14 December 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: Tariff Adjustment

Gentlemen:

Please see attached tariff table containing the new water rates effective 01 January 2013 or fifteen (15) days after its date of publication in a newspaper of general circulation.

Very truly yours,

Jhoel P. Raquedan
Chief Legal Counsel and Asst. Corporate Secretary
Effective 15 days after publication, Manila Water Company, Inc. will implement a 3.2% Consumer Price Index (CPI) Adjustment on the 2012 Basic Charge as recommended by MWSS Regulatory Office in its Resolution No. 12-009-CA dated November 28, 2012 and as approved/confirmed by the MWSS Board Resolution No. 2012-164 dated December 7, 2012. Also, the Foreign Currency Differential (FCDCA) Adjustment will be reduced to 1.23% as recommended by MWSS Regulatory Office in its Resolution No. 12-011-CA dated December 13, 2012 and as approved/confirmed by the MWSS Board Resolution No. 2012-117 dated December 14, 2012.

Manila Water Company, the East Zone concessionaire, covers the following areas: Manila (San Andres and Sta. Ana only), Quezon City (east of San Juan River, West Avenue, EDZA, Congressional and Neocano Ave., District of Tandang Sora, Pasong Tamo and Matandang Balara), Makati City (east of South Super Highway), Mandaluyong City, San Juan, Marikina City, Pasing City, Pateros, Taguig - all in Metro Manila; Rizal Province.

The new schedule of water and sewer rates for all MWCI customers is as follows:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Amount (per conn.)</th>
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<tbody>
<tr>
<td>1/2&quot; or 13mm</td>
<td>£ 1.50</td>
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<td>£ 9.00</td>
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</tr>
<tr>
<td>1&quot; or 25mm</td>
<td>£ 3.00</td>
<td>1 1/2&quot; or 75mm</td>
<td>£ 10.00</td>
<td></td>
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</tr>
</tbody>
</table>

**B. Foreign Currency Differential Adjustment (FCDCA)** - A percentage of the Basic Charge subject to periodic review and adjustment. The FCDCA for the 1st quarter of 2013 is 1.23% of the new Basic Charge.

**2. A. ENVIRONMENTAL CHARGE (EC) - 20% of Water Charge applicable to all customers of MWCI**

**3. B. SEWERAGE CHARGE (SC)** - 30% of Water Charge for Residential and Semi-Business

**3. C. Business Group Charge**

**II. Consuming more than 10 cu. m.**

<table>
<thead>
<tr>
<th>First 10 cu.m.</th>
<th>£ 97.88 /conn. **</th>
<th>First 10 cu.m.</th>
<th>£ 101.01 /conn. **</th>
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<tbody>
<tr>
<td>Next 10 cu.m.</td>
<td>£ 98.42 /conn.</td>
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</tr>
<tr>
<td>Next 50 cu.m.</td>
<td>£ 97.46 /conn.</td>
<td>Next 50 cu.m.</td>
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<tr>
<td>Over 100 cu.m.</td>
<td>£ 99.60 /conn.</td>
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**3. D. Maintenance Service Charge**

**3. E. Value-Added Tax (VAT) 12% of the Charges, 1, 2 and 3**

The Monthly Bill is the sum of 1, 2, 3, and 4.

Approved by:

EMMANUEL L. CAPARAS
Acting Chief Regulator, MWSS-RO

GERARDO J. ESQUIVEL
Administrator, MWSS

GERARDO C. ABLAZA JR.
MWCI President

**NOTICE TO MANILA WATER CUSTOMERS AND THE PUBLIC**

**NEW WATER RATES FOR THE EAST ZONE**

**customers shall be billed at Residential Rate.**

The new schedule of water and sewer rates for all MWCI customers is as follows:

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**METER SIZE**

**AMOUNT**

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

The Monthly Bill is the sum of 1, 2, 3, and 4.

Approved by:

EMMANUEL L. CAPARAS
Acting Chief Regulator, MWSS-RO

GERARDO J. ESQUIVEL
Administrator, MWSS

GERARDO C. ABLAZA JR.
MWCI President

**What Does Manila Water Aim to Sustain?**

- **24/7 Potable Water straight from your Taps**
- **Adequate Pressure**
- **Affordable Water Services**
- **Quick Customer Service Response**
- **Continuous Water Services Despite Extreme Drought or Floods and Climate Change**

**Why Is There a Tariff Adjustment?**

For you to continue enjoying the services above, Manila Water needs to maintain and operate its 6 water treatment plants, 17 reservoirs, 26 pumping stations, and 39 wastewater treatment plants, including more than 4,000 km pipes in the East Concession Area.

Proof that Manila Water is working for you is that our customers enjoy continuous water supply even during the times of calamities such as Habagat and Ondoy.

Your Manila Water is also expanding its reach to serve more areas in the Manila East Zone and Rizal towns.

**What Else is Manila Water Doing?**

- **Efficient System Loss Controls**
  This means that more water is off street leaks and more water goes into your taps. It also means assuring the quality of the water you drink.

- **Effective Wastewater Management**
  We continue to invest in facilities to treat used water to help clean rivers. This helps protect our environment, health and sanitation.

- **Contributing to the Manila Bay and our Rivers Clean-up**
  This is in support of the Clean Water Act and the Supreme Court decision to clean up Manila Bay to reduce pollution.

Providing the same quality services to Senior Citizens and Marginalized Sectors

Low-income residential households consuming 10 cubic meters or less in a month shall continue to enjoy a discount in their monthly water bill.

Senior Citizen customers 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.

Planting more Trees to Protect our Watersheds

Water and Environmental Education Programs

To learn or learn more on this, email: wterrail@manilawater.com

Customer Service Hotline: 1627
www.manilawater.com