16 December 2011

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: Tariff Adjustment

Gentlemen:

Please see attached tariff table containing the new water rates effective 01 January 2012, or fifteen (15) days after its date of publication in a newspaper of general circulation.

Very truly yours,

[Signature]
Lizelle Zamora-Dimacuha
Legal and Corporate Governance Manager
Pursuant to the recommendation of the MWSS-Regulatory Office (RO) in its Resolution No. 2008-03 dated 31 March 2008 and confirmed by MWSS BOT Res. No. 2008-064 dated 24 April 2008, the first 10 cubic meter of water consumed in Semi-Business customers shall be subject to the Special Rate.

Based on IRR-2008-03 dated 31 March 2008 and confirmed by MWSS BOT Res. No. 2008-064 dated 24 April 2008, the first 10 cubic meter of water consumed in Semi-Business customers shall be subject to the Special Rate.

For further inquiries, you may call Manila Water Company Hotline at 1627 or visit www.manilawater.com.

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**NEW WATER RATES FOR THE EAST ZONE**

The FCDA for the 1st quarter of 2012 is 1.71% of the new Basic Charge.

A percentage of the Basic Charge subject to periodic review and adjustment.

**B. Foreign Currency Differential Adjustment (FCDCA)**

A percentage of the Basic Charge subject to periodic review and adjustment. The FCDA for the 1st quarter of 2012 is 1.71% of the new Basic Charge.

**C. MAINTENANCE SERVICE CHARGE**

- **METER SIZE**
  - **AMOUNT**
    - 1/2" or 13mm: 2.00
    - 3/4" or 20mm: 3.00
    - 1" or 25mm: 4.00
  - **AMOUNT (per conn.)**
    - 1 1/4" or 40mm: 6.00
    - 2" or 50mm: 10.00
    - 3" or 75mm: 20.00

**D. VALUE-ADDED TAX (VAT)** 12% of the Charges 1, 2 and 3.

**E. MAINTENANCE SERVICE CHARGE**

30% of Water Charge for Business Group I and II customers

**F. SEWERAGE CHARGE (SC)**

0% of Water Charge for Residential and Semi-Business

30% of Water Charge for Business Group I and II customers

**G. DISCOUNT**

Low-income residential households consuming 10 cubic meters or less are entitled to 40% discount on the basic charge. Low-income Customers are those qualified based on the definition provided by Article 1 of the Concession Agreement.

**H. DISCOUNT**

Senior Citizens consuming 30 cubic meters or less are entitled to a 5% discount in the basic charge, pursuant to the Expanded Senior Citizens Act of 2010.