NOTICE TO MANILA WATER CUSTOMERS

Effective October 5, 2007, Manila Water will be implementing a minimal increase in water rates as a result of a P0.14 per cubic meter increase in the Foreign Currency Differential Adjustment (FCDA) in the 3rd quarter of 2007. This will translate to less than 1% increase in the monthly water bills of customers.

The minimal increase in FCDA was approved by the METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) thru Board Resolution No. 2007-194 dated 13 September 2007, confirming MWSS Regulatory Office Resolution No. 07-012-CA dated 13 September 2007.

FCDA is a tariff mechanism that was formulated to recover or account for future foreign exchange losses or gains arising from the payment of Manila Water of foreign exchange denominated concession fees to the MWSS as well as loans for its service expansion and improvement.

Manila Water Company continues to undertake service improvement and rehabilitation programs to further improve service levels in areas with 100% water coverage which include the southeastern part of Quezon City, Mandaluyong City, San Juan City, Marikina City, Pasig City, Pateros, Manila (San Andres and Sta. Ana only) and Makati City (east of South Super Highway). It also continues to embark on aggressive service expansion programs to reach the fringe areas of Taguig, Antipolo, San Mateo, Rodriguez, Cainta, Taytay and Angono, in Rizal Province. Manila Water has also started providing water supply to the towns of Baras, Binangonan and Jalajala, also in Rizal. Currently, projects have already commenced to supply water to the town of Teresa, also in Rizal.

Likewise, as part of the Company’s mandate, Manila Water is expanding its wastewater operations and sanitation services all over the East Concession area to ensure the protection of the environment. Manila Water has recently begun operations of two newly-constructed septage treatment plants in Taguig and San Mateo.

To ensure water supply sustainability within the East Zone, Manila Water is now exploring potential new water sources, as well as implementing reliability programs to ensure service continuity in the event of calamities and other natural disasters.