POPULAR INC
Form S-4/A
July 13, 2009
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As filed with the Securities and Exchange Commission on July 9, 2009

Registration No. 333-159843

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Popular, Inc.

(*Exact name of registrant as specified in its charter*)

Puerto Rico	**6022**	**66-0667416**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	*(I.R.S Employer Identification Number)*

209 Muñoz Rivera Avenue

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	**Pietrantoni Méndez & Alvarez LLP**	**Edward Ricchiuto**
125 Broad Street	**Banco Popular Center, 19th Floor**	**Sidley Austin LLP**
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 x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	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 may change. We may not complete the exchange offer and issue 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 is not permitted.

PROSPECTUS Dated July 9, 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

- $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

- $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)

- $144,000,000 in aggregate liquidation amount of 8.327% Trust Preferred Securities of BanPonce Trust I (the 8.327% Trust Preferred Securities),

- $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),

- $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

- $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 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 July 8, 2009, the closing sale price for our Common Stock on Nasdaq was $1.46 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 **Popular Securities**

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

Citi

The date of this prospectus is July 9, 2009

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(cover page continued)

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	Aggregate Liquidation Amount Outstanding	Liquidation 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 attached to this prospectus as Annex A.

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

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. Please note that the Schedule TO which has been filed in connection with the Exchange Offer does not permit incorporation by reference of future filings. If a material change occurs in the information set forth in this prospectus, we will amend the Schedule TO accordingly.

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.

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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?

- 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.

- 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.

- 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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Questions and answers about the Exchange Offer

- 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?

- 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.

- 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.

- 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.

- 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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Questions and answers about the Exchange Offer

- 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.

- 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.

- 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.

- 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.

- 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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Questions and answers about the Exchange Offer

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

Questions and answers about the Exchange Offer

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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Questions and answers about the Exchange Offer

What are the key terms applicable to the Exchange Offer?

- The Exchange Offer will expire at 11:59 pm., New York time on July 28, 2009, unless extended or earlier terminated by us.
- You may withdraw any shares of Preferred Stock or Trust Preferred Securities that you previously tendered in the Exchange Offer on or prior to the expiration of the Exchange Offer. If you withdraw your shares of Preferred Stock, you will automatically revoke any Consent (as defined below) that you delivered with respect to those withdrawn shares of Preferred Stock.
- 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.

How do I participate in the Exchange Offer?

- Certain shares of Preferred Stock and all of the Trust Preferred Securities were issued in book-entry form, and are all currently represented by one or more global certificates held for the account of DTC. If your securities are book entry securities, you may tender your shares of Preferred Stock or Trust Preferred Securities by transferring them through 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 Banco Popular de Puerto Rico Fiduciary Services Division (1) the certificates for the shares of your Preferred Stock to be exchanged, together with a written notice of your 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 hold your shares of Preferred Stock or Trust Preferred Securities through a bank, broker or other nominee, in order to validly tender your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer, you must follow the instructions provided by your bank, broker, custodian, commercial bank, trust company or other nominee with regard to procedures for tendering, in order to enable your bank, broker, custodian, commercial bank, trust company or other nominee to comply with the procedures described below. **Beneficial owners are urged to appropriately instruct their 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 their instruction.**
- In order for a bank, broker, custodian, commercial bank, trust company or other nominee to validly tender your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer, such bank, broker, custodian, commercial bank, trust company or other nominee must deliver to the Exchange Agent an electronic message that will contain:
  - for tenders of shares of Preferred Stock, a Consent to approve the Preferred Stock Consent described above, or if you did not hold such shares of Preferred Stock as of June 26, 2009, which is the Preferred Stock Record Date, a Tender Certification to that effect;

Ø your acknowledgment and agreement to, and agreement to be bound by, the terms of the accompanying letters of transmittal;

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Questions and answers about the Exchange Offer

- Ø a timely confirmation of book-entry transfer of your shares of Preferred Stock or Trust Preferred Securities into the Exchange Agent s account.

Ø Should you have any questions as to the procedures for tendering your shares of Preferred Stock or Trust Preferred Securities and giving the Consent required by the accompanying letter of transmittal, please call your bank, broker, custodian, trust company or other nominee; or call the Information Agent, Global Bondholder Services Corporation, at 866-540-1500.

Ø **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 ON OR PRIOR TO THE EXPIRATION DATE. IF YOU HOLD YOUR SHARES OF PREFERRED STOCK OR TRUST PREFERRED SECURITIES THROUGH A BROKER, DEALER, CUSTODIAN, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER SHARES OF PREFERRED STOCK OR TRUST PREFERRED SECURITIES ON YOUR BEHALF ON OR PRIOR TO THE EXPIRATION DATE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND HAVE NO EFFECT. IF YOUR INTEREST AS A HOLDER OF PREFERRED STOCK IS IN CERTIFICATED FORM, YOU MUST DELIVER TO BANCO POPULAR DE PUERTO RICO FIDUCIARY SERVICES DIVISION THE PREFERRED STOCK CERTIFICATE TO BE EXCHANGED, TOGETHER WITH A WRITTEN NOTICE OF YOUR CONSENT AND/OR TENDER CERTIFICATION IN THE MANNER SPECIFIED IN THE ACCOMPANYING LETTER OF TRANSMITTAL AND 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**.

See The Exchange Offer Procedures for Tendering Shares of Preferred Stock or Trust Preferred Securities.

The Preferred Stock Consent is discussed under The Exchange Offer Purpose and Background of the Transactions Preferred Stock Consent. For additional information on the Preferred Stock Consent, please refer to the Consent Solicitation Statement (as defined below) attached as Annex A to this prospectus.

May I Consent without participating in the Exchange Offer?

You may give a Consent to the Series C Preferred Stock Exchange without tendering your shares of Preferred Stock in the Exchange Offer. In order to deliver your Consent 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. You may withdraw shares of Preferred Stock deposited with the applicable Exchange Agent for the purpose of giving your Consent on or prior to the expiration of the Exchange Offer. 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 to you, without additional 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.

Questions and answers about the Exchange Offer

Will there be a meeting of the holders of Preferred Stock?

No, there will not be a meeting. In order to save the expense associated with holding a special meeting, we have elected to obtain approval of the Senior Preferred Stock Issuance from holders of Preferred Stock by written consent pursuant to Article 7.17 of the Puerto Rico General Corporation Law and the provisions of our Certificate of Incorporation, rather than by calling a meeting of holders of Preferred Stock. We are soliciting Consents from all of our holders as of the Record Date of shares of Preferred Stock.

What if I don t indicate my decision with respect to the Senior Preferred Stock Issuance?

If you are a holder of record of shares of Preferred Stock and return a signed detachable voting instruction form or Letter of Transmittal without indicating your decision on the Senior Preferred Stock Issuance, you will be deemed to have given your Consent in favor of the Senior Preferred Stock Issuance.

If you hold your shares of Preferred Stock through a bank, broker, custodian, commercial bank, trust company or other nominee, and you return your voting instruction without indicating your decision, you will be deemed to have voted against the Senior Preferred Stock Issuance. Your bank, broker, custodian, commercial bank, trust company or other nominee will not have the discretion to consent with respect to the shares beneficially owned by you, and the failure to consent will be equivalent to a vote against the Senior Preferred Stock Issuance.

Who can I talk to if I have questions?

If you have questions regarding the Exchange Offer, please contact the Dealer Managers at the addresses and telephone numbers set out on the back cover of this prospectus.

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Summary

The following summary highlights material information contained in this prospectus. It 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.

THE COMPANY AND THE TRUSTS

Popular, Inc. is a full service financial institution with operations in Puerto Rico, the mainland United States, the Caribbean and Latin America. Headquartered in San Juan, Puerto Rico, Popular offers financial services in Puerto Rico and the mainland United States and processing services in the Caribbean and Latin America. As of March 31, 2009, Popular had approximately $37.7 billion in assets, $27.1 billion in deposits and $3.1 billion in stockholders equity.

Each of the four trusts (the Trusts) that issued Trust Preferred Securities eligible to participate in the Trust Preferred Securities Exchange Offer is a Delaware statutory trust. Popular or its wholly-owned subsidiary Popular North America, is the sole stockholder of all the common securities of each of the Trusts. The sole asset and only source of funds to make payments on the Trust Preferred Securities of each Trust is junior subordinated indebtedness issued by Popular (or its wholly-owned subsidiary Popular North America). To the extent that a Trust receives interest payments on the indebtedness, it is obligated to distribute those amounts to the holders of Trust Preferred Securities in the form of monthly or semi-annual distributions. Popular has provided holders of Trust Preferred Securities a guarantee in support of each Trust s obligation to make distributions on the Trust Preferred Securities, but only to the extent the Trust has funds available for distribution. In the event that a Trust does not receive interest payments on the indebtedness, whether because of a permitted deferral or otherwise, the Trust has no obligation to make distributions to holders of Trust Preferred Securities. We currently expect to continue making distributions on each series of 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 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.

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.

Popular s principal executive offices are located at 209 Muñoz Rivera Avenue, Hato Rey, Puerto Rico 00918, and our telephone number is (787) 765-9800.

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BACKGROUND TO THE TRANSACTION

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 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, or 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, they 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.

The following table sets forth our regulatory capital ratios, as of March 31, 2009, on an as reported basis, as well as on a pro forma basis after giving effect to the Exchange Offer. The pro forma ratios presented reflect: (i) completion of the Exchange Offer under the Low Participation Scenario (as defined under Unaudited Pro Forma Financial Information below) and (ii) completion of the Exchange Offer under the High Participation Scenario (as defined under Unaudited Pro Forma Financial Information below). This table should be read in conjunction with the information set forth under Selected Financial Data and Unaudited Pro Forma Financial Information and our consolidated unaudited financial statements set forth in our Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference into this prospectus. See also Risk Factors.

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	As of March 31, 2009 As Reported	Pro Forma for Exchange Offer (Low)	Pro Forma for Exchange Offer (High)
	%	%	%
Tier 1 Common	3.13	6.52	7.07
Tier 1 Capital	11.16	11.16	11.16
Total Capital	12.44	12.44	12.44
Leverage	8.54	8.54	8.54

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.

Dividend Suspension on Common Stock and Preferred Stock

On June 8, 2009, we announced the suspension of dividends indefinitely on our Common Stock and on our Series A and Series B Preferred Stock following the payment of the dividend on the Preferred Stock for the month of June on June 30, 2009.

We currently expect to continue making distributions on each series of 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 need to 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.

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, as described below, the U.S. Treasury will continue to receive dividends with respect to its investment in our securities despite the suspension of dividends indefinitely on our Common Stock and on the Series A and Series B Preferred Stock.

Preferred Stock Consent

Together with this prospectus, we have delivered to holders of shares of Series A Preferred Stock and Series B Preferred Stock a Consent Solicitation Statement (as defined below) under which we are seeking consent from the holders of shares of Series A Preferred Stock and Series B Preferred Stock under the certificates of designation (each, a Certificate of Designation) of each such series of Preferred Stock, acting as a separate class (the Preferred Stock Consent) to the Series C Preferred Stock Exchange by either:

- issuing 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), in exchange for shares of the Series C Preferred Stock, shares of preferred stock that will be senior (Senior Preferred Stock) to the shares of Preferred Stock;
- by redesignating the Series C Preferred Stock as Senior Preferred Stock; or
- entering into another form of transaction with the U.S. Treasury, as the holder of our Series C Preferred Stock, in which its shares of Series C Preferred Stock are cancelled and Senior Preferred Stock are issued.

Pursuant to the Consent Solicitation Statement, we are soliciting Consents (as defined below) from holders of shares of the Preferred Stock as of the close of business on June 26, 2009 (the Preferred Stock Record Date).

