June 11, 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 July 1, 2010, water rates for Manila Water customers will have a downward adjustment of P0.27 per cubic meter due to the appreciation of the Philippine peso based on the exchange rate of US$1:PhP46.028 to US$1:PhP44.627. The Foreign Currency Differential Adjustment (FCDA) component of the water bill will be adjusted from 1.24% to -0.01% of the basic charge.

FCDA is a tariff mechanism that was formulated to 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]

Lizelle Zamora-Dimacula
Legal and Corporate Governance Manager
NOTICE TO
MANILA WATER CUSTOMERS

Effective July 1, 2010, water rates for Manila Water customers will be adjusted due to the appreciation of Peso against other currencies during the second quarter of 2010. The Foreign Currency Differential Adjustment (FCDA) component of the water bill will be adjusted from P0.27 to P0.00 per cubic meter, a decrease of P0.27 per cubic meter. This represents a -0.01% downward adjustment from 1.24% of the basic charge of the previous quarter.

REGULATORY APPROVAL

The adjustment in FCDA was approved by the METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) thru Board Resolution No. 2010-084 dated June 09, 2010; confirming MWSS Regulatory Office Resolution No. 10-003-CA dated June 07, 2010.

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SERVICE ENHANCEMENT PROGRAMS

As part of Manila Water’s advocacy and in support to the government’s program in protecting the environment, projects are now being implemented that are geared toward the further enhancement of wastewater coverage and provision of sanitation services. Manila Water is embarking on the clean up of the three river systems namely: San Juan, Marikina and Pasig.

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, Angono, Baras, Binangonan, and Jalajala in Rizal province.