18 October 2012

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

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

Re: Manila Water Signs Agreement to Acquire Shares in PT PAM Lyonnaise Jaya in Indonesia

Gentlemen:

Please be informed that Manila Water Company, Inc. ("Manila Water") has signed a Share Purchase Agreement ("Agreement") with Suez Environnement ("Suez") to acquire Suez’s 51% equity in PT PAM Lyonnaise Jaya ("PALYJA"). However, the closing of the acquisition is subject to certain government and regulatory approvals in Indonesia and the fulfillment of other conditions precedent.

PALYJA has been operating the water supply concession contract of Western Jakarta since 1997 under a 25-year Cooperation Agreement with PAM Jaya, a government entity fully-owned by the the province of Jakarta. PALYJA has a total water supply of more than 700 million liters per day and 5,300 kilometers of pipe network.

Manila Water undertakes to provide the Exchange with all necessary information about the transaction upon the closing of the acquisition. There are no material relationships between the directors or officers of Manila Water, PALYJA, and Suez at the time of the acquisition of the shares.

Very truly yours,

[Signature]
Luzelle Zamora-Dimacuha
Senior Legal Counsel,
Legal and Corporate Governance Department