December 3, 2009

SECURITIES AND EXCHANGE COMMISSION
Attention: Director Justina F. Callangan
Corporation Finance Department

PHILIPPINE STOCK EXCHANGE, INC.
Attention: Janet A. Encarnacion
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORPORATION
Attention: Mr. Cesar B. Crisol
President and Chief Operating Officer

Re: Development Agreement with REE Corporation and Mitsubishi Corporation

Gentlemen:

Please be informed that Manila Water Company has signed a development agreement with REE Corporation and Mitsubishi Corporation to study and evaluate private participation in water, wastewater and other environmental services projects in Vietnam, with particular focus in Ho Chi Minh City and its surrounding areas.

The agreement sets forth the principles which will govern the relationship among Manila Water, REE Corporation and Mitsubishi Corporation with respect to the projects that they will pursue during the development period.

Based in Ho Chi Minh City, REE Corporation is one of the largest mechanical and civil engineering groups incorporated in Vietnam while Mitsubishi Corporation is one of the world’s largest technological groups.

Through this initiative, Manila Water looks forward to complementing its existing management contract to reduce leakage in Ho Chi Minh City, as it expands its footprint in Vietnam.

Thank you.

Sincerely,

Lizelle Zamora-Dimacuha
Legal and Compliance Officer