August 12, 2009

SECURITIES AND EXCHANGE COMMISSION
Attention: Director Justina Callangan
Corporation Finance Department

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

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

Re: Cebu Bulk Water Supply Project

Gentlemen:

Please be informed that Manila Water Company, Inc. has submitted an unsolicited proposal for a joint investment with the Provincial Government of Cebu (PGC) for the development and delivery of treated bulk water to the province.

For more details, please see attached press release.

Thank you.

Sincerely,

Lizelle Zamora-Dimacuha
Legal and Compliance Officer
Manila Water Proposes Bulk Water Supply Project for Cebu

Manila Water Company, Inc. submitted an unsolicited proposal for a joint investment (JI) with the Provincial Government of Cebu (PGC) for the development and delivery of treated bulk water to the province.

Under the proposal called the Cebu Bulk Water Supply Project (CBWSP), Manila Water will supply 35 million liters per day (mld) of potable bulk water sourced from the Luyang River of the Municipality of Carmen, to meet the growing water supply requirements of several cities and municipalities of Cebu Province, namely: Danao, Compostela, Liloan, Consolacion, Mandaue, Lapu-Lapu and Cordova. Currently, only 50 percent of these areas are being served.

The Project will be implemented under the framework of the Joint Investment Guidelines issued by the Provincial Sanggunian of Cebu which provides for the guidelines and procedures in entering into a joint investment activity with the province. Salient features of the proposal include a \textit{no "take or pay" provision and the turnover of all the JI company's assets to the province} once the initial 25-year cooperation period has lapsed.

The joint investment proposal with the province of Cebu aims to replicate the improvements that Manila Water made in the East Zone as concessionaire of the Metropolitan Waterworks and Sewerage System and help alleviate the critical over-extraction of groundwater in Cebu.