

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

RUSSELL HOFF, Individually and on Behalf of All Others Similarly
Situated,

Plaintiff,

vs.

POPULAR, INC., et al.,

Defendants.

Civil Action No. 3:09-cv-01428-GAG
(Consolidated)

CLASS ACTION

**NOTICE OF (I) PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION;
(II) SETTLEMENT HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND EXPENSES**

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

SI USTED INTERESA OBTENER UNA COPIA EN ESPAÑOL DE ESTA NOTIFICACIÓN PUEDE OBTENERLA EN EL SIGUIENTE PORTAL DE INTERNET: WWW.POPULARSECURITIESLITIGATION.COM.

NOTICE OF PENDENCY OF CLASS ACTION: Your rights may be affected by a class action lawsuit pending in this Court (the "Action") if, during the time period between January 24, 2008 and February 19, 2009, inclusive, you purchased or acquired Popular, Inc. ("Popular") common stock and/or Popular 8.25% non-cumulative monthly income preferred stock Series B ("Series B preferred stock").¹

NOTICE OF SETTLEMENT: The Court-appointed Lead Plaintiffs, General Retirement System of the City of Detroit, Nilda Picó, and José L. Puig-Rivera ("Lead Plaintiffs"), on behalf of themselves and the Class (as defined in ¶1 below), have reached a proposed settlement of the Action for a total of \$37.5 million in cash (the "Settlement"). The proposed Settlement, if approved by the Court, will resolve all claims in the Action.

This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. If you are a member of the Class, your legal rights will be affected whether or not you act. Please read this Notice carefully!

1. **Description of the Action and the Class:** This Notice relates to a proposed settlement of a class action lawsuit pending against Popular and individual defendants Richard Carrión and Jorge A. Junquera (collectively, the "Settling Defendants," and together with Lead Plaintiffs, the "Settling Parties"). The proposed Settlement, if approved by the Court, will provide relief to all persons and entities who purchased or acquired Popular common stock and/or Series B preferred stock (collectively, "Popular Stock") during the time period between January 24, 2008 and February 19, 2009, inclusive (the "Class Period"), and were injured thereby (the "Class").²

2. **Statement of Class's Recovery:** Pursuant to the Settlement described herein, a settlement payment of \$37,500,000 in cash (the "Settlement Amount") will be deposited into an interest-bearing escrow account for the benefit of the Class. The Settlement Amount together with all interest earned thereon shall be the "Settlement Fund". Lead Plaintiffs' damages expert estimates that approximately 138,937,015 shares of Popular common stock and 16,153,793 shares of Popular Series B preferred stock purchased by Class Members may have been affected by the alleged conduct at issue in the Action. If all Class Members elect to participate in the Settlement, it is estimated that the average per-share distribution from the Settlement Fund will be approximately \$0.19 per affected share of Popular common stock and \$0.71 per affected share of Popular Series B preferred stock, before the deduction of Court-awarded attorneys' fees and expenses and the costs of notice and administration. Note that this is only an estimate of recovery. A Class Member's actual recovery will be determined in accordance with the plan of allocation approved by the Court. The proposed Plan of Allocation is set forth on pages 5 - 9 below.

3. **Statement of Potential Outcome of the Action:** The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged in the Action. The issues on which the Settling Parties disagree include: (1) whether the statements made or facts allegedly omitted were false, material, or otherwise actionable under the federal securities laws; (2) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the trading prices of Popular Stock at various times during the Class Period; (3) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading prices of Popular Stock at various times during the Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading prices of Popular Stock at various times during the Class Period; (5) the effect of various market forces influencing the trading prices of Popular Stock at various times during the Class Period; (6) the amount by which shares of Popular Stock were allegedly artificially inflated (if at all) during the Class Period; and (7) the appropriate economic model for determining the amount by which shares of Popular Stock were allegedly artificially inflated (if at all) during the Class Period.

4. **Statement of Attorneys' Fees and Expenses Sought:** Co-Lead Counsel (as defined in ¶5 below) will apply to the Court for an award of attorneys' fees in an amount not to exceed 27% of the Settlement Fund. Co-Lead Counsel also will apply for expenses incurred in connection with the prosecution and resolution of the Action in an amount not to exceed \$1,000,000, which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Class, plus interest on such expenses at the same rate as earned on the Settlement Amount. If the Court approves Co-Lead Counsel's fee

¹ Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated June 10, 2011 (the "Stipulation") entered into by and among the settling parties. A copy of the Stipulation is available at www.PopularSecuritiesLitigation.com.

² As set forth in ¶19 below, excluded from the Class are Defendants in the Action and certain persons and entities related to the Defendants. Also excluded from the Class are those persons and entities who timely request exclusion from the Class pursuant to this Notice.

and expense application, the average cost per affected share of Popular common stock will be approximately \$0.06 and the average cost per affected share of Popular Series B preferred stock will be approximately \$0.21.

5. **Identification of Attorneys' Representatives:** Lead Plaintiffs and the Class are represented by the law firms of Robbins Geller Rudman & Dowd LLP and Bernstein Litowitz Berger & Grossmann LLP, the Court-appointed Co-Lead Counsel for Lead Plaintiffs and the Class ("Co-Lead Counsel"). Any questions regarding the Settlement should be directed to:

Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, (800) 449-4900, [dj@rgrdlaw.com](mailto:djr@rgrdlaw.com); or
 Salvatore J. Graziano, Esq., Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, blbg@blbglaw.com.

Please do not contact any representative of the Settling Defendants or the Court with questions about the Settlement.

6. **Reasons for Settlement:** Lead Plaintiffs' principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the significant risk that a smaller recovery or no recovery might be achieved after contested motions, a contested trial, and likely appeals, possibly years into the future. For the Settling Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
REMAIN A MEMBER OF THE CLASS AND SUBMIT A PROOF OF CLAIM FORM BY <u>OCTOBER 11, 2011</u>.	This is the only way to get a payment. If you wish to obtain a payment as a Class Member, you will need to file a Proof of Claim form (which is included with this Notice) postmarked no later than October 11, 2011.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN <u>OCTOBER 11, 2011</u>.	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against any of the Settling Defendants or other Released Persons concerning the claims that were, or could have been, asserted in this case.
OBJECT TO THE SETTLEMENT BY SUBMITTING WRITTEN OBJECTIONS SO THAT THEY ARE <i>RECEIVED</i> NO LATER THAN <u>OCTOBER 11, 2011</u>.	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, or the request for an award of attorneys' fees and expenses. You cannot object to the Settlement unless you are a Class Member and do not exclude yourself.
GO TO THE HEARING ON <u>NOVEMBER 2, 2011 AT 9:00 A.M.</u>, AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS <i>RECEIVED</i> NO LATER THAN <u>OCTOBER 11, 2011</u>.	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for an award of attorneys' fees and expenses.
DO NOTHING.	Get no payment. Remain a Class Member. Give up your rights.

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WHY DID I GET THIS NOTICE?

7. This Notice is being sent to you pursuant to an Order of the United States District Court for the District of Puerto Rico (the "Court") because you or someone in your family may have purchased or acquired Popular common stock and/or Series B preferred stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed Settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, a claims administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

8. The Court in charge of this case is the United States District Court for the District of Puerto Rico, and the case is known as *Hoff v. Popular, Inc. et al.*, Civil Action No. 3:09-cv-01428-GAG. The Judge presiding over this case is the Honorable Gustavo A. Gelpí, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiffs are referred to as Lead Plaintiffs, on behalf of themselves and the Class, and the settling defendants are Popular, Richard Carrión, and Jorge A. Junquera.

9. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, the fairness and reasonableness of the proposed Plan of Allocation, and the application by Co-Lead Counsel for an award of attorneys' fees and expenses (the "Settlement Hearing").

10. The Settlement Hearing will be held on **November 2, 2011, at 9:00 a.m.**, before the Honorable Gustavo A. Gelpí, at the Clemente Ruiz-Nazario U.S. Courthouse & Federico Degetau Federal Building, 150 Carlos Chardón Avenue, Hato Rey, Puerto Rico to determine, among other things:

- (i) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (ii) whether the Action should be dismissed with prejudice as to the Settling Defendants and the Released Claims fully, finally and forever released, relinquished, and discharged as against the Settling Defendants and the other Released Persons;
- (iii) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (iv) whether Co-Lead Counsel's request for an award of attorneys' fees and expenses should be approved by the Court.

11. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

WHAT IS A CLASS ACTION?

12. In a class action lawsuit, the court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed General Retirement System of the City of Detroit, Nilda Picó, and José L. Puig-Rivera to serve as "Lead Plaintiffs" under a federal law governing lawsuits such as this one, and the Court has approved Lead Plaintiffs' selection of the law firms of Robbins Geller Rudman & Dowd LLP and Bernstein Litowitz Berger & Grossmann LLP to serve as Co-Lead Counsel in the Action. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the court must resolve all issues on behalf of the class members, except for any persons or entities who choose to exclude themselves from the class. (For more information on excluding yourself from the Class, please read "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?," located on page 10 below.)

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

13. On May 14, 2009, a lawsuit was filed in the United States District Court for the District of Puerto Rico as a purported class action on behalf of all purchasers of Popular Stock between January 23, 2008 and January 22, 2009, inclusive, seeking to pursue remedies under the Securities Exchange Act of 1934.

14. On August 21, 2009, the Court appointed General Retirement System of the City of Detroit, Nilda Picó, and José L. Puig-Rivera as Lead Plaintiffs and approved their selection of Robbins Geller Rudman & Dowd LLP and Bernstein Litowitz Berger & Grossmann LLP as Co-Lead Counsel and The Law Offices of Andrés W. López, PSC as Liaison Counsel in the Action.

15. On October 19, 2009, Lead Plaintiffs filed a Consolidated Class Action Complaint (the "Complaint") claiming to act on behalf of themselves and all persons and entities, other than the defendants named therein and the defendants' specified affiliates, who purchased or acquired Popular common stock and/or Series B preferred stock during the time period between January 24, 2008 and February 19, 2009, inclusive, and were injured thereby. The Complaint alleged violations of §10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), Rule 10b-5 promulgated thereunder, §20(a) of the Exchange Act, and §§11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act") purportedly on behalf of the Class, and named Popular, Richard Carrión, Jorge A. Junquera, Manuel Morales, Francisco M. Rexach, Juan J. Bermúdez, Maria L. Ferré, William J. Teuber, José R. Vizcarrondo, Frederic V. Salerno, Michael J. Masin, PricewaterhouseCoopers LLP, UBS Financial Services Incorporated of Puerto Rico, Popular Securities, Inc., and Citigroup Global Markets, Inc. as defendants in the Action (collectively, the "Defendants").

16. Each of the Defendants moved to dismiss the Complaint, which motions were opposed by Lead Plaintiffs. On August 2, 2010, the Court issued an Order granting in part and denying in part the motions to dismiss. Pursuant to the August 2, 2010 Order, all claims asserted against Defendants Manuel Morales, Francisco M. Rexach, Juan J. Bermúdez, Maria L. Ferré, William J. Teuber, José R. Vizcarrondo, Frederic V. Salerno, Michael J. Masin, PricewaterhouseCoopers LLP, UBS Financial Services Incorporated of Puerto Rico, Popular Securities, Inc., and Citigroup Global Markets, Inc. were dismissed by the Court.

17. By Order dated October 4, 2010, the Court instructed the parties to discuss the possibility of referring the case to mediation. Following the issuance of the October 4, 2010 Order, the parties agreed to attempt mediation before the Honorable Nicholas Politan (Ret.). The parties attended two full-day mediation sessions with Judge Politan on January 18 and 19, 2011. In connection with the mediation, the Settling Defendants and PricewaterhouseCoopers LLP produced approximately 60,000 pages of documents relevant to Lead Plaintiffs' claims, which Lead Plaintiffs reviewed and analyzed with their accounting and damages experts, in advance of the mediation. At the conclusion of the mediation, Lead Plaintiffs and the Settling Defendants reached an agreement-in-principle to settle the Action, and on January 19, 2011, executed a Memorandum of Understanding (the "MOU"). The Settling Parties engaged in further discussions and negotiations with respect to the final terms of the Settlement and executed the Stipulation on June 10, 2011.

18. On June 20, 2011, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

19. On June 20, 2011, the Court preliminarily certified a Class for purposes of the Settlement. If you are a member of the Class, you are subject to the Settlement unless you timely request to be excluded. The Class consists of all persons and entities who purchased or acquired Popular common stock and/or Series B preferred stock during the time period between January 24, 2008 and February 19, 2009, inclusive, and were injured thereby. Excluded from the Class are Defendants; members of the immediate families of the Defendants; the subsidiaries and affiliates of Defendants (provided, however, that the Popular, Inc. U.S.A. 401(k) Savings & Investment Plan and the Popular, Inc. Puerto Rico Savings and Investment Plan (the "Popular ERISA Plans") shall not be deemed affiliates of the Defendants for purposes of this Class definition); any person or entity who is a partner, executive officer, director or controlling person of Popular or any other Defendant; any entity in which any Defendant has a controlling interest; Defendants' liability insurance carriers, and any affiliates or subsidiaries thereof; and the legal representatives, heirs, successors and assigns of any such excluded party. The Class also does not include those persons and entities who timely request exclusion from the Class pursuant to this Notice (*see* "What If I Do Not Want To Be A Part of The Settlement? How Do I Exclude Myself?" located on page 10 below).

20. If one of your mutual funds owned shares of Popular common stock and/or Series B preferred stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or acquired shares of Popular common stock and/or Series B preferred stock during the Class Period, and were injured thereby. Contact your broker to see if you purchased or acquired shares of Popular common stock and/or Series B preferred stock during the Class Period.

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED PROOF OF CLAIM FORM POSTMARKED NO LATER THAN OCTOBER 11, 2011.

WHAT ARE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?

21. Lead Plaintiffs believe that the claims asserted against the Settling Defendants have merit and that the evidence developed to date supports those claims. However, Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Settling Defendants through trial and through appeals. Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs are also mindful of the inherent difficulties of proof under and possible defenses to the securities law violations asserted in the Action given the underlying allegations in this Action concerning accounting for deferred tax assets and the accounting rules related thereto. In addition, the amount of damages recoverable by the Class was and is challenged by the Settling Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, the Settling Defendants intended to assert that all of the losses of Class Members were caused by non-actionable market, industry, or general economic factors affecting the banking industry in general during this same time period. The Settling Defendants would also assert that, throughout the Class Period, the uncertainties and risks associated with Popular's business and financial condition were fully and adequately disclosed. Finally, Lead Plaintiffs considered the ability of Defendants to satisfy any judgment after trial.

22. In light of the amount of the Settlement and the immediacy of recovery to the Class, and the risk of no recovery or a smaller recovery if the litigation continued, Lead Plaintiffs and Co-Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. The Settlement provides a substantial benefit now, namely \$37,500,000 in cash (less the various deductions described in this Notice).

23. The Settling Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action, and continue to believe the claims asserted against them in the Complaint are without merit. Nonetheless, the Settling Defendants have concluded that further conduct of the Action would be protracted and expensive and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. They also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action and have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

24. If there were no settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the Class would recover anything from the Settling Defendants. Also, if the Settling Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all. Moreover, if there were no settlement, it is highly uncertain whether Lead Plaintiffs, if they were successful after trial and subsequent appeals, could have obtained a judgment in an amount greater than the Settlement Amount.

HOW MUCH WILL MY PAYMENT BE?

25. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund (*i.e.*, the Settlement Fund less (i) any Taxes and Tax Expenses, (ii) any costs and fees incurred in connection with the notice and administration of the Settlement, including any escrow costs and fees, and (iii) any attorneys' fees and expenses awarded by the Court) will be distributed to Class Members who submit timely and valid Proof of Claim forms that are approved for payment by the Court ("Authorized Claimants") in accordance with the plan of allocation approved by the Court. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the claim of any Class Member. The Net Settlement Fund will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is independent from approval of the plan of allocation. Any determination with respect to the plan of allocation will not affect the Settlement, if approved.

26. Defendants are not entitled to get back any portion of the Settlement Fund once the Court's Order approving the Settlement becomes Final. No Settling Defendant, nor any other Released Person, shall have any liability, obligation or responsibility whatsoever for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the plan of allocation.

27. The amount of the cash payment that an Authorized Claimant will receive will depend on, among other things, the number of valid Proof of Claim forms that Class Members send in and how many shares of Popular common stock and/or Series B preferred stock the Claimant purchased/acquired, and when they were purchased/acquired.

28. Only those persons and entities who purchased or acquired Popular common stock and/or Series B preferred stock during the Class Period AND WERE INJURED AS A RESULT OF SUCH PURCHASES OR ACQUISITIONS, will be eligible to share in the distribution of the Net Settlement Fund. Each person or entity wishing to participate in the distribution must submit a valid Proof of Claim form establishing membership in the Class and including all required documentation as set forth in the Proof of Claim form, **postmarked no later than October 11, 2011** to the address set forth in the Proof Claim form that accompanies this Notice. Unless the Court otherwise orders, any Class Member who fails to submit a Proof of Claim form **postmarked no later than October 11, 2011** shall be forever barred from receiving payments pursuant to the Settlement set forth in the Stipulation but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any judgment entered and releases given. This means that each Class Member fully, finally, and forever releases, relinquishes, and discharges the Released Claims (as defined in ¶55 below) against the Released Persons (as defined in ¶56 below) and is permanently barred and enjoined from asserting, instituting, maintaining, prosecuting or enforcing any and all Released Claims against the Released Persons regardless of whether or not such Class Member submits a Proof of Claim form.

29. The proposed plan of allocation set forth herein (the “Plan of Allocation”) is the plan that is being proposed by Lead Plaintiffs to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding a modification of the Plan of Allocation will be posted on the Settlement website, www.PopularSecuritiesLitigation.com.

30. Payment pursuant to the plan of allocation approved by the Court and the Class Distribution Order shall be conclusive against all Authorized Claimants. No person or entity shall have any claim against Lead Plaintiffs, Co-Lead Counsel, the Claims Administrator or any other agent designated by Co-Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation, the Class Distribution Order, or any other order of the Court. Lead Plaintiffs, the Settling Defendants, their respective counsel, Lead Plaintiffs’ damages expert, and all other Released Persons shall have no liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

31. Recognized Claims will be calculated in accordance with the formula shown below in the proposed Plan of Allocation, or as otherwise ordered by the Court. It is unlikely that a Class Member will get a payment for all of his, her or its Recognized Claim.

THE PROPOSED PLAN OF ALLOCATION

32. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. In developing the Plan of Allocation, Lead Plaintiffs’ damages expert calculated the amount of estimated alleged artificial inflation in the per share closing prices of Popular common stock and Series B preferred stock which purportedly was proximately caused by the alleged fraud. In calculating the estimated alleged artificial inflation, Lead Plaintiffs’ damages expert considered price changes of Popular common stock and Series B preferred stock in reaction to certain public announcements regarding Popular, adjusting for price changes that were attributable to market or industry forces, and the allegations in the Complaint and the evidence developed in support thereof, as advised by Co-Lead Counsel.

33. For purposes of this Plan of Allocation, Lead Plaintiffs’ damages expert has estimated the alleged artificial inflation in Popular common stock and Series B preferred stock as shown in **Table A** on page 6 below and **Table B** on page 7 below, respectively.

34. The Plan of Allocation generally measures the amount of loss that a Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damage analysis. Recognized Loss Amounts are based primarily on the change in the level of alleged artificial inflation in the price of Popular Stock at the time of purchase or acquisition and at the time of sale. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts between January 24, 2008 through and including February 19, 2009, which had the effect of artificially inflating the prices of Popular Stock. Defendants deny all such allegations.

35. In order to have recoverable damages, disclosure of the alleged misrepresentations must be the cause of the decline in the price of the Popular Stock. Alleged corrective disclosures that removed the artificial inflation from the prices of Popular Stock occurred before the beginning of trading on January 22, 2009 and during trading hours on February 19, 2009. Accordingly, in order to have a Recognized Loss Amount:

- (i) A share of Popular Stock purchased or otherwise acquired from January 24, 2008 through January 21, 2009, must be held until at least the beginning of trading on January 22, 2009, the day of the first corrective disclosure;
- (ii) A share of Popular Stock purchased or otherwise acquired after the start of trading on January 22, 2009 through and including February 19, 2009, must be held at least until the next corrective disclosure which occurred during the trading hours on February 19, 2009.

36. To the extent a Claimant does not satisfy either of the conditions set forth in the preceding paragraph, its Recognized Loss Amount for those transactions will be zero.

CALCULATION OF “RECOGNIZED LOSS AMOUNTS”

37. Based on the formula set forth below, a “Recognized Loss Amount” shall be calculated for each purchase or acquisition of Popular Stock during the Class Period (January 24, 2008 through and including February 19, 2009) that is listed in the Proof of Claim form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

38. **Popular Common Stock.** For Popular common stock, the “Recognized Loss Amount” per share shall be calculated as follows:

For each share of Popular common stock purchased or acquired between January 24, 2008 and February 19, 2009, inclusive and:

- 1) Sold prior to the close of trading on January 21, 2009, the Recognized Loss Amount is \$0.00.
- 2) Sold between January 22, 2009 and the close of trading on May 19, 2009,¹ the Recognized Loss Amount shall be *the lesser of*: (i) the amount of alleged artificial inflation per share on the date of purchase/acquisition as set forth in **Table A** minus the amount of alleged artificial inflation per share on the date of sale as set forth in **Table A**; or (ii) the purchase/acquisition price minus the sale price; or (iii) if sold on or after February 19, 2009, the purchase/acquisition price minus the average closing price between February 19, 2009 and the date of sale as shown in **Schedule 1**, provided, however, that shares purchased or acquired on February 19, 2009 for less than \$1.70 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.²
- 3) Held as of the close of trading on May 19, 2009, the Recognized Loss Amount shall be *the lesser of*: (i) the amount of alleged artificial inflation per share on the date of purchase/acquisition as set forth in **Table A**; or (ii) the purchase/acquisition price minus \$2.59 (the average closing price between February 19, 2009 and May 19, 2009 as shown at the end of **Schedule 1**), provided, however, that shares purchased or acquired on February 19, 2009 for less than \$1.70 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.

TABLE A Popular Common Stock Estimated Alleged Artificial Inflation Per Share	
Date of Purchase/Acquisition or Sale	Estimated Alleged Artificial Inflation Per Share
January 24, 2008 – January 21, 2009 (purchases/acquisitions or sales)	\$1.76
January 22, 2009 (purchases/acquisitions or sales)	-\$0.51
January 23, 2009 – February 18, 2009 (purchases/acquisitions or sales)	\$0.09
February 19, 2009: Shares purchased/acquired at or above \$1.70	\$0.09
Shares purchased/acquired below \$1.70	Not Eligible
Shares sold at or above \$1.70	\$0.09
Shares sold below \$1.70	\$0.09 minus (\$1.70 minus the sale price)
Shares sold between February 20, 2009 – May 19, 2009	\$0.00

39. **Popular Series B Preferred Stock.** For each share of Popular Series B preferred stock purchased in the initial offering of the security issued on May 28, 2008, the Recognized Loss Amount shall be calculated based upon the Section 11 Recognized Loss Calculation described below. For each share of Popular Series B preferred stock purchased or otherwise acquired in the secondary market between May 30, 2008 and the close of trading on February 19, 2009, inclusive, the Recognized Loss Amount shall be the greater of (i) the Recognized Loss Amount calculated based upon the Section 10(b) Recognized Loss Calculation described below; or (ii) the Recognized Loss Amount calculated based upon the Section 11 Recognized Loss Calculation described below.

Section 10(b) Recognized Loss Calculation:

For each share of Popular Series B preferred stock purchased or acquired between May 30, 2008 and the close of trading on February 19, 2009, inclusive and:

- 1) Sold prior to the close of trading on January 21, 2009, the Recognized Loss Amount is \$0.00.
- 2) Sold between January 22, 2009 and the close of trading on May 19, 2009, the Recognized Loss Amount shall be *the lesser of*: (i) the amount of alleged artificial inflation per share on the date of purchase/acquisition as set forth in **Table B** minus the amount of alleged artificial inflation per share on the date of the sale as set forth in **Table B**; or (ii) purchase/acquisition price minus the sale price; or (iii) if sold on or after February 19, 2009, the purchase/acquisition price minus the average closing price between February 19, 2009 and the date of sale as shown in **Schedule 2**, provided, however, that shares purchased or acquired on February 19, 2009 for less than \$10.25 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.³
- 3) Held as of the close of trading on May 19, 2009, the Recognized Loss Amount shall be *the lesser of*: (i) the amount of alleged artificial inflation per share at the time of purchase/acquisition as set forth in **Table B**; or (ii) the purchase/acquisition price minus \$12.20 (the average closing price

¹ Pursuant to the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), May 19, 2009 is the last day of the 90-day look-back period. Under the PSLRA 90-day look-back provision, losses on securities purchased during the Class Period and held as of the end of the 90-day look-back period cannot exceed the difference between the purchase price paid and the average price during the PSLRA 90-day look-back period. Losses on securities purchased during the Class Period and sold during the PSLRA 90-day look-back period cannot exceed the difference between the purchase price paid during the Class Period and the rolling average of the closing stock prices during PSLRA 90-day look-back period as of the date of sale. The rolling 90-day look-back prices for Popular common stock are set forth in **Schedule 1** to this Notice. The rolling 90-day look-back prices for Popular Series B preferred stock are set forth in **Schedule 2** to this Notice.

