30 September 2014

SECURITIES AND EXCHANGE COMMISSION
Attention: Director Vicente Graciano P. Felizmenio, Jr.
Markets & Securities Regulation Department

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

Re: Response to the PSE’s Request for Additional Information regarding the Equity Restructuring of Clark Water Corporation

Gentlemen:

We reply to the request of the Philippine Stock Exchange ("PSE") for additional information with regard to the equity restructuring of Clark Water Corporation ("Clark Water") which was disclosed to the PSE on 29 September 2014.

In particular, we respond to the following queries:

1. The rationale for the equity restructuring of Clark Water

   The equity restructuring will result in an efficient capital structure for Clark Water as it will improve the financial ratios of Clark Water.

2. A description of the restructuring that will be undertaken by Clark Water

   The equity restructuring will involve the redemption by Clark Water of its redeemable preferred shares issued and outstanding in the name of Manila Water. Out of the Php839,288,604.00 total paid up capital of Clark Water, the amount of Php587,502,023.00 will be redeemed from Manila Water.

3. The effect and/or impact of the equity restructuring to the Company

   The redemption will decrease the paid up capital of Clark Water to Php251,786,581.

4. Proposed timetable

   The equity restructuring will be recorded in the books of Clark Water and Manila Water by the end of the third quarter of 2014.

5. Any other information necessary to enable an investor to make an informed investment decision.
The redeemed paid up capital will be utilized by Manila Water for its expansion projects outside the concession area of Clark Water, in particular, in the North Luzon areas.

In addition, Clark Water will continue to be wholly-owned by Manila Water and will continue to comply with its service obligations under its own Concession Agreement.

We hope the foregoing explanation suffices.

Very truly yours,

JHOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary