September 21, 2012

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

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

Re: Manila Water Tariff Adjustment for 2012

Gentlemen:

Please be informed that effective fifteen (15) days after publication, water rates for Manila Water customers will have an upward adjustment of P0.08 per cubic meter due to the Foreign Currency Differential Adjustment (FCDA). This adjustment is based on the exchange rates of US$1:PHP41.91 and JPY1:PHP0.5302. The FCDA component of the water bill will be adjusted from 3.19% to 3.49% of the basic charge.

As provided in the Concession Agreement between Manila Water and the Metropolitan Waterworks and Sewerage System (MWSS), as amended, the FCDA is a tariff mechanism formulated to account for foreign exchange losses or gains arising from the payment by Manila Water of concession loans and foreign currency-denominated borrowings of the MWSS as well as loans of Manila Water for service expansion and improvement of its services. The tariff adjustment has no impact on the projected net income of the company.

For more information, please see attached Notice.

Very truly yours,

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

Effective fifteen (15) days after publication, Manila Water will implement a 3.49% Foreign Currency Differential Adjustment (FCDA) of the basic charge. 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. 2012-124 dated 20 September 2012, confirming MWSS Regulatory Office Resolution No. 12-007-CA.

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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.

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