² On February 19, 2009, the corrective disclosure occurred during market trading hours. Because Popular common stock was trading at approximately \$1.70 prior to the corrective disclosure and below \$1.70 after the corrective disclosure, this value is used to measure the intraday losses associated with this particular corrective disclosure.

³ On February 19, 2009, the corrective disclosure occurred during market trading hours. Because Popular Series B preferred stock was trading at approximately \$10.25 prior to the corrective disclosure and below \$10.25 after the corrective disclosure, this value is used to measure the intraday losses associated with this particular corrective disclosure.

between February 19, 2009 and May 19, 2009 as shown at the end of **Schedule 2**), provided, however, that shares purchased or acquired on February 19, 2009 for less than \$10.25 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.

TABLE B	
Popular Series B Preferred Stock Estimated Alleged Artificial Inflation Per Share	
Date of Purchase/Acquisition or Sale	Estimated Alleged Artificial Inflation Per Share
May 28, 2008 – January 21, 2009 (purchases/acquisitions or sales)	\$5.15
January 22, 2009 – February 18, 2009 (purchases/acquisitions or sales)	\$3.08
February 19, 2009: Shares purchased/acquired at or above \$10.25	\$3.08
Shares purchased/acquired below \$10.25	Not Eligible
Shares sold at or above \$10.25	\$3.08
Shares sold below \$10.25	\$3.08 minus (\$10.25 <i>minus</i> the sale price)
Shares sold between February 20, 2009 – February 22, 2009	\$0.71
Shares sold on February 23, 2009	-\$2.44
Shares sold between February 24, 2009 – October 19, 2009	\$0.00

Section 11 Recognized Loss Calculation:

For each share of Popular Series B preferred stock purchased in the initial offering of the security issued on May 28, 2008 or purchased or acquired between May 30, 2008 and the close of trading on February 19, 2009, inclusive and:

- 1) Sold prior to the close of trading on January 21, 2009, the Recognized Loss Amount is \$0.00.
- 2) Sold between January 22, 2009 and the close of trading on October 19, 2009,⁴ the Recognized Loss Amount shall be *the lesser of*: (i) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in **Table B** *minus* the amount of artificial inflation per share on the date of sale as set forth in **Table B**; or (ii) the lower of (x) the purchase/acquisition price *minus* the sale price or (y) the issue price *minus* the sale price, provided, however, that shares purchased or acquired on February 19, 2009 for less than \$10.25 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.
- 3) Converted into shares of Popular common stock as of the August 20, 2009 conversion date, the Recognized Loss Amount shall be *the lesser of*: (i) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in **Table B**; or (ii) the lower of (x) the purchase/acquisition price *minus* \$13.68 (the market price of Popular common stock received upon conversion of Series B preferred stock) or (y) the issue price *minus* \$13.68, provided, however, that shares purchased or acquired on February 19, 2009 for less than \$10.25 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.
- 4) Held as of the close of trading on October 19, 2009, the Recognized Loss Amount shall be *the lesser of*: (i) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in **Table B**; or (ii) the lower of (x) the purchase/acquisition price *minus* \$13.68 (the market price of Popular common stock received upon conversion of Series B preferred stock) or (y) the issue price *minus* \$13.68 provided, however, that shares purchased or acquired on February 19, 2009 for less than \$10.25 are not eligible to participate in the Settlement and, therefore, have a Recognized Loss Amount of \$0.00.⁵

ADDITIONAL PROVISIONS

40. The Net Settlement Fund will be allocated among all eligible Class Members.

41. Each Authorized Claimant’s “Recognized Claim” shall be the total of his, her or its Recognized Loss Amounts as calculated above. Each Authorized Claimant shall be allocated his, her or its *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. Each Authorized Claimant shall be paid an amount determined by multiplying the amount in the Net Settlement Fund by a fraction, the numerator of which shall be his, her or its Recognized Claim and the denominator of which shall be the total Recognized Claims of all Authorized Claimants. If the prorated payment from the Net Settlement Fund calculates to less than \$10.00, it will not be included in the calculation and it will not be distributed.

42. The amount of an Authorized Claimant’s Recognized Claim as computed above is not intended to be an estimate of what a Class Member might have been able to recover at trial, and it is not an estimate of the amount that will be paid pursuant to this Settlement. Instead, this computation is only a method to

⁴ October 19, 2009 is the date of filing of the Complaint (the “Complaint Date”).

⁵ Over 90% of the outstanding shares of Series B preferred stock were converted to common stock on the conversion date of August 20, 2009. As a result, the frequency of trading in the Series B preferred stock declined substantially ahead of the Complaint Date and there is no market price available for the Series B preferred stock on the Complaint Date. In connection with the conversion, investors were offered securities whose market price exceeded the market price of Series B preferred stock. Therefore, investors who continued to hold to the Complaint Date gave up the opportunity to take securities worth \$13.68. For this reason, this value is used as the best proxy for the market price of Series B preferred stock as of the Complaint Date.

weigh Class Member's claims against one another. Each Authorized Claimant will receive a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim, subject to the \$10.00 threshold for payments from the Net Settlement Fund set forth above.

43. If a Class Member has more than one purchase/acquisition or sale of Popular common stock and/or Series B preferred stock during the Class Period, all such purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any such like Popular Stock held at the beginning of the Class Period (the proceeds of those sales will not be considered for purposes of calculating the Claimant's Recognized Claim), and then against purchases/acquisitions of the like security in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

44. To the extent a Claimant had a market gain from his, her, or its overall transactions in Popular common stock and Series B preferred stock, the value of the Recognized Claim will be zero. Such Claimants will in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss on his, her, or its overall transactions in Popular common stock and Series B preferred stock, but that market loss was less than the Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

45. For purposes of determining whether a Claimant had a market gain from his, her, or its overall transactions in Popular common stock and Series B preferred stock or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount⁶ and (ii) the sum of the Total Sales Proceeds⁷ and the Total Holding Value.⁸ This difference will be deemed a Claimant's market gain or loss on his, her, or its overall transactions in Popular common stock and Series B preferred stock.

