15 October 2012

THE PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
1226 Makati City, Philippines

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Re: Request for consideration on Disclosure of Acquisition Cost

Gentlemen:

We write to request for consideration on the disclosure of the aggregate acquisition price for the purchase of shares of stock in an unlisted corporation.

Manila Water Company, Inc. ("Manila Water") has been aggressively expanding its business abroad through joint ventures and acquisition of interest in existing and operating corporations. As the supply of water is generally a function of government, before any interest in operating water companies are acquired regulatory approval is critical. This has been the experience of Manila Water in negotiating for the expansion of its operations.

Manila Water understands its obligation to its shareholders, stakeholders, the Exchange and the general public to disclose material information that could significantly affect the value of Manila Water stocks. Manila Water has remained steadfast in its observance of this requirement and has been transparent in the conduct of its business in fulfillment of its duties as a company practicing the highest standards of corporate governance. However, there are instances where the duty to disclose certain material information at the time provided in the Disclosure Rules endangers the successful completion of certain transactions to the prejudice of the shareholders of Manila Water. Depending on the circumstances of the project and the stakeholders involved certain information required to be disclosed by and to the Exchange at the required period potentially threatens the ability of the parties to the agreement to acquire the necessary regulatory approval leading to a failure of acquisition. This instance effectively defeats the purpose of disclosing the information to the Exchange as the project will not push through due to the lack of regulatory consent.

Currently, Manila Water is negotiating an acquisition of a 51% equity stake in an offshore water company ("Target"). The parties expect to sign a share purchase agreement for the transaction by 18 October 2012 ("Share Purchase Agreement"). The closing of the transaction is subject to certain conditions precedent, including approvals by the relevant government and regulatory agencies in that jurisdiction.
As required under the PSE’s disclosure rules, Manila Water will file a disclosure upon the parties’ signing of the Sale and Purchase Agreement. Manila Water would like to request the PSE though that it be allowed to defer disclosure of the purchase price for the acquisition until after the approvals by the relevant government and regulatory agencies in that jurisdiction have been obtained. The parties believe that the disclosure of the purchase price could adversely impact the seller’s request for approvals from such government and regulatory agencies and could possibly result in the denial of such request.

In view of the foregoing, Manila Water would like to request that it be allowed to defer the disclosure of the purchase price for the transaction until the seller has obtained all the approvals from the relevant government and regulatory agencies in that jurisdiction, in order not to prejudice the request for such approvals and the closing of the transaction.

Manila Water undertakes to provide the Exchange and the public with all necessary information regarding the transaction as soon as necessary approvals have been secured.

The disclosure that Manila Water will make upon the signing of the Sale and Purchase Agreement shall include the percentage of the interest in the Target that will be acquired by Manila Water, a background on the Target, and the salient conditions on the Sale and Purchase Agreement, and will include a statement that the closing of the acquisition is subject to regulatory approvals.

We understand that this request would require considerable determination on your part and we would extend our appreciation of your accommodation. The parties intend to sign the Share Purchase Agreement on 18 October 2012. We would therefore appreciate if you could respond to this request as soon as possible and no later than the morning of 17 October 2012.

Very truly yours,

Lizelle Zamora-Dimacuha
Senior Legal Counsel
Legal and Corporate Governance Department