

POPULAR INC
Form 425
June 29, 2009
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Filed by Popular, Inc. pursuant to Rule 425
under the Securities Act of 1933, as amended
(Registration No. 333-159843)

As filed with the Securities and Exchange Commission on June 29, 2009

Registration No. 333-159843

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Popular, Inc.

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(Exact name of registrant as specified in its charter)

Puerto Rico
*(State or other jurisdiction of
incorporation or organization)*

6022
(Primary Standard Industrial

66-0667416
(I.R.S Employer

Classification Code Number)
209 Muñoz Rivera Avenue

Identification Number)

San Juan, Puerto Rico 00918

(787) 765-9800

*(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)*

Jorge A. Junquera

Senior Executive Vice President

and Chief Financial Officer

Popular, Inc.

209 Muñoz Rivera Avenue

San Juan, Puerto Rico 00918

(787) 765-9800

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

Donald J. Toumey

Ignacio Alvarez

Edward F. Petrosky

Robert W. Downes

Eduardo J. Arias

Samir A. Gandhi

Sullivan & Cromwell LLP

Pietrantonio Méndez & Alvarez LLP

Edward Ricchiuto

125 Broad Street

Banco Popular Center, 19th Floor

Sidley Austin LLP

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New York, New York 10004

209 Muñoz Rivera Avenue

787 Seventh Avenue

San Juan, Puerto Rico 00918

New York, New York 10019

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer) ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

Subject to Completion

Dated June 29, 2009

OFFER TO EXCHANGE

Up to 390,000,000 shares of our Common Stock for any and all issued and outstanding shares of Series A Preferred Stock and Series B Preferred Stock and issued and outstanding Trust Preferred Securities

(subject to the limitations and qualifications described herein)

Popular, Inc. is offering to exchange, on the terms and subject to the conditions set forth in this prospectus and in the accompanying letters of transmittal, up to 390,000,000 newly issued shares of our common stock, par value \$0.01 per share (our Common Stock), for any and all of the issued and outstanding

- Ø \$186,875,000 in aggregate liquidation preference of our 6.375% Non-cumulative Monthly Income Preferred Stock, 2003 Series A (the Series A Preferred Stock), and
- Ø \$400,000,000 in aggregate liquidation preference of our 8.25% Non-cumulative Monthly Income Preferred Stock, Series B (the Series B Preferred Stock and, collectively with the Series A Preferred Stock, the Preferred Stock) in the Preferred Stock Exchange Offer, and any and all of the issued and outstanding (subject to proration as described below)
- Ø \$144,000,000 in aggregate liquidation amount of 8.327% Trust Preferred Securities of BanPonce Trust I (the 8.327% Trust Preferred Securities),
- Ø \$250,000,000 in aggregate liquidation amount of 6.564% Trust Preferred Securities of Popular North America Capital Trust I (the 6.564% Trust Preferred Securities),
- Ø \$300,000,000 in aggregate liquidation amount of 6.70% Cumulative Monthly Income Trust Preferred Securities of Popular Capital Trust I (the 6.70% Trust Preferred Securities), and
- Ø \$130,000,000 in aggregate liquidation amount of 6.125% Cumulative Monthly Income Trust Preferred Securities of Popular Capital Trust II (the 6.125% Trust Preferred Securities and, collectively with the 8.327% Trust Preferred Securities, 6.564% Trust Preferred Securities and

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the 6.70% Trust Preferred Securities, the Trust Preferred Securities)
in the Trust Preferred Securities Exchange Offer . We refer to the Preferred Stock Exchange Offer and the Trust Preferred Securities Exchange Offer together as the Exchange Offer .

(cover page continued on next page)

Our Common Stock trades on the Nasdaq Stock Market (Nasdaq) under the symbol BPOP. As of June 26, 2009, the closing sale price for our Common Stock on Nasdaq was \$2.39 per share.

None of Popular, the dealer managers, the exchange agents, the information agent or any other person is making any recommendation as to whether you should tender your shares of Preferred Stock or Trust Preferred Securities. You must make your own decision after reading this prospectus and the documents incorporated by reference herein and consulting with your advisors.