46. Purchases or acquisitions and sales of Popular Stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

47. The receipt or grant by gift, inheritance or operation of law of Popular Stock during the Class Period shall not be deemed a purchase, acquisition or sale of such security for the calculation of Recognized Loss Amounts nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Popular Stock unless (i) the donor or decedent purchased or otherwise acquired such Popular Stock during the Class Period; (ii) no Proof of Claim form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Popular Stock; and (iii) it is specifically so provided in the instrument of gift or assignment. For purposes of calculating Recognized Loss Amounts, the date and price of the original Class Period purchase/acquisition will be used.

48. The date of covering a "short sale" is deemed to be the date of purchase or other acquisition of Popular Stock. The date of a "short sale" is deemed to be the date of sale of Popular Stock. There is no Recognized Loss Amount attributable to short sales. In the event that there is an opening short position in Popular Stock, the earliest Class Period purchases shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

49. Option contracts are not securities eligible to participate in the Settlement. With respect to shares of Popular common stock and/or Series B preferred stock purchased or sold through the exercise of an option, the purchase/sale date is the date of the exercise of the option and the purchase/sale price of the share is the exercise price of the option.

50. Claims in this Action relating to the Popular ERISA Plans' purchases of Popular common stock during the Class Period may be made by the Plans. Accordingly, participants and beneficiaries in the Popular ERISA Plans should not include any information relating to their transactions within the Plans in any Proof of Claim form that they may submit in this Action. To the extent any of the Defendants or any of the other persons or entities excluded from the Class are participants in the Popular ERISA Plans, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from this Settlement by the Popular ERISA Plans.

51. As noted above, after approval of the Settlement and the satisfaction of other conditions to the Settlement, and after all claims have been processed by the Claims Administrator, the Net Settlement Fund will be distributed to Authorized Claimants. If any funds remain in the Net Settlement Fund because of uncashed distributions or for other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash or claim their initial distribution, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution shall be redistributed to Authorized Claimants who cashed their initial distribution and who would receive at least \$10.00 from such redistribution after payment from the Net Settlement Fund of any unpaid costs or fees incurred in administering the funds, including for such redistribution. Additional redistributions to Authorized Claimants who have cashed their prior distribution checks and who would receive at least \$10.00 on such additional redistributions, subject to the conditions previously noted, may occur thereafter if Co-Lead Counsel, in consultation with the Claims Administrator, determines that additional redistribution, after the deduction of any additional fees and expenses that would be incurred with respect to such redistributions, is cost-effective. At such time as it is determined that the redistribution of funds

⁶ The "Total Purchase Amount" is the total amount that the Claimant paid (excluding commissions and other charges) for all of the Popular common stock and/or Series B preferred stock purchased or acquired during the Class Period.

⁷ The Claims Administrator shall match any sales of Popular common stock during the period from January 24, 2008 through and including May 19, 2009 first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses); the total amount received (excluding commissions and other charges) for sales of the remaining Popular common stock sold during the period from January 24, 2008 through and including May 19, 2009 (if the sale can be matched against a Class Period purchase/acquisition) is the "Common Stock Sales Proceeds." For Popular Series B preferred stock, there is no opening position since it was issued during the Class Period; the total amount received (excluding commissions and other charges) for sales/conversions of Series B preferred stock sold/converted during the period from May 28, 2008 through and including October 19, 2009 (if the sale/conversion can be matched against a Class Period purchase/acquisition) is the "Series B preferred stock Sales Proceeds" (for shares of Series B preferred stock converted into Popular common stock, the amount received shall be \$13.68 (the market price of Popular common stock received upon conversion of Series B preferred stock)). The sum of the Common Stock Sales Proceeds and the Series B preferred stock Sales Proceeds shall be the "Total Sales Proceeds".

⁸ The Claims Administrator shall ascribe a holding value ("Total Holding Value") of \$2.59 per share (the average closing price during the 90-day look-back period starting on February 19, 2009 and ending May 19, 2009) for Popular common stock purchased or acquired during the Class Period and still held as of the close of trading on May 19, 2009, and \$13.68 per share (the market price of Popular common stock received upon conversion of Series B preferred stock) for the Series B preferred stock purchased or acquired during the Class Period and still held as of the close of trading on October 19, 2009.

remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organizations recommended by Co-Lead Counsel and approved by the Court.

52. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the District of Puerto Rico with respect to his, her or its Proof of Claim form.

WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?

53. If you are a Class Member, unless you exclude yourself, you will remain a member of the Class, and that means that you cannot sue, continue to sue, or be a part of any another lawsuit against the Settling Defendants or the other Released Persons about the claims that are being released in this Settlement. It also means that all of the Court's orders will apply to you and legally bind you, including with respect to the Released Claims.

54. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the Action and will provide that Lead Plaintiffs and each of the other Class Members who have not timely opted out of the Class, on behalf of themselves and their predecessors, successors, agents, legal representatives, heirs, executors, administrators, and assigns, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims (as defined in ¶55 below) against the Released Persons (as defined in ¶56 below) (whether or not such Class Member executes and delivers a Proof of Claim). The Judgment will also provide that each of the Settling Defendants and each of the other Released Persons, on behalf of themselves and their predecessors, successors, agents, legal representatives, heirs, executors, administrators, and assigns, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Persons' Claims (as defined in ¶57 below) against Lead Plaintiffs, each of the other Class Members and their respective attorneys.

55. "Released Claims" means any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims (as defined in ¶58 below), whether arising under federal, state, common or foreign law, that Lead Plaintiffs or any other Class Member (i) asserted in the Complaint, or (ii) could have asserted in any forum that arise out of or relate in any way to the allegations, transactions, facts, matters, occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of Popular common stock and/or Series B preferred stock during the Class Period, except for claims relating to the enforcement of the Settlement, claims arising out of or under the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001, *et seq.* ("ERISA"), and any claims in any pending derivative actions including, but not limited to, the derivative actions *Garcia v. Carrión, et al.*, Civil No. 09-1507 (JAG), pending in the United States District Court for the District of Puerto Rico, and *Diaz v. Carrión, et al.*, KAC2009-1083(603), pending in the Court of First Instance of the Commonwealth of Puerto Rico, Superior Part of San Juan.

56. "Released Persons" means any and all of the Defendants and any and all of their present or former parents, subsidiaries, successors, predecessors, officers, directors, agents, employees, partners, attorneys, insurers, and reinsurers, and the legal representatives, present and former spouses, immediate family members, heirs, executors, administrators, successors-in-interest, and assigns of the Defendants.

