shares, respectively, by way of conversion of certain shareholders’ advances to equity. Upon approval by the SEC of the capital increase, MPIC will own 55.41% and DMCI will own 44.59% of the issued and outstanding capital stock of DMWC.

We hope this clarifies the matter.

Thank you.

Aldric G. Borlaza
Finance Officer



ODiSy

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Exchange Road, Ortigas Center, Pasig City
Trunkline: 688-7600 loc. 7512-7519
Fax. No. 636-0809

Company : DMCI HOLDINGS, INC.
Attention : Mr. Herbert M. Consunji
Chief Finance Officer/Compliance Officer
Subject : "DMCI-MPIC Water ups capital by ₱2.8b"
Date : July 7, 2009


Gentlemen:

We write with respect to the attached news article entitled "DMCI-MPIC Water ups capital by ₱2.8b" published in the July 7, 2009 issue of the *Manila Standard Today*. The article reported in part that:

DMCI-MPIC Water Co. Inc., a joint venture between DMCI Holdings Inc. and Metro Pacific Investments Corp., is increasing its authorized capital stock by P2.8 billion to P8.8 billion. Documents filed with the Securities and Exchange Commission showed that the company would implement the capital increase by converting shareholders' advances into equity. Metro Pacific will convert P1.9 billion worth of advances while DMCI will credit P961 million....

Please confirm, deny and/or clarify the above-quoted news article and provide additional information, if any, **via ODiSy before 11:00 a.m. today, July 7, 2009**, so that we may properly apprise the Trading Participants and the investing public of the same.

Very truly yours,


DIANNE EILEEN A. CEÑIDOZA
Analyst, Disclosure Department

Noted by: *


JANET A. ENCARNACION
Head, Disclosure Department

DMCI-MPIC Water ups capital by P2.8b

By Jenniffer B. Austria

DMCI-MPIC Water Co. Inc., a joint venture between DMCI Holdings Inc. and Metro Pacific Investments Corp., is increasing its authorized capital stock by P2.8 billion to P8.8 billion.

Documents filed with the Securities and Exchange Commission showed that the company would implement the capital increase by converting shareholders' advances into equity.

Metro Pacific will convert P1.9 billion worth of advances while DMCI will credit P961 million.

The SEC said the liabilities up for conversion into equity "are valid and legitimate obligations of the company".

DMCI Holdings in 2008 extended \$20 million worth of advances to DMCI-MPIC Water as part of the deposit for future stock subscription.

Ashmore Investments Management Ltd. and First Pacific Co. Ltd., the parent firm of Metro Pacific, extended \$192 million in unsecured term facility to DMCI-MPIC Water, which carries a conversion option.

DMCI-MPIC Water, which owns 84 percent of Maynilad Water Services Inc., is a 55-45 joint venture between Metro Pacific and DMCI Holdings.

Metro Pacific increased its stake in DMCI-MPIC Water last year to 55 percent after acquiring Ashmore's 24.1 percent interest and First

Pacific's 10.3 percent stake.

DMCI-MPIC Water has invested P13 billion to rehabilitate old pipelines and upgrade water facilities since taking over the west concession area in 2007.

Maynilad earlier filed with Metropolitan Waterworks and Sewerage System a petition seeking to extend its water concession contract by another 15 years.

In exchange, Maynilad committed to reduce water rates from an average of P10.67 per cubic meter to P2 per cubic meter.

The extension of the concession agreement will allow Maynilad to accelerate and raise the overall capital expenditure program over the term of the concession.