



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

09 March 2010

DISCLOSURE DEPARTMENT

The Philippine Stock Exchange
4/F PSE Center, Exchange Road
Ortigas Center, Pasig City

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

Gentlemen:

We reply to your request for clarifications on the news article entitled “Maynilad sees revenue losses of up to P1.6B due to El Nino” published in the March 9, 2010 issue of the *Malaya*. The article reported in part that:

“REVENUES of Maynilad Water Inc., the water distribution concessionaire in the West Zone, could drop by as much as P1.6 billion due to the dry spell brought by El Nino, Maynilad president Rogeli Singson yesterday said. Singson said Maynilad is girding for two El Nino scenarios: moderate or severe. Under the moderate scenario, water supply is expected to go down by 6 to 10 percent; under severe scenario, supply is expected to go down by as much as 25 percent. ... Singson said revenues of Maynilad would go down between 6 and 8 percent (around P600 million) compared to the previous year under the moderate scenario and by as much as 12 percent (P1.6 billion) under the severe case”

This is to clarify the above news that despite the anticipated impact of El Niño on its water supply, Maynilad still expects its revenues to grow in 2010 compared to 2009. The projected shortfall in water supply will primarily affect Maynilad's growth targets for the year. However due to improvements the company has made to improve its water supply and distribution network and reduce non-revenue water (NRW), Maynilad's volumes and revenues are still expected to show healthy increases.

Based on its 5-year business plan, Maynilad originally projected to grow its volumes by around 18%-19% in 2010 resulting in revenues of around P13.0 billion. However, due to El Niño and depending on its severity, this growth target could be reduced by as much as 6% to 10% or by P700 million to P1.3 billion. As a result, the targeted volume growth rate for the year could be a more moderate 7%-12% instead.

To reiterate, the peso values stated in the article refer to reductions in potential revenues in 2010, and not lower revenues compared to the previous year. More importantly, as mentioned in the article, the company is focusing all its efforts to mitigate the impact of El Niño, and minimize its effect on its customers who can continue to expect safe and reliable water from Maynilad.

We hope this clarifies the matter.

Very truly yours,



Aldric G. Borlaza
Finance Officer