57. "Released Persons' Claims" means any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Defendants, except for claims relating to the enforcement of the Settlement.

58. "Unknown Claims" means any Released Claims which any Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, and any Released Persons' Claims which any Released Person does not know or suspect to exist in his, her or its favor at the time of the release of Lead Plaintiffs, the other Class Members and their respective attorneys, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims and Released Persons' Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and the Settling Defendants shall expressly waive, and each of the other Class Members and the other Released Persons shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and the Settling Defendants acknowledge, and the other Class Members and the other Released Persons shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING?
HOW WILL THE LAWYERS BE PAID?**

59. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Class, nor have they been reimbursed for their expenses. Before final approval of the Settlement, Co-Lead Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 27% of the Settlement Fund. At the same time, Co-Lead Counsel also intend to apply for expenses incurred in connection with the prosecution and resolution of the Action in an amount not to exceed \$1,000,000, which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Class, plus interest on such expenses at the same rate as earned on the Settlement Amount.

60. Any attorneys' fees and expenses awarded by the Court to Plaintiffs' Counsel shall be paid from the Settlement Fund. Class Members will not be charged directly for any fees or expenses of Plaintiffs' Counsel.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

61. If you purchased or acquired Popular common stock and/or Series B preferred stock during the time period between January 24, 2008 and February 19, 2009, inclusive, and were injured thereby, and you are not excluded by the definition of the Class and you do not elect to exclude yourself from the Class, then you are a Class Member, and you will be bound by the proposed Settlement if the Court approves it, and by any judgment or determination of the Court affecting the Class. If you are a Class Member, you must submit a Proof of Claim form and supporting documentation to establish your entitlement to share in the

Settlement. A Proof of Claim form is included with this Notice. You may download additional copies of the Proof of Claim form from the website maintained by the Claims Administrator for the Settlement. The website is www.PopularSecuritiesLitigation.com. You may also request a Proof of Claim form by calling toll-free 1-877-846-5276. Those who exclude themselves from the Class, and those who do not submit timely and valid Proof of Claim forms with adequate supporting documentation, will not be entitled to share in the Settlement. Please retain all records of your ownership of, or transactions in, Popular common stock and/or Series B preferred stock, as they may be needed to document your Claim.

62. As a Class Member, you are represented by Lead Plaintiffs and Co-Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in ¶69 below.

63. If you do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, “What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?,” located below.

64. If you wish to object to the Settlement or any of its terms, the proposed Plan of Allocation, or Co-Lead Counsel’s application for an award of attorneys’ fees and expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement? Do I Have To Come To The Hearing? May I Speak At The Hearing If I Don’t Like The Settlement?,” located below).

**WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENT?
HOW DO I EXCLUDE MYSELF?**

65. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails or otherwise delivers a written Request for Exclusion from the Class, addressed to Popular Securities Litigation, c/o Epiq Systems, P.O. Box 3145, Portland, OR 97208-3145. The exclusion request must be **received no later than October 11, 2011**. You will not be able to exclude yourself from the Class after that date. Each Request for Exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion; (ii) state that such person or entity “requests exclusion from the Class in the Popular Securities Litigation, Civil Action No. 3:09-cv-01428-GAG”; (iii) be signed personally by the person or, in the case of an entity, by an officer, director, partner or individual holding a similar position of such entity, requesting exclusion; and (iv) provide the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of Popular common stock and/or Series B preferred stock during the Class Period. Requests for Exclusion will not be valid unless they are received within the time stated above and contain all the information noted above, unless the Court otherwise determines. Please keep a copy of everything that you send to the Claims Administrator.

66. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Claims. If you have a pending lawsuit against any of the Released Persons, you should consult with your lawyer in that action immediately.

67. If a person or entity requests to be excluded from the Class, that person or entity will not receive any benefit provided for in the Stipulation and that person or entity may not object to the Settlement, the Plan of Allocation, or the attorneys’ fee and expense application. If a person or entity excludes himself, herself or itself, he, she or it may sue, continue to sue, or be part of a different lawsuit asserting the claims being released in this Settlement against the Settling Defendants and the other Released Persons.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?
DO I HAVE TO COME TO THE HEARING?
MAY I SPEAK AT THE HEARING IF I DON’T LIKE THE SETTLEMENT?**

68. The Settlement Hearing will be held **on November 2, 2011, at 9:00 a.m.**, before the Honorable Gustavo A. Gelpí, at the Clemente Ruiz-Nazario U.S. Courthouse & Federico Degetau Federal Building, 150 Carlos Chardón Avenue, Hato Rey, Puerto Rico.

69. Any Class Member who does not request exclusion from the Class may object to the proposed Settlement, the judgment to be entered approving the Settlement, the Plan of Allocation, and/or Co-Lead Counsel’s request for an award of attorneys’ fees and expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs, with the Clerk’s Office at the United States District Court for the District of Puerto Rico at the address set forth below **on or before October 11, 2011**. You must also serve the papers on Co-Lead Counsel and Settling Defendants’ Counsel at the addresses set forth below so that the papers are *received on or before October 11, 2011*.

Clerk’s Office

Clerk of the Court
United States District Court
District of Puerto Rico
Federico Degetau Federal Building
150 Carlos Chardón Avenue
Hato Rey, Puerto Rico 00918

Co-Lead Counsel

Ellen Gusikoff Stewart
Robbins Geller Rudman & Dowd LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

- and -

Salvatore J. Graziano
Bernstein Litowitz Berger
& Grossmann LLP
1285 Avenue of the Americas
New York, NY 10019

Settling Defendants’ Counsel

Joseph E. Neuhaus
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004

70. Your written objection must (i) state your name, address, and telephone number; (ii) include a statement of the reason(s) for your objection; and (iii) include proof of all of your purchases, acquisitions, and sales of Popular common stock and/or Series B preferred stock during the Class Period and the price(s) paid and received. You may not object to the Settlement or any aspect of it, if you excluded yourself from the Class.

71. You may file a written objection without having to appear at the Settlement Hearing. You may not appear at the Settlement Hearing to present your objection, however, unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

72. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Co-Lead Counsel's request for an award of attorneys' fees and expenses, and if you have filed and served a timely written objection as described above, you also must notify the above counsel on or before October 11, 2011 concerning your intention to appear. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

73. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Co-Lead Counsel and Defendants' Counsel so that the notice is received on or before October 11, 2011.