Before deciding to exchange your securities for shares of our common stock, you are encouraged to read and carefully consider this prospectus (including the documents incorporated by reference herein) in its entirety, in particular the risk factors beginning on page 31 of this prospectus and on page 23 of our Annual Report on Form 10-K for the year ended December 31, 2008 and on page 109 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

The shares of our Common Stock are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission, any state or Commonwealth of Puerto Rico securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System nor any other regulatory body has approved or disapproved of the Exchange Offer or of the securities to be issued in the Exchange Offer or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The communication of this prospectus and any other documents or materials relating to the Exchange Offer is not being made and such documents and/or materials have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the FSMA). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Financial Promotion Order)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

The Lead Dealer Managers for the Exchange Offer are:

UBS Investment Bank

The Co-Lead Dealer Manager for the Exchange Offer is:

Citi

The date of this prospectus is June , 2009

Popular Securities

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For each share of Preferred Stock or Trust Preferred Security that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the aggregate dollar value (the **Exchange Value**) set forth in the applicable table below. We refer to the number of shares of our Common Stock we will issue (based on the Relevant Price (as defined below)) for each share of Preferred Stock or Trust Preferred Security we accept in the Exchange Offer as the **exchange ratio**. The **Relevant Price** will be fixed at 4:30 p.m., New York City time, on the second business day immediately preceding the expiration date of the Exchange Offer (which we currently expect to be July 24, 2009, unless the Exchange Offer is extended), will be announced prior to 9:00 a.m., New York City time, on the immediately succeeding business day (which we currently expect to be July 27, 2009, unless the Exchange Offer is extended) and will be equal to the greater of (1) the average Volume Weighted Average Price, or **VWAP**, of a share of our Common Stock during the five-trading day period ending on the second business day immediately preceding the expiration date of the Exchange Offer, determined as described on page 7 of this prospectus under the heading **Questions and answers about the Exchange Offer** **How will the Average VWAP be determined?** and (2) the **Minimum Share Price** of \$2.50 per share of our Common Stock. **Depending on the trading price of our Common Stock compared to the Relevant Price described above, the market value of the Common Stock we issue in exchange for each share of Preferred Stock or Trust Preferred Security we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.**

If the aggregate liquidation preference of all shares of Preferred Stock and the aggregate liquidation amount of all Trust Preferred Securities tendered in the Exchange Offer would result in the issuance, upon consummation of the Exchange Offer, of a number of shares of our Common Stock in excess of 390,000,000 shares, we will accept for tender only that number of Trust Preferred Securities of each series in accordance with the Acceptance Priority Levels set forth below that will ensure that not more than 390,000,000 shares of our Common Stock are issued in the Exchange Offer. Even if all shares of Preferred Stock and all Trust Preferred Securities with Acceptance Priority Level 1 are tendered for exchange, all Trust Preferred Securities with Acceptance Priority Level 1 could be accepted for exchange, without prorationing. However, we may have to reduce (on a prorated basis) the number of Trust Preferred Securities of Acceptance Priority Level 2 that we accept in the Exchange Offer to remain within this limit. We will not reduce the number of shares of Preferred Stock or Trust Preferred Securities with Acceptance Priority Level 1 that we accept in this Exchange Offer.

The tables below set forth certain information regarding the series of Preferred Stock and Trust Preferred Securities that are the subject of the Exchange Offer, along with the Acceptance Priority Levels for proration and acceptance of the Trust Preferred Securities.

CUSIP	Title of Securities	Issuer	Aggregate Liquidation Preference Outstanding	Liquidation Preference Per Share	Exchange Value
733174304	6.375% Non-cumulative Monthly Income Preferred Stock, 2003 Series A	Popular, Inc.	\$ 186,875,000	\$ 25	\$ 20
733174403	8.25% Non-cumulative Monthly Income Preferred Stock, Series B	Popular, Inc.	\$ 400,000,000	\$ 25	\$ 20

Acceptance Priority Level	CUSIP	Title of Securities	Issuer	Liquidation		
				Aggregate Liquidation Amount Outstanding	Amount Per Trust Preferred Security	Exchange Value
1	066915AA7	8.327% Trust Preferred Securities	BanPonce Trust I	\$ 144,000,000	\$ 1,000	\$ 800
1	733186AA8	6.564% Trust Preferred Securities	Popular North America Capital Trust I	\$ 250,000,000	\$ 1,000	\$ 800
2	73317W203	6.70% Cumulative Monthly Income Trust Preferred Securities	Popular Capital Trust I	\$ 300,000,000	\$ 25	\$ 25
2	73317H206	6.125% Cumulative Monthly Income Trust Preferred Securities	Popular Capital Trust II	\$ 130,000,000	\$ 25	\$ 25

The Exchange Offer will expire at 11:59 p.m., New York City time, on July 28, 2009 (unless we extend the Exchange Offer or terminate it early). You may withdraw any shares of Preferred Stock or Trust Preferred Securities that you tender at any time prior to the expiration of the

Exchange Offer.

In order to validly tender your shares of Preferred Stock, you must deliver a consent to the proposal, which we call the Preferred Stock Consent, to be acted upon by written consent of the holders of shares of Preferred Stock or make an appropriate certification as described below. The Preferred Stock Consent is more fully described in this prospectus and in the consent solicitation statement accompanying this prospectus.

Our obligation to exchange shares of our Common Stock for shares of Preferred Stock and Trust Preferred Securities in the Exchange Offer is subject to a number of conditions that must be satisfied or waived by us, including, among others, that there has been no change or development (affecting our business or otherwise) that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us, our businesses, condition (financial or otherwise) or prospects. Our obligation to exchange is not subject to any minimum tender condition.

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Important

Certain shares of Preferred Stock and all of the Trust Preferred Securities were issued in book-entry form, and are currently represented by one or more global certificates held for the account of The Depository Trust Company (DTC). If your securities are book-entry securities, you may tender your shares of Preferred Stock and Trust Preferred Securities by transferring them through DTC 's Automated Tender Offer Program (ATOP) or following the other procedures described under The Exchange Offer Procedures for Tendering Shares of Preferred Stock or Trust Preferred Securities.

If your interest as a holder of Preferred Stock is in certificated form, you must deliver to the applicable Exchange Agent (1) the certificates for the shares of your Preferred Stock to be exchanged, together with a Consent and/or Tender Certification (each, as defined below) in the manner specified in the accompanying letter of transmittal and (2) a proper assignment of the shares of Preferred Stock to Popular, or to any transfer agent for the shares of Preferred Stock, or in blank.

If you are a beneficial owner of shares of Preferred Stock or Trust Preferred Securities that are held by or registered in the name of a bank, broker, custodian or other nominee, and you wish to participate in the Exchange Offer, you must promptly contact your bank, broker, custodian, commercial bank, trust company or other nominee to instruct it to tender your shares of Preferred Stock or Trust Preferred Securities, to agree to the terms of the accompanying letter of transmittal, including, if you are a beneficial owner of shares of Preferred Stock, the giving of a Consent and/or Tender Certification set forth therein. **You are urged to instruct your bank, broker, custodian, commercial bank, trust company or other nominee at least five business days prior to the expiration date in order to allow adequate processing time for your instruction.** Tenders not received by Global Bondholder Services Corporation or, in the case of tenders of certificated shares of Preferred Stock, Banco Popular de Puerto Rico Fiduciary Services Division, each an exchange agent for the Exchange Offer, on or prior to the expiration date will be disregarded and have no effect.

In order to deliver a Consent (as defined below) without tendering shares of Preferred Stock, you must deposit corresponding shares of Preferred Stock with the applicable Exchange Agent until the settlement date, or until after we terminate the Exchange Offer or you validly withdraw all your shares of Preferred Stock deposited, which withdrawal will automatically revoke your Consent in respect of such withdrawn shares. All shares of Preferred Stock deposited for the purpose of giving your Consent and which were not deposited to be tendered for exchange in the Exchange Offer will be returned, without expense, to you promptly following the settlement date, or as promptly as practicable after termination by us of the Exchange Offer or your valid withdrawal of your shares of Preferred Stock.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC prior to the expiration date. **Tenders not received by the applicable Exchange Agent on or prior to the expiration date will be disregarded and have no effect.**

We are incorporating by reference into this prospectus important business and financial information that is not included in or delivered with this prospectus. This information is available without charge to security holders upon written or oral request. Requests should be directed to:

Enrique Martel

Corporate Communications

Popular, Inc.

P.O. Box 362708

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San Juan, Puerto Rico 00936-2708

(787) 765 9800 (tel.)

