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July 8, 2008

PHILIPPINE STOCK EXCHANGE
Exchange Road, Ortigas Centre
Pasig City

Attention : Atty. Pete M. Malabanan
Head - Disclosure Department

Re : SM Investments Corporation
SEC Reg. No. 16342

Dear Atty. Malabanan,

This is in reference to your memo dated July 8, 2008, requesting for confirmation on the veracity of the following quoted news article in the July 8, 2008 issue of the *BusinessWorld* entitled "SM Investments sets bond yield":

CONGLOMERATE SM Investments Corp. has set the yield guidance for its sale of five-year dollar bonds at around 6.75%, two sources with direct knowledge of the plans said yesterday. SM Investments is offering the bonds at an overall range of 6.625% to 6.875%.... The bonds would have a put option in the third year...

We deny that SM Investments Corp. has set the yield guidance for its "sale of five-year dollar bonds at around 6.75%". At present, the Board of Directors has yet to approve the final issue size, pricing, terms and conditions, and other features of the bonds. Hence, it is only after said approval when we will be able to determine and disclose the final issue size, pricing, terms and conditions and other features of the bonds.

Very truly yours,

Ma. Ruby Ll. Cano

Ma. Ruby Ll. Cano
Vice President - Controller
Corporate Information Officer
SM Investments Corporation