30 June 2006

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

Attention: Ms. Jurisita M. Quintos
Senior Vice President

Billed Volume Milestone

Dear Madame:

Manila Water announced today that it has doubled the amount of water billed and delivered to customers (billed volume) since 1997 when it took over the East concession. The Company has increased its output to 917 million liters per day (Mld) compared to only 440 Mld when operations began in 1997.

We enclose a copy of a press release that we will distribute to the press regarding Manila Water’s billed volume milestone.

Best regards.

Sincerely,

(Sgd.)
Jewel C. Fernandez-Austria
Legal and Investment Officer
Customer confidence helps Manila Water achieve record "billed volume"

Manila Water achieved a new record when the company recently more than doubled the rate of its billed volume from 440 million liters per day (Mld) to an unprecedented level of 917 Mld. An aggressive capital expenditure program, reduction of water losses and improvement in the efficiency of the distribution network helped to steadily increase billed volume or customer consumption nine years after the company first began operating the East Zone concession in 1997. Billed volume is the amount of water billed and delivered to customers.

Fernando Zobel de Ayala, Chairman of the Board of Manila Water said, "We are happy Manila Water has achieved a significant milestone in terms of increasing people's access to safe and potable water supply, particularly to the more than 850,000 people from the low-income group who were able to get connected through the Company's innovative program 'Tubig para sa Barangay'. Our gratitude also goes to the Metropolitan Waterworks and Sewerage System and the other government agencies for all the valuable assistance they have extended in helping the company achieve this important milestone. This truly illustrates successful public-private partnership in fulfilling our social commitment to provide more water to our people."

To achieve the feat, the company invested P17.54 billion in capital expenditure projects from 1997 to 2005 to significantly reduce the high 63 percent rate of water losses to a record low of 33.9 percent as of March 2006. The huge Capex program also resulted in the generation of 10,000 jobs, which contributed further to the national economy.

According to Manila Water President Antonino T. Aquino, "this is a historical achievement of the entire workforce as we are now able to deliver more water to our customers. The company has not only been able to increase availability but to consistently supply high-quality water. Areas with 24-hour water availability in the East Zone is now at 97
percent and we will continue to strive further to expand our coverage to other areas like Rodriguez, San Mateo, Antipolo and other Rizal towns and align the company's business goals with our social commitment."

Manila Water is currently completing the construction of the three pumping stations and the laying of pipelines for the P2 billion Antipolo Water Supply Project. The project will benefit one million people once completed.