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In order to ensure timely delivery of such documents, security holders must request this information no later than five business days before the date they must make their investment decision. Accordingly, any request for documents should be made by July 21, 2009 to ensure timely delivery of the documents prior to the expiration date of the Exchange Offer.

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date of this prospectus or as of the date of the document incorporated by reference, as applicable. We are not making an offer of these securities in any jurisdiction where such offer is not permitted.

In this prospectus, unless otherwise stated or the context otherwise requires, Company, Popular, we, us and our refer to Popular, Inc. and its subsidiaries.

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Forward-looking statements

Certain statements in this prospectus are forward-looking statements. These forward-looking statements may relate to Popular's financial condition, results of operations, plans, objectives, future performance and business, including, but not limited to, statements with respect to the adequacy of the allowance for loan losses, market risk and the impact of interest rate changes, capital markets conditions, capital adequacy and liquidity, and the effect of legal proceedings and new accounting standards on Popular's financial condition and results of operations. All statements contained herein that are not clearly historical in nature are forward-looking, and the words anticipate, believe, continues, expect, estimate, intend, project and similar expressions and future or conditional verbs such as will, would, should, could, might, can, expressions are generally intended to identify forward-looking statements.

These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, estimates and assumptions by management that are difficult to predict. Various factors, some of which are beyond Popular's control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- Ø the rate of declining growth in the economy and employment levels, as well as general business and economic conditions;
- Ø changes in interest rates, as well as the magnitude of such changes;
- Ø the fiscal and monetary policies of the federal government and its agencies;
- Ø changes in federal bank regulatory and supervisory policies, including required levels of capital;
- Ø the relative strength or weakness of the consumer and commercial credit sectors and of the real estate markets in Puerto Rico and the other markets in which borrowers are located;
- Ø the performance of the stock and bond markets;
- Ø competition in the financial services industry;
- Ø possible legislative, tax or regulatory changes; and
- Ø difficulties in combining the operations of acquired entities.

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Where you can find more information

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities located at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

Incorporation of certain documents by reference

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC:

Ø Our Annual Report on Form 10-K for the year ended December 31, 2008.

Ø Our Quarterly Report on Form 10-Q for the period ended March 31, 2009.

Ø Our Current Reports on Form 8-K filed with the SEC on January 9, 2009, February 23, 2009 and June 10, 2009.

Ø The descriptions of our common stock set forth in our Registration Statements filed pursuant to Section 12 of the Exchange Act and any amendment or report filed for the purpose of updating those descriptions.

All documents that we file subsequent to the date of this prospectus and prior to the expiration date (or earlier termination) of the Exchange Offer pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 shall be deemed to be incorporated by reference into this prospectus and to be a part hereof from the date of filing of such documents. Information in documents that is deemed, in accordance with SEC rules, to be furnished and not filed shall not be deemed to be incorporated by reference into this prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document, which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address: Enrique Martel, Corporate Communications, Popular, Inc., P.O. Box 362708, San Juan, Puerto Rico 00936-2708. Telephone requests may also be directed to: (787) 765-9800. You may also access this information at our website at <http://www.popularinc.com>. No additional information on our website is deemed to be part of or incorporated by reference in this prospectus.

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Questions and answers about the Exchange Offer

The following are certain questions regarding the Exchange Offer that you may have as a holder of shares of Preferred Stock or Trust Preferred Securities and the answers to those questions. These questions and answers may not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus. Before deciding to exchange your securities for shares of our Common Stock, you should carefully consider the information contained in and incorporated by reference in this prospectus, including the information set forth under the heading "Risk Factors" on page 31 in this prospectus and the information set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. For further information about us, see the section of this prospectus entitled "Where You Can Find More Information."

What is the purpose of the Exchange Offer?

As part of the U.S. Government's Financial Stability Plan, on February 25, 2009, the U.S. Treasury announced preliminary details of its Capital Assistance Program, or the "CAP." To implement the CAP, the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Federal Reserve Banks, the FDIC and the Office of the Comptroller of the Currency commenced a review, referred to as the Supervisory Capital Assessment Program (the "SCAP"), of the capital of the 19 largest U.S. banking institutions. Popular was not included in the group of 19 banking institutions reviewed under the SCAP. On May 7, 2009, Federal banking regulators announced the results of the SCAP and determined that 10 of the 19 banking institutions were required to raise additional capital and to submit a capital plan to their Federal banking regulators by June 8, 2009 for their review.

Even though we were not one of the banking institutions included in the SCAP, we have closely assessed the announced SCAP results, particularly noting that (1) the SCAP credit loss assumptions applied to regional banking institutions included in the SCAP are based on a more adverse economic and credit scenario and (2) Federal banking regulators are focused on the composition of regulatory capital. Specifically, the regulators have indicated that voting common equity should be the dominant element of Tier 1 capital and have established a 4% Tier 1 common/risk-weighted assets ratio as a threshold for determining capital needs. Although the SCAP results are not applicable to us, they do express general regulatory expectations.

While Popular is well capitalized based on a ratio of Tier 1 capital to risk-weighted assets of 11.16% as of March 31, 2009, we believe that an improvement in the composition of our regulatory capital, including Tier 1 common equity, will better position us in a more adverse economic and credit scenario. Our Tier 1 common/risk-weighted assets ratio was 3.13% as of March 31, 2009. See "Regulatory capital ratios Popular, Inc. Non-GAAP reconciliation of Tier 1 common equity to common stockholders' equity" for a reconciliation of Tier 1 common to common stockholders' equity and a discussion of our use of non-GAAP financial measures in this document.

As a result, we are conducting the Exchange Offer in order to increase our common equity capital to accommodate the more adverse economic and credit scenarios assumed under the SCAP as applied to regional banking institutions and have structured the Exchange Offer to increase our Tier 1 common equity by up to approximately \$1.1 billion based on the High Participation Scenario (as defined under "Unaudited Pro Forma Financial Information" below). Our future interest expense associated with our Trust Preferred Securities will also be reduced.

Table of Contents**Questions and answers about the Exchange Offer**

In addition, we may act opportunistically to raise further Tier 1 common equity or increase our Tier 1 common ratio through sales of non-core assets and businesses and, if necessary, the further issuance of common equity and other Tier 1 common qualifying instruments for cash.

The resulting capital issuances of the Exchange Offer and any additional transactions will likely be highly dilutive to our common stockholders and may affect the market price of our Common Stock. In addition, our Federal banking regulators are re-emphasizing the importance of a number of risk, capital and liquidity management issues and are requiring us to maintain enhanced internal management processes geared towards achieving and maintaining capital levels that are commensurate with our business activities and risks of all types.

What are the key terms of the Preferred Stock Exchange Offer?

- Ø We are offering to exchange newly issued shares of our Common Stock for any and all issued and outstanding shares of Series A and Series B Preferred Stock.
- Ø For each share of Preferred Stock that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the Exchange Value set forth in the table below:

Title of Securities	Exchange Value
6.375% Non-cumulative Monthly Income Preferred Stock, Series A	\$ 20
8.25% Non-cumulative Monthly Income Preferred Stock, Series B	\$ 20

Depending on the trading price of our Common Stock compared to the Relevant Price described above, the market value of the Common Stock we issue on the settlement date in exchange for each share of Preferred Stock we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.

- Ø We are seeking the consent of holders of shares of Series A Preferred Stock and Series B Preferred Stock, each acting as a separate class (the Preferred Stock Consent), to issue to the U.S. Treasury, as the holder of our shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series C (the Series C Preferred Stock), shares of preferred stock that will be senior (Senior Preferred Stock) to the shares of Preferred Stock, either in exchange for shares of the Series C Preferred Stock, by redesignating the Series C Preferred Stock as Senior Preferred Stock, or in another transaction in which the shares of Series C Preferred Stock are cancelled and new shares of Senior Preferred Stock are issued (collectively, the Series C Preferred Stock Exchange). We are requiring holders of shares of Preferred Stock that participate in the Preferred Stock Exchange Offer to grant their consent to such modifications (the Senior Preferred Stock Issuance) or, if they did not hold their shares of Preferred Stock on June 26, 2009 (the Preferred Stock Record Date), to provide a Tender Certification to that effect. See The Exchange Offer Purpose and Background of the Transactions Preferred Stock Consent. In order to approve the Series C Preferred Exchange, we are required to receive the consent of 66 2/3% of the shares of Series A Preferred Stock and 66 2/3% of the shares of Series B Preferred Stock, each acting as a separate class. If such Consents are not obtained, we have agreed with the U.S. Treasury, as the holder of the Series C Preferred Stock, in consideration of their consent to the Exchange Offer without requiring any adjustment to the terms of the warrant that was issued to the U.S. Treasury at the time that the Series C Preferred Stock was issued, to exchange its Series C Preferred Stock for newly issued trust preferred securities having a distribution rate of 7.7% for the first five years and 13.8% thereafter (which rate is higher than the dividend rate on the Series C Preferred Stock and equates to after-tax rates of 5% and 9%, respectively, assuming a 35% tax rate to take into account the deductible nature of distributions on trust preferred securities). The Company is not aware of any filing, approval or other action by or with any governmental authority or regulatory agency that would be required for the Company to complete the Exchange Offer that has not been obtained.

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Ø On June 8, 2009, we announced the suspension of dividends on our Common Stock and Series A and Series B Preferred Stock following the payment of the Preferred Stock dividend for the month of June on June 30, 2009. We intend to delist and, to the extent permitted by law to deregister, each series of Preferred Stock following the consummation of the Exchange Offer. Either as a result of giving effect to the Series C Preferred Stock Exchange or the exchange of Series C Preferred Stock into newly issued trust preferred securities, the U.S. Treasury will continue to receive dividends with respect to its investment in our securities without regard to the suspension of dividends on the Series A and Series B Preferred Stock.

See The Exchange Offer Terms of the Preferred Stock Exchange Offer.

What are the key terms of the Trust Preferred Securities Exchange Offer?

Ø We are offering to exchange newly issued shares of our Common Stock for any and all issued and outstanding Trust Preferred Securities, subject to prorationing based on the Acceptance Priority Levels set forth in the table below.

Ø For each Trust Preferred Security that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the Exchange Value for the applicable series set forth in the table below.

Ø If the aggregate liquidation preference of all shares of Preferred Stock and the aggregate liquidation amount of all Trust Preferred Securities tendered in the Exchange Offer would result in the issuance, upon consummation of the Exchange Offer, of a number of shares of our Common Stock in excess of 390,000,000 shares, we will accept for tender only that number of Trust Preferred Securities of each series in accordance with the Acceptance Priority Levels set forth below that will ensure that not more than 390,000,000 shares of our Common Stock are issued in the Exchange Offer. Even if all shares of Preferred Stock and all Trust Preferred Securities with Acceptance Priority Level 1 are tendered for exchange, all Trust Preferred Securities with Acceptance Priority Level 1 that are validly tendered will be accepted for exchange, without prorationing. However, we may have to reduce (on a prorated basis) the number of Trust Preferred Securities of Acceptance Priority Level 2 that we accept in the Exchange Offer to remain within this limit. We will not reduce the number of shares of Preferred Stock or Trust Preferred Securities with Acceptance Priority Level 1 that we accept in this Exchange Offer.

Ø The table below sets forth certain information regarding the series of Trust Preferred Securities that are the subject of the Exchange Offer, along with the Acceptance Priority Levels for proration and non-acceptance.

Acceptance Priority Level	Title of Securities	Issuer	Liquidation Amount Per Trust Preferred Security	Exchange Value
1	8.327% Trust Preferred Securities	BanPonce Trust I	\$ 1,000	\$ 800
1	6.564% Trust Preferred Securities	Popular North America Capital Trust I	\$ 1,000	\$ 800
2	6.70% Cumulative Monthly Income Trust Preferred Securities	Popular Capital Trust I	\$ 25	\$ 25
2	6.125% Cumulative Monthly Income Trust Preferred Securities	Popular Capital Trust II	\$ 25	\$ 25

Depending on the trading price of our Common Stock compared to the Relevant Price described above, the market value of the Common Stock we issue in exchange for each Trust Preferred Security we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.

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- Ø The proration applicable to the Trust Preferred Securities with Acceptance Priority Level 2 cannot be calculated until the Exchange Offer has been completed. As a result, at the time you tender your Trust Preferred Securities of those two series, you will not know whether we will accept any or all of your tendered Trust Preferred Securities. For example, if all issued and outstanding shares of Preferred Stock are tendered for exchange in the Preferred Stock Exchange Offer and the Relevant Price is determined based on the Minimum Share Price of \$2.50 per share, we will issue approximately 188 million shares of our Common Stock in the Preferred Stock Exchange Offer, leaving approximately 202 million shares of our Common Stock available for issuance in the Trust Preferred Securities Exchange Offer. In that case, the remaining shares of our Common Stock will be enough such that any and all issued and outstanding 8.327% Trust Preferred Securities and 6.564% Trust Preferred Securities, comprising Acceptance Priority Level 1, would be accepted for exchange, without prorationing. However, assuming full participation of holders of the Preferred Stock, the 8.327% Trust Preferred Securities and the 6.564% Trust Preferred Securities, the 6.70% Cumulative Monthly Income Trust Preferred Securities and the 6.125% Cumulative Monthly Income Trust Preferred Securities, comprising Acceptance Priority Level 2, would be subject to prorationing on a pro rata basis.
 - Ø If no shares of Preferred Stock are validly tendered in the Preferred Stock Exchange Offer, all validly tendered Trust Preferred Securities could be accepted for exchange pursuant to the Trust Preferred Securities Exchange Offer.
 - Ø We will pay cash for any accrued and unpaid distributions on any Trust Preferred Securities (but not in respect of any accumulated and unpaid dividends in respect of any shares of Preferred Stock) accepted in the Trust Preferred Securities Exchange Offer to but excluding the date of settlement of the Exchange Offer.
 - Ø As previously announced, we expect to continue to pay distributions on our Trust Preferred Securities in accordance with their current terms. However, there can be no assurance that those distributions will continue. If the Exchange Offer is not successful or if we otherwise have the need to further increase our Tier 1 common equity, a suspension of distributions on the Trust Preferred Securities is one of the possible actions that we might take in response.
 - Ø We are not seeking approval of holders of the Trust Preferred Securities to modify the terms of any series of Trust Preferred Securities. However, following the Exchange Offer we plan to merge each Trust into a new Delaware statutory trust as permitted by the terms of each Trust's governing documents. In connection with each merger, the Trust Preferred Securities of each series we acquire in the Exchange Offer will be exchanged for an equivalent aggregate principal amount of underlying debentures and all Trust Preferred Securities not acquired by us in the Exchange Offer will be converted into trust preferred securities of the applicable new trust with terms substantially identical to the terms of the Trust Preferred Securities of that series. No merger will adversely affect the rights of the holders of any series of Trust Preferred Securities.
- See The Exchange Offer Terms of the Trust Preferred Securities Exchange Offer.

What consideration are we offering in exchange for shares of Preferred Stock and Trust Preferred Securities?

For each share of Preferred Stock or Trust Preferred Security that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of shares of our Common Stock having the aggregate dollar value (the Exchange Value) set forth in the applicable table above. We refer to the number of shares of our Common Stock we will issue (based on the Relevant Price (as defined below)) for each share of Preferred Stock or Trust Preferred Security we accept in the Exchange Offer as the exchange ratio. The Relevant Price will be fixed at 4:30 p.m., New York City time, on the second

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business day immediately preceding the expiration date of the Exchange Offer (which we currently expect to be July 24, 2009, unless the Exchange Offer is extended), and will be announced prior to 9:00 a.m., New York City time, on the immediately succeeding business day (which we currently expect to be July 27, 2009, unless the Exchange Offer is extended) and will be equal to the greater of (1) the average Volume Weighted Average Price, or VWAP, of a share of our Common Stock during the five trading day period ending on the second business day immediately preceding the expiration date of the Exchange Offer, determined as described later in this prospectus and (2) the Minimum Share Price of \$2.50 per share of our Common Stock.

We will round the applicable exchange ratio for each series down to four decimal places.

Depending on the trading price of our Common Stock compared to the Relevant Price described above, the market value of the Common Stock we issue in exchange for each share of Preferred Stock or Trust Preferred Security we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.

We will pay cash for any accrued and unpaid distributions on any Trust Preferred Securities (but not in respect of any accumulated and unpaid dividends in respect of any shares of Preferred Stock) accepted in the Trust Preferred Securities Exchange Offer up to but excluding the date of settlement of the Exchange Offer.

How will the Average VWAP be determined?

