July 29, 2011

SEcurities AND EXCHAngE COfvineSSion
Attention: Director Justina F. Callangan
Corporation Finance Department

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

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

Re: Term-Loan Facility for Boracay Island Water Company, Inc.

Gentlemen:

Please be informed that today the Boracay Island Water Company, Inc. (“BIWC”), a subsidiary of Manila Water Company, Inc., signed a Php500 million Term Loan Facility, with an option to increase the amount to a maximum of Php1 billion, with the Development Bank of the Philippines and Security Bank through the Philippine Water Revolving Fund (PWRF). The loan will finance the additional capital expenditures of BIWC in fulfillment of its service obligations in the island of Boracay.

For more information, please see attached press release.

Sincerely,

[Signature]
Lizelle Zamora-Dimacuha
Legal and Corporate Governance Manager
Boracay Island Water Loan to Secure Island’s Water and Sewerage Service Requirements

Boracay Island Water Company, Inc. (“Boracay Water”) recently closed a P500 million loan with an option to increase up to P1 billion with the Development Bank of the Philippines and Security Bank through the Philippine Water Revolving Fund (PWRF) to finance the additional capital expenditures for the company’s environmental projects in Boracay over the next few years.

The PWRF is a collaborative undertaking of the Philippine Government, United States Agency for International Development (USAID) and the Japan International Cooperation Agency (JICA) to address the need to mobilize additional and sustainable resources to meet the country’s Millennium Development Goals. This deal is the first and the biggest loan provided by the PWRF to a private company from the water sector.

The loan facility will provide the company with the necessary financial support and flexibility to support key projects such as network improvement and expansion to achieve 100% water coverage by 2014 and 100% sewerage coverage by 2018.

The conclusion of the facility enables Boracay Water to fulfill its firm commitment to provide adequate quality water and sanitation services, support future growth and maintain environmental sustainability amidst the growing tourist inflow in the island.

Since taking over the island’s water and wastewater operations last January 1, 2010, Boracay Water has exhibited successful operational performance. The company brought down water losses significantly from 37% to 24%, increased water pressure from 15 psi to an average of 30 psi resulting to the provision of 24/7 water supply to 96% of the island’s population.

Recently, Boracay Water upgraded the island’s Sewage Treatment Plant (STP) to boost wastewater treatment capacity to 250% (from 2.6 million liters per day to 6.5 million liters per day.) This has allowed the Company to achieve environmental compliance four years ahead of the concession target, effectively reversing the island’s water pollution challenges. Since the STP upgrade, the treated water released from the facility to Bolabog beach has been safe for swimming and aquatic life.

Boracay Water is a Public-Private Partnership between the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and Manila Water Company, Inc.