In order to validly tender your shares of Preferred Stock in the Exchange Offer, you must: (1) if you were a *record holder* of your shares of Preferred Stock as of the Preferred Stock Record Date, give a written consent in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock, in favor of the Preferred Stock Consent, or (2) if you were a *beneficial owner* of shares

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of Preferred Stock as of the Preferred Stock Record Date, contact your bank, broker, custodian, commercial bank, trust company or other nominee promptly and instruct it to give to a written consent in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock, in favor of the Preferred Stock Consent (each of the Consents and instructions referred to in (1) and (2) above, a Tendering Consent).

If you were not a record holder or a beneficial holder of your shares of Preferred Stock as of the Preferred Stock Record Date, you will not be required to grant a Tendering Consent with respect to such shares in order to tender your shares in the Exchange Offer, but you will be required to certify that you were not a holder of shares of Preferred Stock as of the Preferred Stock Record Date and are not entitled to consent with respect to such shares of Preferred Stock (a Tender Certification).

If you do not wish to tender your shares of Preferred Stock in the Exchange Offer, but you wish to take action with respect to the Preferred Stock Consent, you must: (1) if you were a *record holder* of your shares of Preferred Stock as of the Preferred Stock Record Date, using the detachable form provided in the accompanying letter of transmittal, consent to, withhold consent on, or abstain on the applicable Preferred Stock Consent and 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, or (2) if you were a *beneficial owner* of shares of Preferred Stock as of the Preferred Stock Record Date, contact your bank, broker, custodian, commercial bank, trust company or other nominee promptly and instruct it to consent to, withhold consent on, or abstain on your behalf in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock (each of the instructions referred to in (1) and (2) above, a Non-Tendering Consent and, together with each Tendering Consent, a 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 dividend 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 Senior Preferred Stock (as is the case with the Series C Preferred Stock) would count as Tier 1 capital. However, because there are quantitative limitations on the amount of trust preferred securities that count as Tier 1 Capital, we would not be able to count the full amount of the new trust preferred securities that we may issue to the U.S. Treasury for purposes of our Tier 1 capital ratio. Thus, obtaining the consents to complete the Senior Preferred Stock Issuance will allow us to maintain the regulatory capital treatment of the Series C Preferred Stock and our ratio of Tier 1 capital to risk-weighted assets following the Exchange Offer at the same level as prior to the Exchange Offer.

When acting on Preferred Stock Consent, the Preferred Stock votes by number of shares, with holders being entitled to one vote per share of Preferred Stock.

For additional information on the Preferred Stock Consent, please refer to the proxy statement on Schedule 14A filed by Popular on June 29, 2009, describing the Preferred Stock Consent (the Consent Solicitation Statement), which we are delivering to holders of shares of Preferred Stock together with this prospectus. The Consent Solicitation Statement is also attached to this prospectus as Annex A.

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Summary Terms of the Exchange Offer

Preferred Stock Exchange Offer

We are offering to issue up to 390,000,000 newly issued shares of our Common Stock in exchange for any and all of the issued and outstanding shares of Preferred Stock, validly tendered and not validly withdrawn on or prior to the expiration date, upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal (including, if the Preferred Stock Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment).

For each share of Preferred Stock that we accept for exchange in accordance with the terms of the Preferred Stock Exchange Offer, we will issue a number of shares of our Common Stock having the aggregate dollar value set forth in the applicable table below. The Relevant Price is 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.

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 we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to below.

Set forth below is a table that shows, with respect to each series of shares of Preferred Stock, the aggregate liquidation preference outstanding, the liquidation preference per share of Preferred Stock and the applicable Exchange Value for each series.

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

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See The Exchange Offer Terms of the Preferred Stock Exchange Offer and The Exchange Offer Procedures for Tendering Shares of Preferred Stock or Trust Preferred Securities.

Trust Preferred Securities Exchange Offer	Concurrently with the Preferred Stock Exchange Offer, we are also 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. 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 set forth in the applicable table below. 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 a 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. Accordingly, we may have to reduce (on a prorated basis) the Trust Preferred Securities of a series with Acceptance Priority Level 2 that we accept in this Exchange Offer to remain within this limit.

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 below.

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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	CUSIP	Title of Securities	Issuer	Aggregate Liquidation Amount Outstanding	Liquidation 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 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 with Acceptance Priority Level 2. 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

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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.

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.

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 on any shares of Preferred Stock) accepted in the Trust Preferred Securities Exchange Offer to but excluding the date of settlement of the Exchange Offer.

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.

Purpose of the Exchange Offer	The purpose of the Exchange Offer is to improve our capital structure by increasing our Tier 1 common equity and to reduce our interest expense liability associated with our Trust Preferred Securities.
Consideration Offered in the Exchange Offer	We are offering to exchange up to 390,000,000 newly issued shares of our Common Stock for outstanding shares of Preferred Stock and Trust Preferred Securities of the series identified on the cover page of this document, on the terms and

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subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal.

As of May 31, 2009, we had approximately 282 million shares of Common Stock outstanding.

We will accept properly tendered shares of Preferred Stock and Trust Preferred Securities for exchange for the Exchange Value (as defined below), on the terms and subject to the conditions of the Exchange Offer and subject to the proration provisions described below. We will promptly return any securities that are not accepted for exchange following the expiration or termination, as applicable, of the Exchange Offer and the determination of the final proration factor, if any, for the two series with Acceptance Priority Level 2, described below.

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 under The Exchange Offer Terms of the Preferred Stock Exchange Offer Offer Consideration and Terms of the Trust Preferred Securities Exchange Offer Offer Consideration, subject to the Minimum Share Price limitation. 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

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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.

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 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 relevant Exchange Value referred to above.

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

We are not making a recommendation as to whether you should exchange your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer. We have not retained, and do not intend to retain, any unaffiliated representative to act solely on behalf of the holders of the shares of Preferred Stock or Trust Preferred Securities for purposes of negotiating the Exchange Offer or preparing a report concerning the fairness of the Exchange Offer. You must make your own independent decision regarding your participation in the Exchange Offer.

Publication of Exchange Ratio Information

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

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	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.
Expiration Date	The Exchange Offer will expire at 11:59 pm., New York time, on July 28, 2009, unless the Exchange Offer is extended or earlier terminated by us. The term expiration date means such date and time or, if an Exchange Offer is extended, the latest date and time to which the Exchange Offer is so extended.
Proration	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 Trust Preferred Securities of the series with Acceptance Priority Level 2 in the Exchange Offer to remain within this limit. Any Trust Preferred Securities not accepted for exchange as a result of proration will be returned to tendering holders promptly after the final proration factor for each series is determined. See The Exchange Offer Terms of the Trust Preferred Securities Exchange Offer Acceptance Priority Levels; Prorationing.
Fractional Shares	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 share 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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Settlement Date	The settlement date with respect to the Exchange Offer will be a date promptly following the expiration date. We currently expect the settlement date to be three trading days after the expiration date.
Withdrawal Rights	You may withdraw previously tendered shares of Preferred Stock or Trust Preferred Securities at any time before the expiration date of the Exchange Offer. In addition, you may withdraw any shares of Preferred Stock or Trust Preferred Securities that you tender that are not accepted by us for exchange after the expiration of 40 business days after the commencement of the Exchange Offer. If you withdraw your shares of Preferred Stock, you will automatically revoke any Consent that you delivered with respect to those withdrawn shares of Preferred Stock.
See The Exchange Offer Withdrawal of Tenders.	
Conditions to the Exchange Offer	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. The Exchange Offer is not subject to receiving the Preferred Stock Consent. 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. See The Exchange Offer Conditions of the Exchange Offer.
Extensions; Waivers and Amendments; Termination	Subject to applicable law, we reserve the right to (1) extend the Exchange Offer; (2) waive any and all conditions to or amend the Exchange Offer in any respect, including amending the Exchange

	Value or the Minimum Share Price; or (3) terminate the Exchange Offer. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled expiration date. See The Exchange Offer Expiration Date; Extension; Termination; Amendment.
Procedures for Tendering Preferred Stock and Trust Preferred Securities	Certain shares of Preferred Stock and all of the Trust Preferred Securities were issued in book-entry form, and are all currently represented by one or more global certificates held for the account of DTC. If your securities are book entry securities, you may tender your shares of Preferred Stock or Trust Preferred Securities by transferring them through ATOP or following the other procedures described under The Exchange Offer Procedures for Tendering Shares of Preferred Stock or Trust Preferred Securities.

If you hold your shares of Preferred Stock or Trust Preferred Securities through a bank, broker or other nominee, in order to validly tender your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer, you must follow the instructions provided by your bank, broker, custodian, commercial bank, trust company or other nominee with regard to procedures for tendering, in order to enable your bank, broker, custodian, commercial bank, trust company or other nominee to comply with the procedures described below.

Beneficial owners are urged to instruct appropriately their 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 their instruction.

In order for a bank, broker, custodian, commercial bank, trust company or other nominee to tender validly your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer, such bank, broker, custodian, commercial bank, trust company or other nominee must deliver to the

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Exchange Agent an electronic message that will contain:

- for tenders of shares of Preferred Stock, a Consent to the Preferred Stock Consent described above, or if you did not hold such shares of Preferred Stock as of June 26, 2009, which is the Preferred Stock Record Date, a Tender Certification to that effect;
- your acknowledgment and agreement to, and agreement to be bound by, the terms of the accompanying letter of transmittal; and
- a timely confirmation of book-entry transfer of your shares of Preferred Stock or Trust Preferred Securities into the Exchange Agent s account.

Should you have any questions as to the procedures for tendering your shares of Preferred Stock or Trust Preferred Securities and giving the Consent or any questions as to the procedures for delivering a Consent without tendering shares of Preferred Stock required by the accompanying letter of transmittal, please call your bank, broker, custodian or other nominee; or call the Information Agent, Global Bondholder Services Corporation, at 866-540-1500.

On the date of any tender for exchange, if your interest in shares of Preferred Stock is in certificated form, you must do each of the following in order to validly tender for exchange:

- complete and manually sign the accompanying letter of transmittal provided by the Banco Popular de Puerto Rico Fiduciary Services Division, or a facsimile of the letter of transmittal, and deliver the signed letter to the Banco Popular de Puerto Rico Fiduciary Services Division;
- surrender the certificates for your shares of Preferred Stock to the Banco Popular de Puerto Rico Fiduciary Services Division;
- if required, furnish appropriate endorsements and transfer documents; and
- if required, pay all transfer or similar taxes.

You may obtain copies of the required form of the letter of transmittal from the Exchange Agent.

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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 ON OR PRIOR TO THE EXPIRATION DATE. IF YOU HOLD YOUR SHARES OF PREFERRED STOCK OR TRUST PREFERRED SECURITIES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER SHARES OF PREFERRED STOCK OR TRUST PREFERRED SECURITIES ON YOUR BEHALF ON OR PRIOR TO THE EXPIRATION DATE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND HAVE NO EFFECT. IF YOUR INTEREST AS A HOLDER OF PREFERRED STOCK IS IN CERTIFICATED FORM, YOU MUST DELIVER TO BANCO POPULAR DE PUERTO RICO FIDUCIARY SERVICES DIVISION THE PREFERRED STOCK CERTIFICATES TO BE EXCHANGED, TOGETHER WITH A WRITTEN CONSENT AND/OR TENDER CERTIFICATION IN THE MANNER SPECIFIED IN THE ACCOMPANYING LETTER OF TRANSMITTAL AND 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.

See The Exchange Offer Procedures for Tendering Shares of Preferred Stock or Trust Preferred Securities.