Average VWAP during a period means the arithmetic average of VWAP for each trading day during that period. VWAP for any day means the per share volume weighted average price of our Common Stock on that day as displayed under the heading Bloomberg VWAP on Bloomberg Page BPOP US <equity> VAP (or its equivalent successor page if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such volume weighted average price is unavailable, the market price of one share of our Common Stock on such trading day determined, using a volume weighted average method, by a nationally recognized investment banking firm retained by us for that purpose).

How may I obtain information regarding the Relevant Price and applicable Exchange Ratios?

Throughout the Exchange Offer, the indicative average VWAP, the Minimum Share Price, the resultant indicative Relevant Price and the indicative exchange ratios will be available at <http://www.popularinc.com/exchangeoffer> and from our information agent, Global Bondholder Services Corporation, the Information Agent, at one of its numbers listed on the back cover page of this prospectus. We will announce the final exchange ratio for each series of Preferred Stock and Trust Preferred Securities prior to 9:00 a.m., New York City time, on the business day immediately succeeding the second business day prior to the expiration date of the Exchange Offer (which we currently expect to be July 27, 2009, unless the Exchange Offer is extended), and those final exchange ratios will also be available by that time at <http://www.popularinc.com/exchangeoffer> and from the Information Agent. No additional information on our website is deemed to be part of or incorporated by reference in this prospectus.

Is there a limit on the number of shares of our Common Stock I can receive for each share of Preferred Stock or Trust Preferred Security that I tender?

Yes. As a result of the Minimum Share Price limitation, the maximum number of shares of our Common Stock that we may issue under the Exchange Offer per \$25 liquidation preference of Preferred Stock is

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8 shares, per \$25 liquidation amount of 6.70% Trust Preferred Securities or 6.125% Trust Preferred Securities is 10 shares and per \$1,000 liquidation amount of 8.327% Trust Preferred Securities or 6.564% Trust Preferred Securities is 320 shares.

Depending on the trading price of our Common Stock compared to the Relevant Price described above, the market value of the Common Stock we issue in exchange for each share of Preferred Stock or Trust Preferred Security we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.

Will all shares of Preferred Stock that I tender be accepted in the Exchange Offer?

Yes. We will accept all tenders for shares of Preferred Stock in this Exchange Offer.

Will all Trust Preferred Securities that I tender be accepted in the Exchange Offer?

Not necessarily. We will issue no more than 390,000,000 shares of our Common Stock in the Exchange Offer. Depending on the number of shares of Preferred Stock and Trust Preferred Securities tendered in the Exchange Offer and the exchange ratio determined as described above, we may have to prorate or not accept Trust Preferred Securities of a series with Acceptance Priority Level 2 in the Exchange Offer to remain within this limit. Any Trust Preferred Securities of a series with Acceptance Priority Level 2 not accepted for exchange as a result of proration will be returned to tendering holders promptly after the final proration factor is determined. See The Exchange Offer Terms of the Trust Preferred Securities Exchange Offer Acceptance Priority Levels; Prorationing.

The following table shows the percentage of tendered Trust Preferred Securities of each series with Acceptance Priority Level 2 that will be accepted at various assumed levels for Average VWAP in two scenarios: (1) 70% of the shares of Preferred Stock and Trust Preferred Securities are tendered and (2) 90% of the shares of Preferred Stock and Trust Preferred Securities are tendered:

Assumed Average VWAP	Relevant Price	Exchange Ratio per \$25 Liquidation Amount	% Accepted if 70% Tender	% Accepted if 90% Tender
\$4.00	\$4.00	\$ 6.2500	100%	100%
3.75	3.75	6.6667	100%	100%
3.50	3.50	7.1429	100%	100%
3.25	3.25	7.6923	100%	100%
3.00	3.00	8.3333	100%	100%
2.75	2.75	9.0909	100%	95%
2.50	2.50	10.0000	100%	69%
2.25	2.50	10.0000	100%	69%
2.00	2.50	10.0000	100%	69%
1.75	2.50	10.0000	100%	69%
1.50	2.50	10.0000	100%	69%

Will fractional shares be issued in the Exchange Offer?

We will not issue fractional shares of our Common Stock in the Exchange Offer. Instead, the number of shares of Common Stock received by each holder whose shares of Preferred Stock or Trust Preferred Securities are accepted for exchange in the Exchange Offer will be rounded down to the nearest whole number.

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What are the key terms applicable to the Exchange Offer?