July 15, 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, Philippines

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines

Attention : MR. JOSE VALERIANO B. ZUÑO III
OIC - Head, Disclosure Department

Subject : Clarification of News Article entitled
"Manila Water seeking to supply industrial parks in Southeast Asia"

Gentlemen :

We reply to your request for clarification on the news article entitled “Manila Water seeking to supply industrial parks in Southeast Asia” posted in BusinessWorld Online on July 14, 2016. The article reported in part that:

“Manila Water has the expertise for industrial needs as it operates two of the largest industrial parks in the Philippines, Virgilio “Perry” C. Rivera, Jr., chief operating officer for the company’s new business operations, said in an interview in Singapore.

“We want to replicate in other Asean countries,” he said, referring to the Association of Southeast Asian Nations (Asean).

Entering markets outside the Philippines would help company President Gerardo C. Ablaza, Jr. meet its goal to double earnings by 2020 from 2015, when net income rose 2% to P5.96 billion ($126 million). The company, one of two main water suppliers in the greater Manila region, has branched out to other parts of the Philippines through six subsidiaries, which are all profitable, Mr. Rivera said July 13.

Manila Water fell 1.1% to P27.2 at the midday break in Manila trading, paring its gain this year to 13%. The Philippine Stock Exchange index has advanced 15% in the period.

Outside the Philippines, Manila Water distributes water in the Cu Chi district of Ho Chi Minh city. The company is also conducting pilot projects in Yangon, Myanmar, and Bandung in Indonesia, Mr. Rivera said.

...."
We would like to confirm the following:

(a) Manila Water, through its subsidiaries under Manila Water Philippine Ventures, Inc. ("MWPV"), is providing the water and/or usedwater services for two of the largest industrial parks in the Philippines, namely, Laguna Technopark in Sta. Rosa and Binan, Laguna, and the Clark Freeport Zone at Clark Special Economic Zone in Clarkfield, Pampanga. MWPV is a wholly-owned subsidiary of Manila Water.

Laguna Technopark is within the concession area of Laguna AAAWater Corporation ("Laguna Water"), a joint venture corporation between MWPV (formerly "AAAWater Corporation") and the Province of Laguna. MWPV owns 70% of Laguna Water’s outstanding capital stock. On the other hand, the Clark Freeport Zone is within the concession area of Clark Water Corporation ("Clark Water"), to whom the concession contract with the Clark Development Corporation was awarded in 2000 after the conduct of competitive bidding. Clark Water is a wholly-owned subsidiary of MWPV.

(b) Manila Water intends to replicate its success in providing water and usedwater services in the region and exploratory due diligence of business opportunities and possible partners are being conducted to determine the viability of providing similar services in the region. Manila Water will inform the PSE and the SEC once definitive agreements are executed.

(c) During the Annual Stockholders Meeting held on April 11, 2016, Manila Water President, Gerardo C. Ablaza, Jr., confirmed to investors, stockholders and other stakeholders that "Manila Water aspired to dramatically transform to a more expansive, diverse, multinational, and multi-industry player five years from now and aimed to be an enterprise earning twice as much in 2020 as it does at present". This objective would be achieved by keeping the East Zone business steady while aggressively growing the new businesses in order to contribute at least 50% of the group’s profitability by the end of this decade. This goal, when realized by 2020, will increase Manila Water’s net income of around PhP6 billion in 2015 to PhP12 billion in 2020.

(d) In Vietnam, Manila Water, through the latter’s wholly-owned subsidiaries operating out of Singapore, has 31.47% stake in Saigon Water Infrastructure Corporation ("Saigon Water") and 24.5% interest in Cu Chi Water Supply Sewerage Company Limited ("Cu Chi Water"). Saigon Water and Cu Chi Water are companies incorporated in Vietnam and are the entities involved in the distribution of piped water in the Cu Chi district of Ho Chi Minh City.

(e) Pilot projects for Non-Revenue Water reduction in Yangon, Myanmar, and Bandung in Indonesia are also currently being undertaken through representative offices in said cities. These projects were subject of disclosures to the PSE and SEC on March 17, 2014 and November 6, 2015, respectively.

We trust that the foregoing explanation satisfies your request for clarification.

Very truly yours,

[Signature]

JOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary