September 23, 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 October 9, 2010, water rates for Manila Water customers will have an upward adjustment of P0.10 per cubic meter due to the depreciation of the Philippine peso based on the exchange rate of US$1:PhP44.627 to US$1:PhP46.320. The Foreign Currency Differential Adjustment (FCDA) component of the water bill will be adjusted from -0.01% to 0.45% 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,

Jhoel P. Raquedan
Legal and Corporate Governance Manager
NOTICE TO
MANILA WATER CUSTOMERS

Effective October 9, 2010, Manila Water will implement a 0.45% Foreign Currency Differential Adjustment (FCDA) of the basic charge due to the depreciation of Peso to US dollar and appreciation of Japanese Yen to US Dollar. Low-Income households consuming 10 cubic meters a month or less will be exempt from the adjustment.

REGULATORY APPROVAL

The adjustment in FCDA was approved by the METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) thru Board Resolution No. CI2010-133 dated September 23, 2010, confirming MWSS Regulatory Office Resolution No. 10-005-CA.

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.

SERVICE COVERAGE AREA

Manila Water provides water and wastewater services to the following areas: Mandaluyong, Pasig, San Juan, Marikina, Pateros, Taguig, Makati, southeastern part of Quezon City, and San Andres and Sta. Ana in Manila; and several towns of Rizal Province which include San Mateo, Rodriguez, Antipolo, Cainta, Taytay, Angono, Baras, Binangonan and Jalajala.