United States Federal Income Tax Considerations	The exchange of the shares of Preferred Stock, 6.70% Trust Preferred Securities or 6.125% Trust Preferred Securities for shares of our Common Stock pursuant to the Exchange Offer will be treated as a recapitalization for U.S. federal income tax purposes. Therefore, except with respect to accrued but unpaid distributions on the 6.70% Trust Preferred Securities or 6.125% Trust Preferred Securities, no gain or loss will be

	recognized upon consummation of the Exchange Offer. The exchange of 8.327% Trust Preferred Securities or 6.564% Trust Preferred Securities for shares of our Common Stock will be treated as a taxable sale or exchange for U.S. federal income tax purposes, and U.S. Holders will recognize gain or loss in an amount equal to the difference between their adjusted tax basis in the 8.327% Trust Preferred Securities or 6.564% Trust Preferred Securities and the fair market value of the Common Stock received by you pursuant to the Exchange Offer. See Taxation Material U.S. Federal Income Tax Consequences to U.S. Holders. Each prospective investor should consult its own tax advisor regarding the U.S. federal, state, local, and foreign income and other tax consequences of exchanging the shares of Preferred Stock or Trust Preferred Securities for shares of our Common Stock and of owning and disposing of shares of our Common Stock.
Puerto Rico Income Tax Considerations	The exchange of the shares of Preferred Stock, 6.70% Trust Preferred Securities or 6.125% Trust Preferred Securities for shares of our Common Stock pursuant to the Exchange Offer will be treated as a recapitalization for Puerto Rico income tax purposes. Therefore, except with respect to accrued but unpaid distributions not previously taken into income on the 6.70% Trust Preferred Securities or 6.125% Trust Preferred Securities, no gain or loss will be recognized upon consummation of the Exchange Offer. The exchange of 8.327% Trust Preferred Securities or 6.564% Trust Preferred Securities for shares of our Common Stock will be treated as a taxable sale or exchange for Puerto Rico income tax purposes, and Puerto Rico residents and non-residents will recognize gain or loss in an amount equal to the difference between their adjusted tax basis in the 8.327% Trust Preferred Securities or 6.564% Trust Preferred Securities and the fair market value of the Common Stock received by you pursuant to the Exchange Offer. See Taxation Certain Puerto Rico Tax Considerations. Each prospective investor should consult its own tax advisor regarding the application to its particular circumstances of the Puerto Rico income tax consequences summarized above as well as the application of any, state, local, and foreign income and other tax consequences of exchanging the

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	shares of Preferred Stock or Trust Preferred Securities for our Common Stock and of owning and disposing of our Common Stock.
Consequences of Failure to Exchange Shares of Preferred Stock or Trust Preferred Securities	Shares of Preferred Stock not exchanged in the Exchange Offer will remain outstanding after consummation of the Exchange Offer. As previously announced, we will suspend dividends on the Preferred Stock after the dividend payment in respect of the Preferred Stock on June 30, 2009. We intend to delist any remaining shares of Preferred Stock from trading on the Nasdaq Stock Market and, to the extent permitted by law, we intend to deregister any such remaining shares. The reduction in the number of shares available for trading and the suspension of dividends on the Preferred Stock may have a significant and adverse effect on the liquidity of any trading market for, and the price of, shares of Preferred Stock not exchanged in the Preferred Stock Exchange Offer and may result in the shares of Preferred Stock being illiquid for an indefinite period of time. In addition, regardless of whether the Preferred Stock Consent is obtained, the Series C Preferred Stock will have a senior right to dividends or distributions, either as Senior Preferred Stock or trust preferred securities. Therefore, we plan to continue to pay dividends or make distributions to the U.S. Treasury notwithstanding the dividend suspension on the Series A and Series B Preferred Stock.

Trust Preferred Securities not exchanged in the Trust Preferred Securities Exchange Offer will remain outstanding after consummation of the Trust Preferred Securities Exchange Offer. As previously announced, we currently expect to continue making 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 need to 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. As described above, we currently intend to deliver any Trust Preferred Securities accepted for exchange in the Trust Preferred Securities Exchange Offer to the applicable trustee for cancellation. As a result, the number of Trust Preferred Securities of any series available for

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	trading may be substantially reduced, and this may have a significant and adverse effect on the liquidity of any trading market for, and the price of, the Trust Preferred Securities of that series not exchanged in the Trust Preferred Securities Exchange Offer and may result in the Trust Preferred Securities of that series being less liquid for an indefinite period of time.
Comparison of the Rights of our Common Stock, Preferred Stock and Trust Preferred Securities	There are material differences between the rights of a holder of our Common Stock and a holder of the Preferred Stock and Trust Preferred Securities. See Comparison of Rights Between the Preferred Stock, Trust Preferred Securities and the Common Stock.
Appraisal/Dissenters Rights	No appraisal or dissenters rights are available to holders of shares of Preferred Stock or Trust Preferred Securities under applicable law in connection with the Exchange Offer.
Market Trading	Our Common Stock is traded on the Nasdaq Stock Market under the symbol BPOP. The last reported closing price of our Common Stock on July 8, 2009, the last trading day prior to the date of this prospectus, was $1.46 per share. The required notification of listing of additional shares of Common Stock to be issued in the Exchange Offer has been submitted to the Nasdaq Stock Market and accepted by the Nasdaq. The shares of Preferred Stock and the 6.70% Trust Preferred Securities and the 6.125% Trust Preferred Securities are traded on the Nasdaq Stock Market. The 8.327% Trust Preferred Securities and the 6.564% Trust Preferred Securities are not listed or quoted for trading on any securities exchange.
Brokerage Commissions	No brokerage commissions are payable by the holders of the shares of Preferred Stock or Trust Preferred Securities to the Dealer Managers, the Exchange Agents, the Information Agent or us.
Soliciting Dealer Fee	With respect to any tender of a series of shares of Preferred Stock or the 6.70% Trust Preferred Securities and the 6.125% Trust Preferred Securities (the PR Trust Preferred Securities), we will pay the relevant soliciting dealer a fee of 0.50% of the liquidation preference or liquidation amount accepted for exchange. See The Exchange Offer Soliciting Dealer Fee.

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Lead Dealer Managers	UBS Securities LLC and Popular Securities, Inc.
Co-Lead Dealer Manager	Citigroup Global Markets Inc.
Information Agent and Exchange Agents	Global Bondholder Services Corporation except in the case of certificated securities in which case the Exchange Agent will be Banco Popular de Puerto Rico Fiduciary Services Division.
Further Information	If you have questions about any of the terms of the Exchange Offer, please contact the Dealer Managers or the Information Agent. If you have questions regarding the procedures for tendering your shares of Preferred Stock or Trust Preferred Securities or about delivering a Consent without tendering shares of Preferred Stock, please contact the Information Agent. The contact information for the Dealer Managers, Information Agent and the Exchange Agents are set forth on the back cover page of this prospectus.

As required by the Securities Act of 1933, as amended, Popular filed a registration statement (No. 333-159843) relating to the Exchange Offer with the Securities and Exchange Commission. This document is a part of that registration statement, which includes additional information.

See also Where You Can Find More Information.

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Risk factors

You should carefully consider the risks described below and all of the information contained and incorporated by reference in this prospectus before you decide whether to participate in the Exchange Offer. In particular, you should carefully consider, among other things, the matters discussed below and 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. The Risks Relating to Our Business immediately below supplement the 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.

RISKS RELATING TO OUR BUSINESS

Our financial results for the second quarter and our financial condition continue to be affected by the deterioration in the credit quality of our portfolio and economic conditions affecting the markets in which we operate.

Although our financial results for the second quarter of 2009 are not yet complete, the credit quality of our portfolio continues to deteriorate and is likely to have an adverse affect on our financial results for this period and our financial condition as of June 30, 2009. Continued adverse changes in the economy and negative trends in employment and property values in the markets in which we operate, which are described more fully below, have continued to have an adverse affect on our provision for loan losses for the second quarter and we expect to incur a net loss for the quarter comparable to the net loss we incurred in the first quarter of 2009 after excluding gains on sale of investment securities in each period. We will continue to evaluate our allowance for loan losses and may be required to increase such amounts, perhaps substantially.

Among other factors, an increase in our allowance for loan losses would result in a reduction in the amount of our tangible common equity. Given the focus on tangible common equity by regulatory authorities, rating agencies and the market, we may be required to raise additional capital through the issuance of additional Common Stock. As described below, an increase in our capital through an issuance of Common Stock could have a dilutive effect on the existing holders of our Common Stock, including holders receiving Common Stock in the Exchange Offer, and adversely affect its market price.

During the first and second quarters of 2009, our overall credit quality has continued to be affected by the sustained deterioration of the economic conditions affecting our markets, including higher unemployment levels, unprecedented reduced absorption rates of new housing units and declines in property values.

As set forth under Management s Discussion and Analysis of Results of Operations and Financial Condition Non-Performing Assets in our Form 10-Q for the quarter ended March 31, 2009, our credit quality performance has continued to be under pressure during 2009 with economic concerns including higher unemployment levels, unprecedented reduced absorption rates of new housing units and declines in property values. Non-performing assets increased by $207 million at March 31, 2009 as compared to December 31, 2008 and by $634 million as compared to March 31, 2008. The amount of non-performing assets will increase again at June 30, 2009. The allowance for loan losses of $1.1 billion at March 31, 2009 was 4.19% of period-end loans held-in-portfolio, as compared to 3.43% of period-end loans held-in-portfolio on December 31, 2008 and 2.18% of period-end loans held-in-portfolio on March 31, 2008. The allowance for loan losses will also increase further at June 30, 2009.

Risk factors

Our business depends on the creditworthiness of our customers and the value of the assets securing our loans.

If the credit quality of the customer base materially decreases or if the risk profile of a market, industry or group of customers changes materially, our business, financial condition, allowance levels, liquidity, capital and results of operations could be adversely affected. While we believe that our allowance for loan losses was adequate at March 31, 2009, there is no certainty that it will be sufficient to cover future credit losses in the portfolio because of continued adverse changes in the economy, market conditions or events negatively affecting specific customers, industries or markets both in Puerto Rico and the United States. We periodically review the allowance for loan losses for adequacy considering economic conditions and trends, collateral values and credit quality indicators, including past charge-off experience and levels of past due loans and non-performing assets.

Recent actions by the rating agencies have raised the cost of our borrowings, could affect our ability to borrow in the future and may have other adverse effects on our business.

Recent actions by the rating agencies have raised the cost of our borrowings. Borrowings amounting to $350 million have ratings triggers that call for an increase in their interest rate in the event of a ratings downgrade. For example, as a result of rating downgrades effected by the major rating agencies in April 2009, the cost of servicing $350 million of our senior debt increased by an additional 75 basis points. Additionally, the cost of servicing that $350 million of senior debt increased by an additional 150 basis points as a result of further rating downgrades effected by the major rating agencies in June 2009.

Actions by the rating agencies, including reducing the rating of the Corporation s preferred stock to non-investment grade (by two rating agencies) and the Corporation s senior debt to non-investment grade (also by two rating agencies) could also affect our ability to borrow funds. The market for non-investment grade securities is much smaller and less liquid than for investment grade securities. Therefore, if we were to attempt to issue senior debt or preferred stock in the capital markets, it is possible that there would not be sufficient demand to complete a transaction and the cost could be substantially higher than for more highly rated securities.

In addition, changes in our ratings have affected and could continue to affect our relationships with some creditors and business counterparties. For example, many of our hedging transactions include ratings triggers that permit counterparties to either request additional collateral or terminate our agreements with them based on our below investment grade ratings. Although we have been able to meet any additional collateral requirements thus far and expect that we would be able to enter into agreements with substitute counterparties if any of our existing agreements were terminated, changes in our hedging transactions could create additional costs for our businesses. In addition, servicing and custodial agreements that we are party to with third parties, including the Federal National Mortgage Association, or FNMA, include ratings covenants. Servicing rights represent a contractual right and not a beneficial ownership interest in the underlying mortgage loans. Failure to service the loans in accordance with contract requirements may lead to a termination of the servicing rights and the loss of future servicing fees. Based on our failure to maintain an investment grade rating, those third parties have the right to require us to increase collateral levels, engage a substitute custodian and/or terminate their agreements with us. The termination of those agreements or the inability to realize servicing income for our businesses could have an adverse effect on those businesses. Other counterparties are also sensitive to the risk of a ratings downgrade and the implications for our businesses and may be less likely to engage in transactions with us, or may only engage in them at a substantially higher cost, if our ratings remain below investment grade.

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Risk factors

Legislative and regulatory actions taken now or in the future to address the current liquidity and credit crisis in the financial industry may significantly affect our financial condition, results of operations, liquidity or stock price.

Current economic conditions, particularly in the financial markets, have resulted in government regulatory agencies and political bodies placing increased focus and scrutiny on the financial services industry. The U.S. Government has intervened on an unprecedented scale, responding to what has been commonly referred to as the financial crisis. In addition to the U.S. Treasury Department s Capital Purchase Program (CPP) under the Troubled Asset Relief Program (TARP) announced last fall and the new Capital Assistance Program (CAP) announced this spring, further steps taken include enhancing the liquidity support available to financial institutions, establishing a commercial paper funding facility, temporarily guaranteeing money market funds and certain types of debt issuances, and increasing insurance on bank deposits. Also, the U.S. Congress, through the Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009, have imposed a number of restrictions and limitations on the operations of financial services firms participating in the federal programs. Most recently, on June 17, 2009, the Administration released a financial regulatory reform plan that would, if enacted, represent the most sweeping reform of financial regulation and financial services since the 1930s.

These programs and proposals subject us and other financial institutions to additional restrictions, oversight and costs that may have an adverse impact on our business, financial condition, results of operations or the price of our Common Stock. The Administration s financial reform plan would, if enacted, further substantially increase regulation of the financial services industry and impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. We cannot predict the substance or impact of pending or future legislation, regulation or the application thereof. Compliance with such current and potential regulation and scrutiny may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner.

Increases in FDIC insurance premiums may have a material adverse affect on the Corporation s earnings.

During 2008 and continuing in 2009, higher levels of bank failures have dramatically increased resolution costs of the Federal Deposit Insurance Corporation (FDIC) and depleted the deposit insurance fund. In addition, the FDIC instituted two temporary programs effective through December 31, 2009, to further insure customer deposits at FDIC-member banks: deposit accounts are now insured up to $250,000 per customer (up from $100,000) and non-interest bearing transactional accounts are fully insured (unlimited coverage). These programs have placed additional stress on the deposit insurance fund.

In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund, the FDIC increased assessment rates of insured institutions uniformly by 7 cents for every $100 of deposits beginning with the first quarter of 2009, with additional changes beginning April 1, 2009, which require riskier institutions to pay a larger share of premiums by factoring in rate adjustments based on secured liabilities and unsecured debt levels. In February 2009, the FDIC voted to amend the restoration plan and impose a special assessment of 20 cents for every $100 of assessable deposits on insured institutions on June 30, 2009, which would be collected on September 30, 2009. In May 2009, the FDIC adopted a final rule, effective June 30, 2009, that will impose a special assessment of 5 cents

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for every $100 on each insured depository institution s assets minus its Tier 1 capital as of June 30, 2009, subject to a cap equal to 10 cents per $100 of assessable deposits for the second quarter 2009 risk-based capital assessment. This special assessment will apply to us and we estimate our special assessment to be approximately $16.7 million.

We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures or our capital position is further impaired, we may be required to pay even higher FDIC premiums than the recently increased levels. Our expenses for the quarter ending June 30, 2009 have been significantly and adversely affected by these increased premiums. These announced increases and any future increases in FDIC insurance premiums may materially adversely affect our results of operations.

Weakness in the economy and in the real estate market in the geographic footprint of Popular has adversely impacted and may continue to adversely impact Popular.

A significant portion of our financial activities and credit exposure is concentrated in the Commonwealth of Puerto Rico (the Island) and the Island s economy has been deteriorating.

This decline in the Island s economy has resulted in, among other things, a downturn in our loan originations, an increase in the level of our non-performing assets, loan loss provisions and charge-offs, particularly in our construction loan portfolio, an increase in the rate of foreclosure loss on mortgage loans and a reduction in the value of our loans and loan servicing portfolio, all of which have adversely affected our profitability. If the decline in economic activity continues, there could be further adverse effects on our profitability.

The Commonwealth of Puerto Rico government is currently facing a fiscal deficit which has been estimated at approximately $3.0 billion or over 30% of its annual budget. It continues to review alternatives for reducing the deficit, as its access to the municipal bond market and its credit ratings depend, in part, on achieving a balanced budget. Measures that the government has implemented have included reducing expenses, including public-sector employment through layoffs of employees. It has been reported that the Commonwealth of Puerto Rico government could layoff as many as 30,000 employees, with approximately 8,000 employee layoffs taking place in early June 2009. Since the government is an important source of employment on the Island, these measures could have the effect of intensifying the current recessionary cycle.

The economy of Puerto Rico is sensitive to the price of oil in the global market. The Island does not have significant mass transit available to the public and most of its electricity is powered by oil, making it highly sensitive to fluctuations in oil prices. A substantial increase in its price could impact adversely the economy of Puerto Rico, by reducing disposable income and increasing the operating costs of most businesses and government. Consumer spending is particularly sensitive to wide fluctuations in oil prices.

The level of real estate prices in Puerto Rico has been more stable than in other U.S. markets, but the current economic environment and future developments in Puerto Rico and the mainland U.S. could further pressure residential property values. Lower real estate values could increase loan delinquencies, foreclosures and the cost of repossessing and disposing of real estate collateral.

The current state of the economy and uncertainty in the private and public sectors has had an adverse effect on the credit quality of our loan portfolios. The continuation of the economic slowdown would cause those adverse effects to continue, as delinquency rates may increase in the short-term, until sustainable growth resumes. Also, a potential reduction in consumer spending may also impact growth in our other interest and non-interest revenue sources.

RISKS RELATED TO THE FUTURE ISSUANCE OF A SIGNIFICANT AMOUNT OF OUR COMMON STOCK AND DILUTION OF HOLDERS OF OUR COMMON STOCK, INCLUDING PARTICIPANTS IN THE EXCHANGE OFFER

Additional assistance from the U.S. Government may further dilute existing holders of our Common Stock, including participants in the Exchange Offer.

In December 2008, Popular issued approximately $935 million in shares of cumulative preferred stock together with a warrant to purchase up to approximately 21 million shares of our Common Stock at an exercise price of $6.70 per share to the United States Treasury (U.S. Treasury). The Exchange Offer does not involve any additional investment in Popular by the U.S. Treasury or the U.S. Government. Notwithstanding that, there may be new regulatory requirements or standards or additional U.S. Government programs or requirements or losses in the future that could result in, or require, additional equity issuances. Such further equity issuances would further dilute the existing holders of our Common Stock (including participants in the Exchange Offer) perhaps significantly.

Although not currently contemplated, we could obtain Tier 1 common equity by exchanging (with the approval of the U.S. Treasury) a number of shares of the Series C Preferred Stock we issued to the U.S. Treasury under the CPP for shares of mandatory convertible preferred stock issued under the CAP or for Common Stock or another common equivalent security that the U.S. Treasury otherwise agrees to purchase, directly or indirectly. Such an exchange could also involve the issuance of additional warrants to the U.S. Treasury to purchase additional shares of our common stock as contemplated by the published terms of the CAP. The issuance of additional shares of our Common Stock or common equivalent securities in future equity offerings, to the U.S. Treasury under the CAP or otherwise, or as a result of the exercise of the warrant the U.S. Treasury holds, will dilute the ownership interest of our existing common stockholders and could also involve U.S. Government constraints on our operations.

Additional issuances of Common Stock or securities convertible into Common Stock may further dilute existing holders of our Common Stock, including participants in the Exchange Offer.

We may, in the future, determine that it is advisable, or we may encounter circumstances where we determine it is necessary, to issue additional shares of our Common Stock, securities convertible into or exchangeable for shares of our Common Stock, or common-equivalent securities to fund strategic initiatives or other business needs or to build additional capital. The market price of our Common Stock could decline as a result of this offering or other offerings, as well as other sales of a large block of shares of our Common Stock or similar securities in the market thereafter, or the perception that such sales could occur. We may need to increase our authorized capital in order to raise such equity capital.

If holders of our Preferred Stock and Trust Preferred Securities do not participate in the Exchange Offer in sufficient amounts, we may have to increase our Tier 1 common equity through other means, including through asset sales or by raising capital privately or issuing mandatory convertible preferred stock and related warrants to the U.S. Treasury, which could further dilute the existing holders of our Common Stock, including participants in the Exchange Offer.

In addition, such additional equity issuances would reduce any earnings available to the holders of our Common Stock and the return thereon unless our earnings increase correspondingly. We cannot predict the size of future equity issuances, if any, or the effect that they may have on the market price of the Common Stock. The issuance of substantial amounts of equity, or the perception that such issuances may occur, could adversely affect the market price of our Common Stock. See also Risk Factors We may raise additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our Common Stock in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

We may not receive stockholder approval to increase our authorized capital to raise additional equity capital.

If holders of Preferred Stock and Trust Preferred Securities participate in the Exchange Offer to a significant extent and/or the Relevant Price of our Common Stock (on which the Exchange Value is based) is at or near the Minimum Share Price, we will issue a significant number of shares of our Common Stock in the Exchange Offer, which will leave us with only a limited number of authorized and unreserved shares of Common Stock to issue in the future.

In order to raise equity capital to any significant extent thereafter, we would be required to obtain stockholder approval to increase our authorized capitalization. We obtained approval at our Annual Meeting of Stockholders on May 1, 2009 to increase the authorized number of shares of our Common Stock, from 470,000,000 to 700,000,000. However, our stockholders may not approve a further increase. Any failure to receive such approval would impair our ability to raise additional equity capital.

We will not accept shares of Preferred Stock for exchange unless, in the case of tenders by holders of shares of Preferred Stock as of the Preferred Stock Record Date, the tendering holder grants a Consent to approve the Preferred Stock Consent.

Tendering holders of shares of Preferred Stock that were holders of shares of Preferred Stock as of the Preferred Stock Record Date must grant a Consent to approve the Preferred Stock Consent. As a result, even if you believe that the Preferred Stock Consent would not be in your best interest (for example, if you elect to tender some, but not all of your shares of Preferred Stock in the Preferred Stock Exchange Offer), if you were a holder of shares of Preferred Stock as of the Preferred Stock Record Date and wish to tender any of such shares of Preferred Stock you must nonetheless follow the instructions in the accompanying letter of transmittal to execute a written consent in favor of the Preferred Stock Consent with respect to the shares of Preferred Stock you tender.

RISKS RELATED TO THE MARKET PRICE AND VALUE OF THE COMMON STOCK OFFERED IN THE EXCHANGE OFFER

The Exchange Offer will result in a substantial amount of our Common Stock entering the market, which could adversely affect the market price of our Common Stock.

As of May 31, 2009, we had approximately 282 million shares of our Common Stock outstanding. Following consummation of the Exchange Offer, assuming the Exchange Offer is fully subscribed, this figure will increase to approximately 672 million shares of our Common Stock. The issuance of such a large number of shares of our Common Stock in such a short period of time will significantly reduce earnings per common share and could adversely affect the market price of our Common Stock.

The Minimum Share Price limitation may result in your receiving shares of our Common Stock worth significantly less than the shares you would receive in the absence of that constraint.

The closing sale price for our Common Stock on the Nasdaq Stock Market on July 8, 2009 was $1.46 per share, which is less than the Minimum Share Price. If the Average VWAP is less than the Minimum Share Price, we will use the Minimum Share Price and not the Average VWAP to calculate the number of shares of our Common Stock you will receive. In that case you could receive shares of our Common Stock with a value that may be significantly less than the value of the shares you would receive in the absence of that limitation.

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Although the number of shares of our Common Stock offered in the Exchange Offer for each share of Preferred Stock and each Trust Preferred Security will be determined based on the Average VWAP of our Common Stock during the five trading day period ending on the second business day immediately preceding the currently scheduled expiration date (subject to the Minimum Share Price of $2.50/share), the market price of our Common Stock will fluctuate, and the market price of such shares of our Common Stock upon settlement of the Exchange Offer could be less than the market price used to determine the number of shares you will receive.

The number of shares of our Common Stock offered for each share of Preferred Stock and Trust Preferred Security accepted for exchange will be determined based on the Average VWAP of the Common Stock during the five trading day period ending on the second business day immediately preceding the currently scheduled expiration date (subject to the Minimum Share Price of $2.50/share) and will not be adjusted regardless of any increase or decrease in the market price of our Common Stock, the Preferred Stock or the Trust Preferred Securities between the expiration date of the Exchange Offer and the settlement date. Therefore, the market price of the Common Stock at the time you receive your Common Stock on the settlement date could be significantly less than the market price used to determine the number of shares you will receive. The market price of our Common Stock has recently been subject to significant fluctuations and volatility.

The market price of our Common Stock may be subject to continued significant fluctuations and volatility.

The stock markets have recently experienced high levels of volatility. These market fluctuations have adversely affected, and may continue to adversely affect, the trading price of our Common Stock. In addition, the market price of our Common Stock has been subject to significant fluctuations and volatility because of factors specifically related to our businesses and may continue to fluctuate or further decline. Factors that could cause fluctuations, volatility or further decline in the market price of our Common Stock, many of which could be beyond our control, include the following:

- Ø changes or perceived changes in the condition, operations, results or prospects of our businesses and market assessments of these changes or perceived changes;
- Ø announcements of strategic developments, acquisitions and other material events by us or our competitors;
- Ø changes in governmental regulations or proposals, or new governmental regulations or proposals, affecting us, including those relating to the current financial crisis and global economic downturn and those that may be specifically directed to us;
- Ø the continued decline, failure to stabilize or lack of improvement in general market and economic conditions in our principal markets;
- Ø the departure of key personnel;
- Ø changes in the credit, mortgage and real estate markets;
- Ø operating results that vary from the expectations of management, securities analysts and investors;

- operating and stock price performance of companies that investors deem comparable to us; and
- market assessments as to whether and when the Exchange Offer will be consummated.

You are urged to obtain current market quotations for our Common Stock when you consider the Exchange Offer.

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The price of our Common Stock is depressed and may not recover.

The price of our Common Stock has declined significantly from a closing price of $13.02 on May 1, 2008, to a closing price of $1.46 on July 8, 2009, the last trading day prior to the date of this prospectus. Our stock price may never recover to prior levels or to any particular level. Many factors that we cannot predict or control, including the factors listed under The market price of our Common Stock may be subject to continued significant fluctuations and volatility, and factors over which we may only have limited control, including the factors listed under Risks Relating to Our Business may cause sudden changes in the price of our Common Stock or prevent the price of our Common Stock from recovering.

RISKS RELATED TO THE RIGHTS OF OUR COMMON STOCK COMPARED TO THE RIGHTS OF OUR DEBT OBLIGATIONS AND SENIOR EQUITY SECURITIES, INCLUDING THE SHARES OF PREFERRED STOCK OR TRUST PREFERRED SECURITIES

All of our debt obligations and our senior equity securities, including any shares of Preferred Stock or Trust Preferred Securities that remain outstanding after the Exchange Offer and the securities held by the U.S. Treasury, will have priority over our Common Stock with respect to payment in the event of liquidation, dissolution or winding up, and with respect to the payment of dividends.

In any liquidation, dissolution or winding up of Popular, our Common Stock would rank below all debt claims against us and claims of all of our outstanding shares of preferred stock and other senior equity securities, including any shares of Preferred Stock or Trust Preferred Securities that are not exchanged for Common Stock in the Exchange Offer and the securities held by the U.S. Treasury, which will be either Senior Preferred Stock or newly issued trust preferred securities. As a result, holders of our Common Stock, including holders of shares of Preferred Stock or Trust Preferred Securities whose securities are accepted for exchange in the Exchange Offer, will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of Popular until after all our obligations to our debt holders have been satisfied and holders of senior equity securities have received any payment or distribution due to them.

In addition, we are required to pay dividends on our preferred stock before we pay any dividends on our Common Stock. Holders of our Common Stock will not be entitled to receive payment of any dividends on their shares of our Common Stock unless and until we resume payments of dividends on our preferred stock.

Holders of Trust Preferred Securities whose securities are accepted in the Exchange Offer will be giving up their right to future distributions on those Trust Preferred Securities.

We have announced that we currently intend to continue paying distributions on our Trust Preferred Securities in accordance with their current terms. However, if your Trust Preferred Securities are tendered and accepted for exchange in the Trust Preferred Securities Exchange Offer, you will be giving up your right to any future distributions on your Trust Preferred Securities. We have no obligation to pay, and may not be permitted to pay, dividends on our Common Stock in the future. By participating in the Exchange Offer, holders of Trust Preferred Securities are giving up their right to receive distributions on their tendered Trust Preferred Securities.

Dividends on our Common Stock have been suspended and you may not receive funds in connection with your investment in our Common Stock without selling your shares of our Common Stock.

Holders of our Common Stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. We have announced the suspension of dividend payments on our Common Stock. In addition, we will be unable to pay dividends on our Common Stock unless and until we resume payments of dividends on our Preferred Stock. Furthermore, prior to December 5, 2011, unless we have redeemed all of the Series C Preferred Stock (or any successor security) or the U.S. Treasury has transferred all of the Series C Preferred Stock (or any successor security) to third parties, the consent of the U.S. Treasury will be required for us to, among other things, increase the dividend rate per share of Common Stock above $0.08 per share or to repurchase or redeem equity securities, including our Common Stock, subject to certain limited exceptions. This could adversely affect the market price of our Common Stock. Also, we are a bank holding company and our ability to declare and pay dividends is dependent on certain Federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. Moreover, the Federal Reserve and the FDIC have issued policy statements stating that the bank holding companies and insured banks should generally pay dividends only out of current operating earnings. In the current financial and economic environment, the Federal Reserve has indicated that bank holding companies should carefully review their dividend policy and has discouraged dividend pay-out ratios that are at the 100% or higher level unless both asset quality and capital are very strong.

In addition, the terms of our outstanding junior subordinated debt securities held by each Trust that has issued Trust Preferred Securities prohibit us from declaring or paying any dividends or distributions on our capital stock, including our Common Stock, or purchasing, acquiring, or making a liquidation payment on such stock, if we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing.

Accordingly, you may have to sell some or all of your shares of our Common Stock in order to generate cash flow from your investment. You may not realize a gain on your investment when you sell the Common Stock and may lose the entire amount of your investment.

Offerings of debt, which would be senior to our Common Stock upon liquidation, and/or preferred equity securities, which may be senior to our Common Stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our Common Stock.

We may attempt to increase our capital resources or, if our or the capital ratios of our banking subsidiaries fall below the required minimums, we or our banking subsidiaries could be forced to raise additional capital by making additional offerings of debt or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our Common Stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our Common Stock, or both. Our board of directors is authorized to waive the preemptive rights otherwise provided in our Certificate of Incorporation.

Our board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our Common Stock with respect to dividends or upon our dissolution, winding up and liquidation and other terms. If we issue preferred shares in the future that have a preference over our Common Stock with respect to the payment of dividends or upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of the Common Stock, the rights of holders of our Common Stock or the market price of our Common Stock could be adversely affected.

ADDITIONAL RISKS RELATED TO THE EXCHANGE OFFER

The value of the Common Stock you receive may be lower than the Exchange Value of your shares of Preferred Stock or Trust Preferred Securities.

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 at the settlement date 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 may fail to realize all of the anticipated benefits of the Exchange Offer.

The primary goal of the Exchange Offer is to increase our Tier 1 common equity. A view has recently developed that Tier 1 common equity is an important metric for analyzing a financial institution s financial condition and capital strength. We believe that increasing our Tier 1 common equity will enhance our standing with our Federal banking regulators and improve market and public perception of our financial strength. Tier 1 common equity has recently emerged as an important metric for analyzing a financial institution s financial condition and capital strength. If there is not a significant response to the Exchange Offer, we may fail to reach Tier 1 common equity levels required by our regulator. Additionally, given the rapidly changing and uncertain financial environment, we may not be able to achieve these objectives. Therefore, there is a risk that the benefits, if any, realized from the Exchange Offer will not be sufficient to restore market and public perception of our financial strength or to reach required Tier 1 capital levels. In such case, we may have to seek additional assistance, if available, from the U.S. Government.

Even if we complete the Exchange Offer, without a high level of participation, we will not realize the intended goal of substantially increasing Tier 1 common equity.

As described above, the primary goal of the Exchange Offer is to increase our Tier 1 common equity. Without a high level of participation in the Exchange Offer, that goal will not be realized. If holders of our Preferred Stock and Trust Preferred Securities do not participate in the Exchange Offer in sufficient amounts, we may have to increase our Tier 1 common equity through other means, including through asset sales or by raising capital privately or issuing mandatory convertible preferred stock and related warrants to the U.S. Treasury, which could further dilute the existing holders of our Common Stock, including participants in the Exchange Offer. See Risks related to the future issuance of a significant amount of our Common Stock and dilution of holders of our Common Stock, including participants in the Exchange Offer Additional assistance from the U.S. Government may further dilute existing holders of our Common Stock, including participants in the Exchange Offer in this prospectus. In addition, such additional equity issuances would reduce any earnings available to the holders of our Common Stock and the return thereon unless our earnings increase correspondingly. We cannot predict the size of future equity issuances, if any, or the effect that they may have on the market price of the Common Stock. The issuance of substantial amounts of equity, or the perception that such issuances may occur, could adversely affect the market price of our Common Stock. See also Risk Factors We may raise

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additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our Common Stock in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

We have not obtained a third-party determination that the terms of the Exchange Offer are fair to holders of the shares of Preferred Stock or Trust Preferred Securities.

We are not making a recommendation as to whether you should exchange your shares of Preferred Stock or Trust Preferred Securities in the Exchange Offer. Certain of our executive officers and directors own shares of Preferred Stock and they have advised us that they intend to participate in the Exchange Offer. We have not retained, and do not intend to retain, any unaffiliated representative to act solely on behalf of the holders of the shares of Preferred Stock or Trust Preferred Securities for purposes of negotiating the Exchange Offer or preparing a report concerning the fairness of the Exchange Offer. You must make your own independent decision regarding your participation in the Exchange Offer.

Failure to successfully complete the Exchange Offer could negatively affect the price of our Common Stock.

Several conditions must be satisfied or waived in order to complete the Exchange Offer, including that no event has occurred that in our reasonable judgment would materially impair 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. See The Exchange Offer Conditions of the Exchange Offer. The foregoing conditions may not be satisfied, and if not satisfied or waived, the Exchange Offer may not occur or may be delayed.

If the Exchange Offer is not completed or is delayed, we may be subject to the following material risks:

Ø the market price of our Common Stock may decline to the extent that the current market price of our Common Stock is positively affected by market assumption that the Exchange Offer has been or will be completed;

Ø the market price of our shares of Preferred Stock and Trust Preferred Securities may decline to the extent that the current market price of our shares of Preferred Stock and Trust Preferred Securities is positively affected by market assumption that the Exchange Offer has been or will be completed;

Ø we may not be able to increase our Tier 1 common equity and thus fail to increase a key measure of financial strength as viewed by our Federal banking regulators and the market; and

Ø we may be required to attempt to raise capital privately or issue mandatory convertible stock and related warrants to the U.S. Treasury under its CAP.

We may not accept all Trust Preferred Securities tendered in the Exchange Offer.

We will issue no more than 390,000,000 shares of our Common Stock in the Exchange Offer. Depending on the number of Trust Preferred Securities tendered in the Exchange Offer and the final exchange ratio, we may have to prorate and limit the number of Trust Preferred Securities with Acceptance Priority Level 2 that we accept in this Exchange Offer to remain within this limit. See The Exchange Offer Terms of the Trust Preferred Securities Exchange Offer Acceptance Priority Levels; Prorationing.

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RISKS RELATED TO NOT PARTICIPATING IN THE EXCHANGE OFFER

If the Exchange Offer is successful, there may no longer be a trading market for the shares of Preferred Stock or Trust Preferred Securities and the price for shares of Preferred Stock or Trust Preferred Securities may be depressed.

The Preferred Stock Exchange Offer is for any and all shares of Preferred Stock. Any shares of Preferred Stock not exchanged in the Preferred Stock Exchange Offer will remain outstanding after the completion of the Exchange Offer. As previously announced, we will suspend dividends on the Preferred Stock after the dividend payment on June 30, 2009, and even if we wished to resume dividends on the Preferred Stock, we may be prevented from doing so by regulatory policy. We intend to delist any remaining shares of Preferred Stock from trading on the Nasdaq Stock Market and, to the extent permitted by law, we intend to deregister any such remaining securities. The reduction in the number of shares available for trading and the suspension of dividends on the Preferred Stock may have a significant and adverse effect on the liquidity of any trading market for, and the price of, shares of Preferred Stock not exchanged in the Preferred Stock Exchange Offer and may result in the shares of Preferred Stock being illiquid for an indefinite period of time. In addition, regardless of whether the Preferred Stock Consent is obtained, the Series C Preferred Stock held by the U.S. Treasury will have a senior right to dividends or distributions, either as Senior Preferred Stock or trust preferred securities. Therefore, we plan to continue to pay dividends or make distributions to the U.S. Treasury notwithstanding the dividend suspension on the Series A and Series B Preferred Stock.

Trust Preferred Securities not exchanged in the Trust Preferred Securities Exchange Offer will remain outstanding after consummation of the Trust Preferred Securities Exchange Offer. As previously announced, we currently expect to continue making distributions on our Trust Preferred Securities in accordance with their current terms. However, we could discontinue those distributions as a matter of our own decision or regulatory policy. If the Exchange Offer is not successful or if we otherwise have the need to 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. As described above, we currently intend to deliver any Trust Preferred Securities accepted for exchange in the Trust Preferred Securities Exchange Offer to the applicable trustee for cancellation. As a result, the number of Trust Preferred Securities of any series available for trading may be substantially reduced, and this may have a significant and adverse effect on the liquidity of any trading market for, and the price of, the Trust Preferred Securities of that series not exchanged in the Trust Preferred Securities Exchange Offer and may result in the Trust Preferred Securities of that series being less liquid for an indefinite period of time.

Litigation

Between May 14, 2009 and June 17, 2009, two putative class actions and one derivative claim were filed in the United States District Court for the District of Puerto Rico, against Popular, Inc. and certain of its directors and officers. The first class action (Hoff v. Popular, Inc., et al.) purports to be on behalf of purchasers of our securities between January 23, 2008 and January 22, 2009 and alleges that the defendants violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act by issuing a series of allegedly false and/or misleading statements and/or omitting to disclose material facts necessary to make statements made by us not false and misleading. The class action complaint seeks class certification, an award of compensatory damages and reasonable costs and expenses, including counsel fees. The second class action (Walsh v. Popular, Inc. et al.) purports to be on behalf of employees participating in the Popular, Inc. U.S.A. 401(k) Savings and Investment Plan and the Popular, Inc. Puerto Rico Savings and Investment Plan between January 23, 2008 and the date of the complaint to recover losses pursuant to Sections 409 and 502(a)(2) of the

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Employee Retirement Income Security Act against certain directors, officers and members of plan committees, each of whom is alleged to be a plan fiduciary. The complaint alleges that the defendants breached their alleged fiduciary obligations by, among other things, failing to eliminate Popular stock as an investment alternative in the plans. The complaint also seeks equitable relief, including injunctive relief and a constructive trust, along with costs and attorneys fees. The derivative claim (Garcia v. Carrion, et al.) is brought purportedly for the benefit of nominal defendant Popular, Inc. against certain executive officers and directors and alleges breaches of fiduciary duty, waste of assets and abuse of control in connection with our issuance of allegedly false and misleading financial statements and financial reports and the offering of the Series B Preferred Stock. The derivative complaint seeks a judgment that the action is a proper derivative action, an award of damages and restitution and costs and disbursements, including reasonable attorneys fees, costs and expenses. At this early stage, it is not possible for management to assess the probability of an adverse outcome, or reasonably estimate the amount of any potential loss. It is possible that the ultimate resolution of these matters, if unfavorable, may be material to our results of operations.

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Selected financial data

The following data summarizes Popular, Inc. s consolidated financial information as of and for the years ended December 31, 2004 through 2008 and as of and for the quarters ended March 31, 2008 and 2009. You should read the following financial data in conjunction with the information set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the related notes included in Popular, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference in this prospectus and from which this information is derived. For more information, see the section entitled Where You Can Find More Information.

	Three Months ended March 31,		Year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(in thousands, except share data)						
Summary of Operations							
Interest income	$ 489,192	$ 611,842	$ 2,274,123	$ 2,552,235	$ 2,455,239	$ 2,081,940	$ 1,662,101
Interest expense	216,706	276,083	994,919	1,246,577	1,200,508	859,075	543,267
Net interest income	272,486	335,759	1,279,204	1,305,658	1,254,731	1,222,865	1,118,834
Provision for loan losses	372,529	161,236	991,384	341,219	187,556	121,985	133,366
Net interest income after provision for loan losses	(100,043)	174,523	287,820	964,439	1,067,175	1,100,880	985,468
Non-interest income	334,731	264,751	829,974	873,695	770,509	732,612	585,137
Operating expenses	304,197	323,295	1,336,728	1,545,462	1,278,231	1,164,168	1,028,552
Income tax (benefit) expense	(26,933)	16,740	461,534	90,164	139,694	142,710	110,343
Cumulative effect of accounting change, net of tax						3,607	
(Loss) income from continuing operations	(42,576)	99,239	(680,468)	202,508	419,759	530,221	431,710
(Loss) income from discontinued operations, net of tax	(9,946)	4,051	(563,435)	(267,001)	(62,083)	10,481	58,198
Net (loss) income	$ (52,522)	$ 103,290	$ (1,243,903)	$ (64,493)	$ 357,676	$ 540,702	$ 489,908
Net (loss) income applicable to common stock	$ (77,200)	$ 100,312	$ (1,279,200)	$ (76,406)	$ 345,763	$ 528,789	$ 477,995
Selected Financial Data at Period-End							
Total assets	$ 37,709,428	$ 38,882,769	$ 38,882,769	$ 44,411,437	$ 47,403,987	$ 48,623,668	$ 44,401,576
Total loans	25,546,192	27,931,226	26,268,931	29,911,002	32,736,939	31,710,207	28,742,261
Deposits	27,149,767	26,966,714	27,550,205	28,334,478	24,438,331	22,638,005	20,593,160
Stockholders equity	3,131,914	3,471,720	3,268,364	3,581,882	3,620,306	3,449,247	3,104,621
Performance Ratios							
Return on average assets	(0.55)%	0.97%	(3.04)%	(0.14)%	0.74%	1.17%	1.23%
Return on average common equity	(19.13)%	12.83%	(44.47)%	(2.08)%	9.73%	17.12%	17.60%
Net interest margin (taxable equivalent basis)	3.35%	3.93%	3.81%	3.83%	3.72%	3.86%	4.09%

Capital Ratios							
Tier 1 risk-based capital	11.16%	9.55%	10.81%	10.12%	10.61%	11.17%	11.82%
Total risk-based capital	12.44%	10.82%	12.08%	11.38%	11.86%	12.44%	13.21%
Tier 1 leverage ratio	8.54%	7.43%	8.46%	7.33%	8.05%	7.47%	7.78%
Credit Quality Data							
Non-performing loans to loans held-in-portfolio	5.56%	2.94%	4.67%	2.75%	2.24%	1.77%	1.98%
Net charge offs to average loans held-in-portfolio	3.12%	1.42%	2.29%	1.01%	0.65%	0.54%	0.76%
Allowance for loan losses to non-performing assets	70.49%	66.90%	68.30%	64.41%	65.08%	73.69%	71.22%
Allowance for loan losses to year end loans held-in-portfolio	4.19%	2.18%	3.43%	1.96%	1.63%	1.49%	1.56%

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Selected financial data

	Three Months Ended March 31,		Year Ended December 31,				
	2009(1)	2008(1)	2008(1)	2007(1)	2006(1)	2005(1)	2004(1)
Book value per share	$ 5.84	$ 11.71	$ 6.33	$ 12.12	$ 12.32	$ 11.82	$ 10.95
Ratio of earnings to fixed charges							
Including Interest on Deposits	(A)	1.4	(A)	1.2	1.5	1.8	1.9
Excluding Interest on Deposits	(A)	2.2	(A)	1.5	1.9	2.5	3.3
Ratio of earnings to fixed charges & Preferred Stock Dividends							
Including Interest on Deposits	(A)	1.4	(A)	1.2	1.4	1.7	1.9
Excluding Interest on Deposits	(A)	2.1	(A)	1.5	1.8	2.4	3.1

(1) On November 3, 2008, we sold residual interests and servicing related assets of Popular Financial Holding (PFH) and Popular, FS to Goldman Sachs Mortgage Company, Goldman, Sachs & Co. and Litton Loan Servicing, LP. In addition, on September 18, 2008, we announced the consummation of the sale of manufactured housing loans of PFH to 21st Mortgage Corp. and Vanderbilt Mortgage and Finance, Inc. The above transactions and past sales and restructuring plans executed at PFH in the past two years have resulted in the discontinuance of our PFH operations and PFH's results are reflected as such in our Consolidated Statement of Operations. The computation of earnings to fixed charges and preferred stock dividends excludes discontinued operations. Prior periods have been retrospectively adjusted on a comparable basis.

(A) During 2008 and the first quarter of 2009, earnings were not sufficient to cover fixed charges or preferred dividends and the ratios were less than 1:1. We would have had to generate additional earnings of approximately $235 million and $100 million to achieve ratios of 1:1 in 2008 and the first quarter of 2009, respectively.

Pro forma data for the summarized financial information

	High Participation Scenario	Low Participation Scenario	High Participation Scenario	Low Participation Scenario
	FY 08	FY 08	Q1 09	Q1 09
Loss per common share from continuing operations (basic and diluted)	$ (0.96)	$ (1.05)	$ (0.07)	$ (0.08)
Net loss per common share (basic and diluted)	(1.80)	(1.96)	(0.08)	(0.09)
Ratio of earnings to fixed charges				
Including Interest on Deposits	(A)	(A)	(A)	(A)
Excluding Interest on Deposits	(A)	(A)	(A)	(A)
Ratio of earnings to fixed charges & Preferred Stock Dividends				
Including Interest on Deposits	(A)	(A)	(A)	(A)
Excluding Interest on Deposits	(A)	(A)	(A)	(A)
Book value per share	$ 4.34	$ 4.43	$ 4.13	$ 4.21

(1) As mentioned above, on November 3, 2008, we sold residual interests and servicing related assets of PFH and Popular, FS to Goldman Sachs Mortgage Company, Goldman, Sachs & Co. and Litton Loan Servicing, LP. In addition, on September 18, 2008, we announced the consummation of the sale of manufactured housing loans of PFH to 21st Mortgage Corp. and Vanderbilt Mortgage and Finance, Inc. The above transactions and past sales and restructuring plans executed at PFH in the past two years have resulted in the discontinuance of our PFH operations and PFH s results are

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Selected financial data

reflected as such in our Consolidated Statement of Operations. The computation of earnings to fixed charges and preferred stock dividends excludes discontinued operations. Prior periods have been retrospectively adjusted on a comparable basis.

(A) During 2008 and the first quarter of 2009, earnings were not sufficient to cover fixed charges or preferred dividends and the ratios were less than 1:1. We would have had to generate additional earnings of approximately $200 million and $90 million to achieve ratios of 1:1 in 2008 and the first quarter of 2009, respectively, for both participation scenarios.

