December 15, 2011

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

Re: Acquisition of 49% ownership in Thu Duc Water B.O.O Corporation

Gentlemen:

We refer to your letter dated December 14, 2011 requesting for additional information on the acquisition by Thu Duc Water Holdings Pte. Ltd. ("TDH") of the shares of Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CII") in Thu Duc Water B.O.O Corporation ("TDW").

We would like to emphasize that the aforesaid acquisition was not directly made by Manila Water Company, Inc. (the "Company"). The said acquisition of shares was made by TDH which is a subsidiary of Manila Water Asia Pacific Pte. Ltd. ("MWAP"). MWAP, in turn, is a subsidiary of the Company. TDH and MWAP are duly organized and existing under the laws of Singapore.

At any rate, we confirm that the cost of acquiring the shares is not more than 10% of the total book value of the Company.

As previously disclosed, TDH has already acquired full ownership of the 49% interest in TDW through the purchase of the shares of CII. Moreover, there are no material relationships between the directors or officers of TDH, TDW and CII at the time of the acquisition of the shares.

The Company views the project as a long-term engagement. The financial impact will be derived from dividends that the Company will receive from its subsidiary, MWAP.

Very truly yours,

[Signature]
Lizelle Zamora-Dimaculha
Legal and Corporate Governance Manager

Cc: Director Justina F. Callangan, Securities and Exchange Commission