15 September 2017

Securities and Exchange Commission
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay 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. Zuno III
OIC - Head, Disclosure Department

Subject: Foreign Currency Differential Adjustment

Gentlemen:

We would like to inform you that effective fifteen (15) days after publication, water rates for the customers of Manila Water Company, Inc. ("Manila Water") will have a Foreign Currency Differential Adjustment (FCDA) of Php1.21 per cubic meter. This adjustment is based on the exchange rates of US$1:PHP50.6382 and JPY1:PHP0.4504. The FCDA component of the water bill will be adjusted to 4.86% of the basic charge.

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 concession loans and foreign currency-denominated borrowings of the MWSS, as well as loans of Manila Water for service expansion and improvement of its services. The FCDA has no impact on the projected net income of the company.

Very truly yours,

JHOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary

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