27 March 2008

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

Attention: Atty. Pete M. Malabanan
Head, Disclosure Department

Antipolo Water Supply Project – Registration with the Board of Investments

Dear Sir:

The Board of Investments (BOI) has approved Manila Water’s application as an Expanding Operator of Antipolo Water Supply and Distribution Project on a pioneer status. As such, Manila Water will be entitled to a 3-year income tax holiday on the sales and revenues generated from the project, from January 1, 2008 to December 31, 2010.

The Antipolo project involves the construction of three pumping stations, two reservoirs and transmission lines to deliver surface water to the high elevation areas of Antipolo City. The project also replaces ground water as source of water for the area. Total cost of the project amounts to more than P2 Billion. The project will benefit the residents of Antipolo City and some portions of the adjacent towns of Taytay, Cainta and Teresa.

Under the terms and conditions of the BOI registration, Manila Water must translate the tax incentives to customer benefits by undertaking corporate social responsibility projects, increasing its capital investments and improving the water systems in the area.

Best regards.

Sincerely,

Jewel C. Fernandez-Austria
Investment and Legal Officer