April 12, 2007

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

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

Clarification on News Article

Dear Sir:

We refer to your letter dated April 12, 2007 requesting for clarification on the news article entitled “Manila Water prequalifies for Vietnam project” in the April 12, 2007 issue of The Philippine Star (Internet Edition). The article reported in part that:

“Ayala-led utility firm Manila Water Co. has been prequalified to bid for a six-year performance-based leakage reduction and management contract in Ho Chi Minh City in Vietnam. In a statement, Manila Water said it has partnered with Vietnam-based Construction Technology Development JS Co. to bid for the project, part of a $44-million World Bank loan to Saigon Water Corp. (Sawaco)x x x”

We confirm the above mentioned news article. However, we wish to emphasize that the project is merely in the pre-qualification stage. Manila Water is one of five entities that have been short-listed to participate in the bidding for the project. As the article itself states, Manila Water has yet to obtain the bidding documents, including the bidding rules, in relation to the project.

We hope that the foregoing clarifies this matter. Rest assured that we will apprise the Exchange of further developments on this project.

Best regards.

Sincerely,

(Sgd.)

Jewel C. Fernandez-Austria
Legal and Investment Officer