August 24, 2006

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

Attention: Ms. Jurisita M. Quintos
Senior Vice President

Meeting of the Board of Directors

Dear Sir:

Please be informed that at the regular meeting of the board of directors (Board) of Manila Water Company, Inc. (Manila Water) today, the Board considered and approved the following:

1. **Declaration of Cash Dividends**

The Board declared the following second semester 2006 cash dividends: (i) P0.105 per share on the outstanding Common shares; and (ii) P0.0105 per share on the outstanding Participating Preferred Shares. The said dividends are payable to stockholders of record as of September 8, 2006, to be paid on September 29, 2006.

2. **Other Matters**

The Board further adopted the necessary resolutions to (i) restructure its existing loans as well as to negotiate for additional loans as may be required by the business and (ii) authorize certain officers to represent Manila Water in litigation matters.

The Board also discussed (i) Manila Water’s financial and operating highlights; (ii) updates on expansion projects; and (iii) administrative matters.

Sincerely,

(Sgd.)

**Jewel C. Fernandez-Austria**
Legal and Investment Officer