July 3, 2008

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

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

Ho Chi Minh Project

Dear Sir:

Further to our disclosure dated May 30, 2008, we wish to inform you that Manila Water has received the official award from the Saigon Water Corporation (SAWACO) in relation to the bidding for the Performance-based Leakage Reduction and Management Services project in Ho Chi Minh City, Vietnam. Under this World Bank-funded project, Manila Water will perform construction works as well as leakage reduction and district metering area (DMA) management service to reduce Ho Chi Minh’s non-revenue water. The total project cost is equivalent to approximately USD 15 Million. The contract period is five years.

This is the first project of Manila Water in Vietnam and it continues to explore projects in other areas.

We attach a press release in relation to the foregoing.

Best regards.

Sincerely,

Jewel C. Fernández-Austria
Legal and Investment Officer
PRESS RELEASE:

Manila Water bags a Project in Vietnam

Manila Water Company was awarded a 5-year contract for a Performance-based Leakage Reduction and Management Services in Ho Chi Minh City, Vietnam. The project is under the Ho Chi Minh City Non-Revenue Water (NRW) Management Sub-Project under the Vietnam Urban Water Supply Development Project, an IDA loan from World Bank.

The contract amount, which was approved by HCMC Peoples’ Committee through its Saigon Water Corporation, is approximately USD 15 million.

Manila Water will deploy a team of NRW experts in Vietnam, which will be supported by a number of Vietnamese Local Subcontractors. The project will allow Manila Water to share its expertise in the field of leakage reduction and District Metering Area (DMA) management. Manila Water, as the concessionaire of the east zone of Metro Manila, has reduced its NRW from 63% in 1997 to 20% today.

This Performance-based Leakage Reduction and Management Services in Ho Chi Minh City is Manila Water’s entry to the fast growing Vietnamese Market for water and wastewater infrastructure services.