

CAYMAN ISLANDS

RETAIL SERVICE FRANCHISE AREA

Consolidated Water Co. Ltd. sells water through our retail operations to a variety of residential and commercial customers through our wholly owned subsidiary Cayman Water Company Limited (CWGCM), which operates under an exclusive license issued to us by the Cayman Islands Government under the Water Production and Supply Law of 1979. Our retail water operations supply water to end-users, including residential, commercial and Government customers. Pursuant to the license, we have the exclusive right to produce potable water and distribute it by pipeline to our licensed service area, which includes the Seven Mile Beach and West Bay areas of Grand Cayman, two of the three most populated areas in the Cayman Islands. The only non-government owned public water utility on Grand Cayman, Cayman Water owns and operates three sea water reverse osmosis desalination plants to supply its retail customers within its licensed service area on Grand Cayman.

Consolidated Water's Meter Reading, Water Audit, and Leak Detection (MRWALD) program is one of the most successful Non-Revenue Water (NRW) reduction and management programs in the industry, where typical system losses can range from 15% to more than 50%. Our retail water sales distribution area boasts a total system loss of less than 7.0% in 2008, between metered bulk water production, and metered retail sales.

Using Global Positioning System (GPS) technology we have catalogued and

charted our entire distribution system, approximately eighty-miles of pipelines. Valves, water meters and other key points were recorded using state-of-the-art GPS equipment.

This information aids in the maintenance and expansion of the system. It also enables personnel to quickly locate and repair pipelines in the aftermath of a disaster, such as a hurricane.

We utilize sophisticated hydraulic modelling software in-house to develop and maintain a detailed model of the entire distribution network. The model is used to prepare a Master Plan for system management, by highlighting poor service areas due to undersized pipes and insufficient pumping capacities, and future system improvements by predicting areas for future water production, storage and network upgrades.