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Unaudited pro forma financial information

The following selected unaudited pro forma financial information has been presented to give effect to and show the pro forma impact of the Exchange Offer on Popular s balance sheet as of March 31, 2009, and also describes the impact of the Exchange Offer on Popular s results of operations for the fiscal year ended December 31, 2008 and for the quarter ended March 31, 2009.

The unaudited pro forma financial information is presented for illustrative purposes only and does not necessarily indicate the financial position or results that would have been realized had the Exchange Offer been completed as of the dates indicated or that will be realized in the future when and if the Exchange Offer is consummated. The selected unaudited pro forma financial information has been derived from, and should be read in conjunction with, the summary historical consolidated financial information included elsewhere in this prospectus and Popular s historical consolidated financial statements included 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 filed with the SEC, which are incorporated by reference into this prospectus.

UNAUDITED PRO FORMA BALANCE SHEETS

The unaudited pro forma consolidated balance sheets of Popular as of March 31, 2009 have been presented as if the Exchange Offer had been completed on March 31, 2009. We have shown the pro forma impact of a High Participation Scenario and a Low Participation Scenario prepared using the assumptions set forth below. In both scenarios, (1) holders of both series of Preferred Stock have approved the Preferred Stock Consent and the Series C Preferred Stock has been exchanged for a new series of Senior Preferred Stock with an equal aggregate liquidation preference and (2) all Trust Preferred Securities accepted in exchange for shares of our Common Stock are exchanged for underlying debentures, which we will then submit for cancellation by the indenture trustee under the applicable indenture.

The High Participation Scenario assumes (i) the exchange of 90% of the outstanding shares of Preferred Stock ($528.2 million aggregate liquidation preference) for shares of our Common Stock, (ii) the exchange of 90% of the Trust Preferred Securities of BanPonce Trust I and Popular North America Trust I ($354.6 million aggregate liquidation amount) for shares of our Common Stock, (iii) the exchange of 90% (subject to a share cap of 390,000,000) of the Trust Preferred Securities of Popular Capital Trust I and II ($268.8 million aggregate liquidation amount) for shares of our Common Stock, and (iv) in each case assuming a Relevant Price of $2.50 per share.

The Low Participation Scenario assumes (i) the exchange of 70% of the outstanding shares of Preferred Stock ($410.8 million aggregate liquidation preference) for shares of our Common Stock, (ii) the exchange of 70% of the Trust Preferred Securities of BanPonce Trust I and Popular North America Trust I ($275.8 million aggregate liquidation amount) for shares of our Common Stock, (iii) the exchange of 70% of the Trust Preferred Securities of Popular Capital Trust I and II ($301.0 million aggregate liquidation amount) for shares of our Common Stock, and (iv) in each case assuming a Relevant Price of $2.50 per share.

If the Relevant Price is greater than the $2.50 per share amount assumed in the preceding paragraph, there will be a decrease in the number of shares of Common Stock being issued and an increase in surplus, and increase in earnings per share relative to the pro forma financial statement information.

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Unaudited pro forma financial information

There can be no assurances that the foregoing assumptions will be realized in the future including as to the amounts and percentages of Trust Preferred Securities that will be tendered in the Exchange Offer.

High Participation Scenario

	Actual March 31, 2009	Adjustments Change in Par Value of Common Stock	Exchange of Preferred Stock (In thousands)	Exchange of Trust Preferred Securities	Pro Forma March 31, 2009
Assets					
Cash and due from banks	$ 703,483		$ (8,134)[10]	$ (10,634)[10]	$ 684,715
Money market investments	1,425,471				1,425,471
Trading account securities, at fair value	696,647				696,647
Investment securities	7,505,145				7,505,145
Loans, net	24,489,067				24,489,067
Other assets	2,232,308			$ (1,428)[11]	2,230,880
Goodwill and other intangibles (other than mortgage servicing rights)	657,307				657,307
Total assets	$ 37,709,428		$ (8,134)	$ (12,062)	$ 37,689,232
Liabilities					
Total deposits	$ 27,149,767				$ 27,149,767
Federal funds purchased and assets sold under agreements to repurchase	2,881,997				2,881,997
Other short-term borrowings	29,453				29,453
Notes payable	3,399,063			$ (623,370)[5]	2,775,693
Other liabilities	1,117,234				1,117,234
Total liabilities	34,577,514			(623,370)	33,954,144
Stockholders equity					
Preferred stock	1,485,287		$ (528,188)[1]		957,099
Common stock	1,692,209	$ (1,689,389)[9]	1,691[2]	2,210[6]	6,721
Surplus	496,455	1,689,389[9]	412,726[3]	539,606[7]	3,138,176
Accumulated deficit	(451,355)		105,637[4]	69,492[8]	(276,226)
Accumulated other comprehensive loss	(90,682)				(90,682)
Total stockholders equity	3,131,914		(8,134)	611,308	3,735,088
Total liabilities and stockholders equity	$ 37,709,428		$ (8,134)	$ (12,062)	$ 37,689,232

1.

Assumes Exchange Offer participation at 90% with a ratio of Exchange Value to liquidation preference or liquidation amount, as applicable, equal to 80%.

2. Represents the issuance of common stock at par value of $0.01.
3. Represents the surplus (additional paid in capital) with respect to newly issued common stock, net of exchange costs.
4. Represents the excess of the preferred stock carrying value over the value of the common stock to be issued on the Exchange Offer considering the assumptions described in note (1) above.
5. Assumes Exchange Offer participation at 90% with a ratio of Exchange Value to liquidation preference or liquidation amount, as applicable, equal to 80% for BanPonce Trust I and Popular North America Trust I and an Exchange Offer participation of 90% (subject to a share cap of 390,000,000) with a ratio of Exchange Value to liquidation preference or liquidation amount, as applicable, equal to 100% for Popular Capital Trust I and II.
6. Represents the issuance of common stock at par value of $0.01.
7. Represents surplus (additional paid in capital) with respect to newly issued common stock, net of exchange costs.
8. Represents the gain resulting from the exchange considering the assumptions in note (5) above.
9. Represents the change in par value from $6 per share to $0.01 per share as amended in the Corporation s Certificate of Incorporation in May 2009.
10. Represents the cost associated with this Exchange Offer calculated on a pro-rata basis according to the number of shares exchanged. The amount was reduced from surplus.
11. Represents the write-off of the outstanding unamortized debt issue cost on the trust preferred securities exchanged.

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Unaudited pro forma financial information

Low Participation Scenario

	Actual March 31, 2009	Adjustments: Change in Par Value of Common Stock	Adjustments: Exchange of Preferred Stock (In thousands)	Adjustments: Exchange of Trust Preferred Securities	Pro Forma March 31, 2009
Assets					
Cash and due from banks	$ 703,483		$ (5,349)[10]	$ (8,491)[10]	$ 689,643
Money market investments	1,425,471				1,425,471
Trading account securities, at fair value	696,647				696,647
Investment securities	7,505,145				7,505,145
Loans, net	24,489,067				24,489,067
Other assets	2,232,308			$ (867)[11]	2,231,441
Goodwill and other intangibles (other than mortgage servicing rights)	657,307				657,307
Total assets	$ 37,709,428		$ (5,349)	$ (9,358)	$ 37,694,721
Liabilities					
Total deposits	$ 27,149,767				$ 27,149,767
Federal funds purchased and assets sold under agreements to repurchase	2,881,997				2,881,997
Other short-term borrowings	29,453				29,453
Notes payable	3,399,063			$ (576,800)[5]	2,822,263
Other liabilities	1,117,234				1,117,234
Total liabilities	34,577,514			(576,800)	34,000,714
Stockholders equity					
Preferred stock	1,485,287		$ (410,813)[1]		1,074,474
Common stock	1,692,209	$ (1,689,389)[9]	1,315[2]	2,087	6,222
Surplus	496,455	1,689,389[9]	321,985[3]	511,062[7]	3,018,891
Accumulated deficit	(451,355)		82,164[4]	54,293[8]	(314,898)
Accumulated other comprehensive loss	(90,682)				(90,682)
Total stockholders equity	3,131,914		(5,349)	567,442	3,694,007
Total liabilities and stockholders equity	$ 37,709,428		$ (5,349)	$ (9,358)	$ 37,694,721

1. Assumes Exchange Offer participation at 70% with a ratio of Exchange Value to liquidation amount or liquidation preference, as applicable, equal to 80%.
2. Represents the issuance of common stock at par value of $0.01.
3. Represents the surplus (additional paid in capital) with respect to newly issued common stock, net of exchange costs.

4. Represents the excess of the preferred stock carrying value over the value of the common stock to be issued in the Exchange Offer considering the assumptions described in note (1) above.
5. Assumes Exchange Offer participation at 70% with a ratio of Exchange Value to liquidation amount or liquidation preference, as applicable, equal to 80% for BanPonce Trust I and Popular North America Trust I and an Exchange Offer participation of 70% with an exchange price of 100% for Popular Capital Trust I and II.
6. Represents the issuance of common stock at par value of $0.01.
7. Represents surplus (additional paid in capital) with respect to newly issued common stock, net of exchange costs.
8. Represents the gain resulting from the exchange considering the assumptions in note (5) above.
9. Represents the change in par value from $6 per share to $0.01 per share as amended in the Corporation s Certificate of Incorporation in May 2009. The difference in par value per share times the shares outstanding was transferred to surplus.
10. Represents the cost associated with this Exchange Offer calculated on a pro-rata basis according to the number of shares exchanged. The amount was reduced from surplus.
11. Represents the write-off of the outstanding unamortized debt issue cost on the trust preferred securities exchanged.

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Unaudited pro forma financial information

PRO FORMA IMPLICATIONS

The following presents the pro forma impact of the Exchange Offer on certain statement of operations items and losses per common share for the fiscal year ended December 31, 2008 and the quarter ended March 31, 2009 as if the Exchange Offer had been completed on January 1, 2008. We have calculated the pro forma information below by (1) eliminating all the actual dividends paid to holders of shares Series A and Series B Preferred Stock (but not the Series C Preferred Stock) in 2008 and in the first quarter of 2009, and (2) assuming that the new shares of our Common Stock issuable in the Exchange Offer were issued on January 1, 2008. The retained earnings impact of the Exchange Offer has not been included in the analysis because it is not recurring.

Pro Forma Implications
Consolidated Statements of Operations
(unaudited)

	High Participation Scenario FY 08	Low Participation Scenario FY 08	High Participation Scenario Q1 09	Low Participation Scenario Q1 09
	(in thousands, except shares and per share amounts)			
Interest income	$ 2,274,123	$ 2,274,123	$ 489,192	$ 489,192
Interest expense	994,919	994,919	216,706	216,706
Net interest income	1,279,204	1,279,204	272,486	272,486
Provision for loan losses	991,384	991,384	372,529	372,529
Net interest income after provision for loan losses	287,820	287,820	(100,043)	(100,043)
Non-interest income	829,974	829,974	334,731	334,731
Operating expenses	1,336,728	1,336,728	304,197	304,197
Income tax expense (benefit)	461,534	461,534	(26,933)	(26,933)
Loss from continuing operations, as reported	$ (680,468)	$ (680,468)	$ (42,576)	$ (42,576)
Preferred stock dividends, as reported	$ (35,297)	$ (35,297)	$ (24,678)	$ (24,678)
Loss from continuing operations applicable to common stock	$ (715,765)	$ (715,765)	$ (67,254)	$ (67,254)
Losses per common share from continuing operations (basic and diluted)	$ (2.55)	$ (2.55)	$ (0.24)	$ (0.24)
Loss from continuing operations, as reported	$ (680,468)	$ (680,468)	$ (42,576)	$ (42,576)
Pro forma Adjustments				
Interest expense saved on retired Trust Preferred Securities, net of tax effect(1)	$ 37,180	$ 32,826	$ 9,061	$ 7,951
Pro forma loss from continuing operations	$ (643,288)	$ (647,642)	$ (33,515)	$ (34,625)
Preferred stock dividends Series C	$ (3,589)	$ (3,589)	$ (13,449)	$ (13,449)
Pro forma loss from continuing operations available to common stock	$ (646,877)	$ (651,231)	$ (46,964)	$ (48,074)

Common shares used to calculate actual loss per common share	281,079	281,079	281,834	281,834
Common shares newly issued	390,000	340,116	390,000	340,116
Pro forma number of common shares	671,079	621,195	671,834	621,950
Pro forma losses per common share from continuing operations (basic and diluted)	$ (0.96)	$ (1.05)	$ (0.07)	$ (0.08)

(1) The amount represents the interest paid on Trust Preferred Securities exchanged assuming the participation scenarios for the periods presented less the amortization of their corresponding issuance costs, net of tax effect, if applicable.

