February 9, 2010

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

Attention: Janet A. Encarnacion
Head, Disclosure Department

Re: Joint Venture Agreement with Jindal Water Infrastructure Limited

Gentlemen:

Further to our disclosure dated February 5, 2010, we wish to provide you the following information:

1. Through the Joint Venture Agreement ("JVA"), which is effective immediately upon signing, Manila Water Company, Inc. ("Manila Water") and Jindal Water Infrastructure Limited ("JWIL") commit to establish a Joint Venture Company ("JVC") to serve as a vehicle for the planning and development of water, wastewater and other environmental services in the states of Rajasthan, Gujarat and Maharashtra in India.

2. The JVC will purely be a development company wherein the primary purpose is to look for opportunities and participate in various water, wastewater and environmental projects in the aforesaid states in India through a pre-agreed development budget.

   a. Once the JVC is successfully awarded one or more projects, JWIL and Manila Water may enter into separate definitive agreements and form separate companies or special purpose vehicles ("SPV") which will carry out the implementation, development and operations of a particular project.

   b. The SPV shall pay the JVC a success fee and reimburse the same for all the development costs incurred for an awarded project.

   c. Should the JVC earn income in the future, the profits will be utilized to finance further project development activities.

3. The JVC will be led equally by Manila Water and JWIL wherein certain parameters have been agreed which include (a) roles of the parties i.e. Manila Water will be the
international operator and technical partner while JWIL will be the local sponsor; and, (b) the parameters in accepting and evaluating projects.

4. The Partners agree to initiate the incorporation of the JVC as a public company in India with registered office in New Delhi.

   a. The Partners have set aside a total capitalization of 45,000,000 Indian Rupees ("Rs.") (approximately US$ 1 Million), which they will share equally, as their equity in the JVC.

   b. The amount of investment by each party in the JVC will total Rs. 22,500,000 (approximately US$ 500,000) to be paid by each partner in tranches. This is equivalent to 2,250,000 shares with par value of Rs. 10 per share.

   c. Authorized Capital Stock of the JVC upon incorporation is Rs. 10,000,000 divided into 1,000,000 equity shares with a par value of Rs. 10 per share. The initial paid up-capital of the JVC shall be Rs. 500,000 divided equally among the partners with 25,000 shares each.

   d. Target incorporation is within first quarter of 2010.

   e. The partnership of Manila Water with Jindal will have no effect on Manila Water’s current shareholdings or its operations. Aside from the foregoing, there is no other material relationship between MWC and JWIL, their directors/officers or any of their affiliates/associates.

5. Manila Water’s joint venture partner, JWIL, is based in New Delhi, India and was formed as a service company focused on designing sustainable and innovative solutions in water and wastewater management. JWIL is a subsidiary of Jindal SAW Ltd. ("Jindal SAW"). Said companies are part of the O P Jindal Group.

   a. O P Jindal Group is a US $10 Billion conglomerate and ranked sixth amongst the top Indian business houses in terms of assets. The Group includes India’s largest stainless steel producer Jindal Stainless Ltd, Jindal Iron & Steel Company Ltd, Jindal Vijaynagar Steel Ltd, Jindal Steel & Power Ltd and Saw Pipes Ltd.

   b. Jindal SAW is the flagship company of the O P Jindal Group and an undisputed leader in India’s tubular market.

   c. Jindal SAW has consistently created value by creating low-cost capacities in capital-intensive industries in businesses largely overlooked by other companies. Jindal SAW has recently launched its Jindal ITF (Infrastructure, Transportation and Fabrication) subsidiary.
6. We expect that the JVC will fast track the identification of opportunities in the aforesaid states in India to further Manila Water’s overseas expansion within the region. The financial condition of Manila Water will be enhanced by profits from new business opportunities and projects to be developed by the JVC in India.

Thank you.

Sincerely,

[Signature]

Lizelle Zamora-Dimacuha
Legal and Corporate Governance Manager