June 17, 2013

SECURITIES AND EXCHANGE COMMISSION

Attention: Director Justina F. Callangan
Corporation Finance Department

PHILIPPINE STOCK EXCHANGE, INC.

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

Re : Foreign Currency Differential Adjustment

Gentlemen:

Effective fifteen (15) days after publication, water rates for the customers of Manila Water Company, Inc. ("Manila Water") will have a downward adjustment of P0.54 per cubic meter due to the Foreign Currency Differential Adjustment (FCDA), based on the exchange rate of US$1:PHP41.14 and JPY1:PHP0.4221. The FCDA component of the water bill will be adjusted from negative 0.37% of the second quarter of 2013 to negative 1.97% of the basic charge for the third quarter of 2013.

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.

For more information, please see attached Notice.

Very truly yours,

JHOEL P. RAQUEDAN
Chief Legal Counsel
Assistant Corporate Secretary
NOTICE TO
MANILA WATER CUSTOMERS

Effective fifteen (15) days after publication, Manila Water will implement a negative 1.97% Foreign Currency Differential Adjustment (FCDA) of the basic charge. Low-income households consuming 10 cubic meters a month or less will be exempt from the adjustment.

REGULATORY APPROVAL

The adjustment in FCDA was approved by the METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS) through Board Resolution No. 2013-077-RO dated 13 June 2013, confirming MWSS Regulatory Office Resolution No. 13-006-CA dated 10 June 2013.

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 tariff adjustment has no impact on the projected net income of the company.

SERVICE COVERAGE AREA

Manila Water provides water and wastewater services to the following areas: Mandaluyong, Pasig, San Juan, Marikina, Pateros, Taguig, Makati, southeastern part of Quezon City, and San Andres and Sta. Ana in Manila; and several towns of Rizal Province which include San Mateo, Rodriguez, Antipolo, Cainta, Taytay, Angono, Baras, Binangonan, and Jalajala.