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Use of proceeds

We will not receive any cash proceeds from the Exchange Offer.

Capitalization

The following table sets forth the carrying amount of our capitalization, as of March 31, 2009, on an actual basis and on a pro forma basis to reflect: (i) completion of the Exchange Offer under the Low Participation Scenario (as defined under Unaudited Pro Forma Financial Information above) and (ii) completion of the Exchange Offer under the High Participation Scenario (as defined under Unaudited Pro Forma Financial Information above). This table should be read in conjunction with the information set forth under Selected Financial Data and Unaudited Pro Forma Financial Information and our consolidated financial statements set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference into this prospectus.

	As of March 31, 2009		
	Actual	Pro Forma for Exchange Offer (Low)	Pro Forma for Exchange Offer (High)
		in thousands	
Total deposits	$ 27,150	$ 27,150	$ 27,150
Notes payable(1)	2,575	2,575	2,575
Mandatorily redeemable Trust Preferred Securities	824	247	201
Preferred stock	1,485	1,074	957
Common stockholders equity	1,647	2,620	2,778
Total stockholders equity	3,132	3,694	3,735

(1) Excludes mandatorily redeemable Trust Preferred Securities

Regulatory capital ratios

The following table sets forth Popular s regulatory capital ratios, as of March 31, 2009, on an as reported basis, as well as on a pro forma basis after giving effect to the Exchange Offer. The pro forma ratios presented reflect: (i) completion of the Exchange Offer under the Low Participation Scenario (as defined under Unaudited Pro Forma Financial Information above) and (ii) completion of the Exchange Offer under the High Participation Scenario (as defined under Unaudited Pro Forma Financial Information above). This table should be read in conjunction with the information set forth under Selected Financial Data and Unaudited Pro Forma Financial Information and our consolidated unaudited financial statements set forth in our Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference into this prospectus.

	As of March 31, 2009		
	As Reported	Pro Forma for Exchange Offer (Low)	Pro Forma for Exchange Offer (High)
	%	%	%

Tier 1 Common	3.13	6.52	7.07
Tier 1 Capital	11.16	11.16	11.16
Total Capital	12.44	12.44	12.44
Leverage	8.54	8.54	8.54

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Regulatory capital ratios

POPULAR, INC. NON-GAAP RECONCILIATION OF TIER 1 COMMON EQUITY TO COMMON STOCKHOLDERS EQUITY

The table below presents a reconciliation of Tier 1 common equity (also referred to as Tier 1 common) to common stockholders equity. Ratios calculated based upon Tier 1 common equity have become a focus of regulators and investors, and management believes ratios based on Tier 1 common equity assist investors in analyzing our capital position. In connection with the Supervisory Capital Assessment Program (SCAP), the Federal Reserve began supplementing its assessment of the capital adequacy of a bank holding company based on a variation of Tier 1 capital, known as Tier 1 common equity. Because Tier 1 common equity is not formally defined by GAAP or, unlike Tier 1 capital, codified in the federal banking regulations, this measure is considered to be a non-GAAP financial measure.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. To mitigate these limitations, we have procedures in place to calculate these measures using the appropriate GAAP or regulatory components. Although these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

The following table provides a reconciliation of common stockholders equity (GAAP) to Tier 1 common equity (non-GAAP):

	March 31, 2009 (in thousands)
Common stockholders equity	$ 1,646,627
Less: unrealized gains on available for sale securities, net of tax(1)	(76,966)
Less: disallowed deferred tax assets(2)	(154,590)
Less: intangible assets	
Goodwill	(606,440)
Other disallowed intangibles	(29,768)
Less: aggregate adjusted carrying value of all non-financial equity investments	(2,343)
Add: pension liability adjustment, net of tax and accumulated net losses on cash flow hedges(3)	124,962
Total Tier 1 common equity	**$ 901,482**

(1) Tier 1 capital excludes net unrealized gains (losses) on available-for-sale debt securities and net unrealized gains on available-for-sale equity securities with readily determinable fair values, in accordance with regulatory risk-based capital guidelines. In arriving at Tier 1 capital institutions are required to deduct net unrealized losses on available-for-sale equity securities with readily determinable fair values, net of tax.

(2) Approximately $181 million of our $363 million of net deferred tax assets at March 31, 2009 were included without limitation in regulatory capital pursuant to the risk-based capital guidelines, while approximately $155 million of such assets exceeded the limitation imposed by these guidelines and, as disallowed deferred tax assets, were deducted in arriving at Tier 1 capital. Our other approximately $27 million of net deferred tax assets at March 31, 2009 primarily represented the deferred tax effects of unrealized gains and losses on available-for-sale debt securities, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

(3) The Federal Reserve Bank has granted interim capital relief for the impact of adopting SFAS 158.

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The Exchange Offer

PURPOSE AND BACKGROUND OF THE TRANSACTIONS

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 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, or 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 the event of 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 above). Our future interest expense associated with our Trust Preferred Securities will also be reduced.

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 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.

The Exchange Offer

Preferred Stock Consent

Together with this prospectus, we have delivered to holders of shares of Series A Preferred Stock and Series B Preferred Stock a Consent Solicitation Statement under which we are seeking the Preferred Stock Consent from the holders of shares of Series A Preferred Stock and Series B Preferred Stock under the Certificate of Designation of each such series of Preferred Stock, acting as a separate class, to the Series C Preferred Exchange by either:

- Ø issuing to the U.S. Treasury, as the holder of our shares of Series C Preferred Stock, in exchange for shares of the Series C Preferred Stock, shares of Senior Preferred Stock; or
- Ø by redesignating the Series C Preferred Stock as Senior Preferred Stock; or
- Ø entering into another form of transaction with the U.S. Treasury, as the holder of our Series C Preferred Stock, in which its shares of Series C Preferred Stock are cancelled and shares of Senior Preferred Stock are issued.

Pursuant to the Consent Solicitation Statement, we are soliciting Consents from holders of shares of Preferred Stock as of the close of business on June 26, 2009, which is the Preferred Stock Record Date.

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.

In order to validly tender your shares of Preferred Stock in the Exchange Offer, you must: (1) if you were a *record holder* of your shares of Preferred Stock as of the Preferred Stock Record Date, give a written consent in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock, in favor of the Preferred Stock Consent, or (2) if you were a *beneficial owner* of shares of Preferred Stock as of the Preferred Stock Record Date, contact your bank, broker, custodian, commercial bank, trust company or other nominee promptly and instruct it to give to a voting instruction in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock, in favor of the Preferred Stock Consent (each of the Consents and instructions referred to in (1) and (2) above, a Tendering Consent).

If you were not a record or beneficial holder of your shares of Preferred Stock as of the Preferred Stock Record Date, you will not be required to grant a Tendering Consent with respect to such shares in order to tender your shares in the Exchange Offer, but you will be required to certify that you were not a holder of shares of Preferred Stock as of the Preferred Stock Record Date and are not entitled to consent with respect to such shares of Preferred Stock (a Tender Certification).

If you do not wish to tender your shares of Preferred Stock in the Exchange Offer, but you wish to take action with respect to the Preferred Stock Consent, you must: (1) if you were a *record holder* of your shares of Preferred Stock as of the Preferred Stock Record Date, using the detachable form provided in the accompanying letter of transmittal, consent to, withhold consent on, or abstain on the applicable Preferred Stock Consent and 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, or (2) if you were a *beneficial owner* of shares

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of Preferred Stock as of the Preferred Stock Record Date, contact your bank, broker, custodian, commercial bank, trust company or other nominee promptly and instruct it to give a voting instruction on your behalf in the manner specified in the accompanying letter of transmittal with respect to such shares of Preferred Stock (the instructions referred to in (1) and (2) above, a Non-Tendering Consent and, together with each Tendering Consent, a Consent).

When acting on the Preferred Stock Consent, the Preferred Stock votes by number of shares, with holders being entitled to one vote per share of Preferred Stock.

For additional information on the Preferred Stock Consent, please refer to the Consent Solicitation Statement filed by Popular on June 29, 2009, describing the Preferred Stock Consent, which we are delivering to holders of shares of Preferred Stock together with this prospectus. The Consent Solicitation Statement is also attached to this prospectus as Annex A.

The Exchange Offer consists of the Preferred Stock Exchange Offer and Trust Preferred Securities Exchange Offer. The Exchange Offer is subject to terms and conditions that must be satisfied with respect to the Exchange Offer. See Conditions of the Exchange Offer below.

TERMS OF THE PREFERRED STOCK EXCHANGE OFFER

Generally

We are offering to issue shares of our Common Stock in exchange for any and all issued and outstanding shares of Preferred Stock, validly tendered and not validly withdrawn, on or prior to the expiration date, upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letters of transmittal (including, if the Preferred Stock Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment). You may exchange any or all of your shares of Preferred Stock in the Preferred Stock Exchange Offer only in amounts equal to the liquidation preference per Preferred Stock (or integral multiples thereof). All shares of Preferred Stock accepted for exchange in the Exchange Offer will be retired by the board of directors and restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Offer Consideration

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 aggregate dollar value (based on the Relevant Price) equal to the Exchange Value set forth in the table below. We refer to the number of shares of our Common Stock we will issue for each share of Preferred Stock we accept in the Exchange Offer as the exchange ratio applicable to such share of Preferred Stock and we will round the exchange ratio down to four decimal places. As used in this prospectus:

Ø The Relevant Price 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;

Ø Average VWAP during a period means the arithmetic average of VWAP for each trading day during that period; and

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- VWAP for any day means the per share volume weighted average price of our Common Stock on the Nasdaq from 9:30 a.m. to 4:00 p.m., New York City time, 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 opening 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 this purpose).

Due to the Minimum Share Price referred to above, there is a limitation on the maximum number of shares of our Common Stock that we may issue for the shares of Preferred Stock that we accept for exchange in accordance with the terms of the Exchange Offer. The maximum number of shares of our Common Stock per $25 liquidation preference of Preferred Stock that we may issue is 8 shares. In addition, depending upon fluctuations in 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 below.

Set forth below is a table that shows, with respect to each series of shares of Preferred Stock, the aggregate liquidation preference outstanding, the liquidation preference per share of Preferred Stock and the applicable Exchange Value that we are offering in exchange for each share of Preferred Stock.

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

TERMS OF THE TRUST PREFERRED SECURITIES EXCHANGE OFFER

Generally

We are also 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. 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 set forth in the table below. 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 below are tendered for exchange, all Trust Preferred Securities with Acceptance Priority Level 1 would be accepted for exchange, without prorationing. However, we may have to reduce (on a prorated basis) the number of Trust Preferred Securities with Acceptance Priority Level 2 that we accept in this Exchange Offer to remain within this limit.

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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 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 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 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 6.125% Cumulative Monthly Income Trust Preferred Securities, comprising Acceptance Priority Level 2, would be subject to prorationing on a pro rata basis.

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.

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letters of transmittal (including, if the Trust Preferred Securities Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), we will accept for exchange all Trust Pref