14 June 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 : MS. JANET A. ENCARNACION
Head, Disclosure Department

Subject : Foreign Currency Differential Adjustment

Gentlemen :

Effective 1 July 2016, water rates for the customers of Manila Water Company, Inc. ("Manila Water") will have a Foreign Currency Differential Adjustment (FCDA) of P0.25 per cubic meter. This adjustment is based on the exchange rates of US$1:PHP46.2845 and JPY1:PHP0.4215. We also would like to inform the Exchange that the FCDA component of the water bill will be adjusted to 1.02% of the basic charge for the third quarter of 2016.

As provided in the Concession Agreement between Manila Water and the Metropolitan Waterworks and Sewerage System (MWSS), as amended, the FCDA is a tariff mechanism formulated to account for foreign exchange losses or gains arising from the payment by Manila Water of loans and foreign currency-denominated borrowings of the MWSS, as well as loans of Manila Water for service expansion and improvement of its services.

Finally, we would like to inform the Exchange that the FCDA has no impact on the projected net income of Manila Water.

Very truly yours,

[Signature]

JOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary