

August 06, 2010

**PHILIPPINE STOCK EXCHANGE**

3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

Re : SM Investments Corporation  
SEC Reg. No. 16342

Dear Ms. Encarnacion,

This is in reference to your memo dated August 6, 2010, requesting for confirmation on the veracity of the following quoted news article in the August 6, 2010 issue of *The Manila Times*. The article reported, in part, that:

The SM Group raised its profit target on the back of robust first half earnings driven by its retail and property businesses.... Jose Sio, SMIC Chief Finance Officer, said the company raised its income guidance from the earlier projection of at least 10 percent. "It looks like all people I talk to have a positive outlook on the second half of the economy. Therefore we should be comfortable of projecting a 14 percent growth at least for the whole year," Sio said in a briefing. He said the company will most likely make a P19 billion at the end of the year since "historically, the second half is much stronger than the first half because of the holidays."...

We would like to confirm that based on the results of operations for the first half of 2010 and the positive economic outlook for the second half, we are comfortable of projecting the 2010 net income to grow by 14 percent over last year net income of P16 billion, which is about P18.3 billion.

We trust the above clarifies the said news article.

Very truly yours,



**Jose T. Sio**  
Executive Vice President and CFO  
Corporate Information Officer  
SM Investments Corporation

Cc: Director Justina Callangan  
Head – Corporate Finance Dept.