17 February 2014

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: Ms. Janet A. Encarnacion,
Head, Disclosure Department

Re: Clarification on News Article

Gentlemen:

We refer to your communication which we received today through the PSE Edge requesting for clarification on the news article entitled “Manila Water eyes other options to enter Indonesia” posted in the 17 February 2014 issue of the Philippine Star and which reported that:

“Ayala-led utility firm Manila Water Corp. is still setting its sights on Indonesia despite its failed bid to take over water service concessionaire PT PAM Lyonnaise Jaya.

Sources said the company is looking at entering Indonesia by participating in non-revenue water projects and forging bulk water supply agreements.

To further strengthen its presence overseas, Manila Water is expanding its coverage in Vietnam through its investment in Saigon Water, which is looking to supply bulk water to Ho Chi Minh and surrounding areas in the long-term.

....

On the homefront, the company continues to expand outside the East Zone of Metro Manila, particularly in Laguna, Clark and Cebu to further boost its cashflow.

Its goal is to source 40 percent of its revenues outside Metro Manila in four or five years. To date, more than 90 percent of its revenues still come from the East Zone, which comprises Makati, Mandaluyong, Pasig, Pateros, San Juan, Taguig, Marikina, and most parts of Manila and Quezon City, as well as Rizal province – Angono, Antipolo, Baras, Binangonan, Cardona, Jala-Jala, Morong, Piliili, Rodriguez, San Mateo, Tanay, Taytay and Teresa.

....”
We would like to clarify the above-quoted report by stating that Manila Water, despite the non-completion of the Palyja deal, is still keen on finding prospective business in Indonesia. In fact, at present, the consortium of Manila Water and a local Indonesian company, has been pre-qualified to bid for a Public Private Partnership Bulk Water Supply Project in Bandar Lampung, Indonesia. In addition to this prospective bidding, Manila Water continues to explore other potential projects in Indonesia.

With regard to its Vietnam operations, Manila Water intends to expand its presence in the country through Saigon Water Infrastructure Corporation ("Saigon Water"), a subsidiary which Manila Water intends to use as its vehicle for other water ventures in Vietnam.

We also confirm the statements that Manila Water continues to expand outside the East Zone of Metro Manila. In our disclosure to the Exchange on 2 January 2014, Manila Water disclosed that Laguna AAWater Corporation acquired the water and wastewater facilities of Laguna Technopark, Inc. for the purpose of operating and managing the same.

Manila Water will provide the Exchange with information once definitive agreements on the prospective projects in Indonesia and Vietnam have been executed and/or completed.

We trust that the foregoing clarifies the matter.

Very truly yours,

JHOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary