March 15, 2010

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

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

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

Re: Manila Water Tariff Adjustment for 2010

Gentlemen:

Effective April 1, 2010, water rates for Manila Water customers will have a downward adjustment of P0.08 per cubic meter due to the appreciation of the Philippine peso based on the exchange rate of US$1:PhP46.851 to US$1:PhP46.028. The Foreign Currency Differential Adjustment (FCDA) component of the water bill will be adjusted from 1.58% to 1.24% of the basic charge.

FCDA is a tariff mechanism that was formulated to recover or account for foreign exchange losses or gains arising from the payment of Manila Water of foreign currency-denominated concession fees to the MWSS as well as loans for its service expansion and improvement. Thus, the tariff adjustment has no impact on the projected net income of the company.

For more information, please see attached Notice.

Sincerely,

[Signature]
Lizette Zamora-Dimacuh
Legal and Compliance Officer
NOTICE TO
MANILA WATER CUSTOMERS

Effective April 1, 2010, water rates for Manila Water customers will be adjusted due to the improved performance of the Philippine Peso versus the other currencies during the first quarter of 2010. The Foreign Currency Differential Adjustment (FCDA) component of the water bill will be adjusted from P0.35 to P0.27 per cubic meter, a decrease of P0.08 per cubic meter. This represents a 1.24% downward adjustment from 1.58% of the previous quarter.

REGULATORY APPROVAL

The adjustment in FCDA was approved by the METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) thru Board Resolution No. 2010-037 dated March 10, 2010; confirming MWSS Regulatory Office Resolution No. 10-001-CA dated March 8, 2010.

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SERVICE ENHANCEMENT PROGRAMS

Manila Water continues to support government’s programs to protect the environment by accelerating projects to further increase wastewater coverage and provide sanitation services. Currently, Manila Water is embarking on the clean up of the three river systems of San Juan, Marikina and Pasig to effectively prevent further pollution of these water bodies.

Manila Water has also been very supportive of the MWSS roadmap to explore potential new water sources as well as programs that would further strengthen the company’s ability to mitigate impacts of environmental disasters.

Continuing rehabilitation programs are undertaken to further enhance service levels in areas with 24/7 water supply which include Mandaluyong, Pasig, San Juan, Marikina, Pateros, Makati, southeastern part of Quezon City, and San Andres and Sta. Ana in Manila. With 100% coverage in these areas, aggressive service expansion programs are now underway in Taguig, San Mateo, Rodriguez, Antipolo, Cainta, Taytay, and Angono. Manila Water has also started providing water supply to the towns of Baras, Binangonan, and Jalajala in Rizal province.

Securing the Future Today