September 18, 2012

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

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

Re: Decision of the Court of Appeals in CA G.R. SP No. 112023

Gentlemen:

In relation to our disclosure on 17 November 2009, please be informed that Manila Water Company, Inc. ("Manila Water") received a copy of the Decision of the Court of Appeals in the case docketed as CA G.R. SP No. 112023 and entitled "Manila Water Company, Inc. vs. The Regional Director, Environmental Management Bureau-National Capital Region (EMB-NCR), et. al." whereby the appellate court affirmed the Order of the Department of Environment and Natural Resources (DENR) imposing a joint and solidary penalty of Php29.4 Million and P200,000 per day from 07 May 2009 to 30 September 2009 on Manila Water, Metropolitan Waterworks and Sewerage System (MWSS) and Maynilad Water Services, Inc. ("Maynilad") on our alleged failure to connect existing sewerage lines to available networks within five (5) years from the effectivity of Republic Act No. 9275 otherwise known as the “Clean Water Act of 2004”.

Manila Water maintains its position that the DENR committed grave errors in the imposition of the above-mentioned penalties and by affirming the assailed order of the DENR, the Court of Appeals also committed reversible errors. Manila Water believes that there are legal and technical bases to question the Order of the DENR and the latest ruling of the Court of Appeals. In view thereof, Manila Water will continue with the process and will file the appropriate pleadings and/or actions to protect the interest of the company and ultimately, that of its shareholders.

Very truly yours,

JHOEL P. RAQUEDAN
Head, Legal and Corporate Governance