5 November 2009

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: Janet A. Encarnacion,
Head, Disclosure Department

Re: Clarification on News Article

Gentlemen:

We refer to your letter dated November 5, 2009 requesting for clarification on the news article entitled “P29.4-M fine imposed on water concessionaires” posted in the BusinessWorld Online on November 5, 2009. The article reported in part that:

“THE TWO water concessionaires in Metro Manila were slapped with a total of P29.4 million in fines by the Environment department for failing to install sufficient wastewater treatment facilities within a period specified by law. In a statement yesterday, Jose L. Atienza, Jr., Environment secretary and Chairman of the Pollution Adjudication Board, said he issued the order for Maynilad Water Services, Inc. and the Manila Water Co. to pay the fines with the department. Mr. Atienza said the agencies failed to install and maintain sufficient wastewater treatment facilities within five years after Republic Act (RA) 9275 or the Clean Water Act, which took effect in May 2004… Sought for comment, Luis Juan B. Oreta, chief finance officer of Manila Water, said: “We are asking [the department] to reconsider [its] decision.”…

The article relates to a pending case, docketed as DENR-PAB NCR-00794-09, before the Pollution Adjudication Board (PAB) of the Department of Environment and Natural Resources (DENR) filed by the Regional Directors of DENR against Metropolitan Waterworks and Sewerage System (MWSS), Manila Water Company, Inc. (MWCI) and Maynilad Water Services, Inc. (MWSI) for violation of Republic Act No. 9275 otherwise known as the “Clean Water Act”.

Under the Rules of Procedure of the PAB, MWCI has fifteen (15) days from receipt of the Order within which to file its motion for reconsideration. On 29 October 2009, MWCI timely filed its Motion for Reconsideration dated 22 October 2009 before the
PAB. Hence, for all intents and purposes, the case is still pending and the Order of the PAB imposing the fine against MWCI is not final and executory and cannot be enforced.

We will keep you updated on any progress in this case.

We hope we have sufficiently clarified the above article as required by your letter dated 5 November 2009.

Best regards.

Sincerely,

Jhoel P. Raquedan
Legal and Corporate Governance Head