74. You do not need to attend the Settlement Hearing, unless you wish to object in person to the proposed Settlement, the proposed Plan of Allocation, and/or the application for an award of attorneys' fees and expenses. You can object to or participate in the Settlement without attending the Settlement Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

75. The Settlement Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Co-Lead Counsel.

76. Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Co-Lead Counsel's request for an award of attorneys' fees and expenses.

WHAT IS THE DIFFERENCE BETWEEN EXCLUDING YOURSELF FROM THE CLASS AND OBJECTING TO THE SETTLEMENT?

77. Objecting is simply telling the Court that you do not like something about the Settlement, the Plan of Allocation, or the application for an award of attorneys' fees and expenses. You can object *only if* you are a member of the Class. Excluding yourself from the Class is telling the Court that you do not want to be a part of the Settlement. If you exclude yourself from the Class you have no basis to object because the case no longer affects you.

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

78. If you purchased or acquired Popular common stock and/or Series B preferred stock during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice and the enclosed Proof of Claim form to the beneficial owner of such Popular common stock and/or Series B preferred stock, no later than fourteen (14) calendar days after you receive this Notice, or (ii) provide the names and addresses of such persons no later than fourteen (14) calendar days after you receive this Notice to Popular Securities Litigation, c/o Epiq Systems, P.O. Box 3145, Portland, OR 97208-3145. If you choose the second option, the Claims Administrator will send a copy of the Notice and Proof of Claim form to the beneficial owner. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Proof of Claim form may also be obtained from the Settlement website, www.PopularSecuritiesLitigation.com, or by calling toll-free 1-877-846-5276.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

79. This Notice contains only a summary of the terms of the proposed Settlement. More detailed information about the matters involved in the Action is available at www.PopularSecuritiesLitigation.com, including, among other documents, copies of the Stipulation and the Proof of Claim form. All inquiries concerning this Notice or the Proof of Claim form should be directed to Co-Lead Counsel at the addresses set forth in ¶5 above or the Claims Administrator at:

Popular Securities Litigation
% Epiq Systems
P.O. Box 3145
Portland, OR 97208-3145
1-877-846-5276

DO NOT CALL OR WRITE POPULAR, THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.

Dated: July 12, 2011

By Order of the Court
United States District Court
District of Puerto Rico

**Schedule 1
Popular Inc.**

Common Stock Average 90-Day Look-Back Price

**Schedule 2
Popular Inc.**

Preferred Stock Average 90-Day Look-Back Price

Date	Price	Average Price	Date	Price	Average Price
2/19/2009	\$1.59	\$1.59	2/19/2009	\$8.00	\$8.00
2/20/2009	\$1.57	\$1.58	2/20/2009	\$11.50	\$9.75
2/23/2009	\$1.46	\$1.54	2/23/2009	\$8.30	\$9.27
2/24/2009	\$1.60	\$1.55	2/24/2009	\$11.00	\$9.70
2/25/2009	\$1.67	\$1.58	2/25/2009	\$10.00	\$9.76
2/26/2009	\$1.83	\$1.62	2/26/2009	\$10.00	\$9.80
2/27/2009	\$2.18	\$1.70	2/27/2009	\$9.75	\$9.79
3/2/2009	\$2.11	\$1.75	3/2/2009	\$9.50	\$9.76
3/3/2009	\$2.19	\$1.80	3/3/2009	\$9.50	\$9.73
3/4/2009	\$2.04	\$1.82	3/4/2009	\$10.00	\$9.76
3/5/2009	\$1.94	\$1.83	3/5/2009	\$10.16	\$9.79
3/6/2009	\$2.03	\$1.85	3/6/2009	\$10.00	\$9.81
3/9/2009	\$2.03	\$1.87	3/9/2009	\$10.00	\$9.82
3/10/2009	\$2.43	\$1.91	3/10/2009	\$9.51	\$9.80
3/11/2009	\$2.26	\$1.93	3/11/2009	\$10.50	\$9.85
3/12/2009	\$2.36	\$1.96	3/12/2009	\$10.55	\$9.89
3/13/2009	\$2.32	\$1.98	3/13/2009	\$10.00	\$9.90
3/16/2009	\$2.20	\$1.99	3/16/2009	\$10.14	\$9.91
3/17/2009	\$2.48	\$2.02	3/19/2009	\$10.50	\$9.94
3/18/2009	\$2.57	\$2.04	3/20/2009	\$12.31	\$10.06
3/19/2009	\$2.47	\$2.06	3/23/2009	\$11.30	\$10.12
3/20/2009	\$2.31	\$2.08	3/24/2009	\$11.00	\$10.16
3/23/2009	\$2.85	\$2.11	3/25/2009	\$11.75	\$10.23
3/24/2009	\$2.42	\$2.12	3/26/2009	\$12.10	\$10.31
3/25/2009	\$2.45	\$2.13	3/27/2009	\$10.50	\$10.31
3/26/2009	\$2.33	\$2.14	3/30/2009	\$10.75	\$10.33
3/27/2009	\$2.26	\$2.15	3/31/2009	\$11.00	\$10.36
3/30/2009	\$2.00	\$2.14	4/1/2009	\$11.10	\$10.38
3/31/2009	\$2.16	\$2.14	4/2/2009	\$12.50	\$10.46
4/1/2009	\$2.19	\$2.14	4/3/2009	\$13.00	\$10.54
4/2/2009	\$2.22	\$2.15	4/6/2009	\$13.45	\$10.63
4/3/2009	\$2.22	\$2.15	4/7/2009	\$12.81	\$10.70
4/6/2009	\$2.29	\$2.15	4/8/2009	\$13.05	\$10.77
4/7/2009	\$2.48	\$2.16	4/9/2009	\$13.94	\$10.87
4/8/2009	\$2.55	\$2.17	4/13/2009	\$14.60	\$10.97
4/9/2009	\$3.24	\$2.20	4/14/2009	\$16.00	\$11.11
4/13/2009	\$3.66	\$2.24	4/15/2009	\$16.25	\$11.25
4/14/2009	\$3.19	\$2.27	4/16/2009	\$16.10	\$11.38
4/15/2009	\$3.57	\$2.30	4/17/2009	\$15.10	\$11.47
4/16/2009	\$3.50	\$2.33	4/20/2009	\$15.25	\$11.57
4/17/2009	\$3.42	\$2.36	4/21/2009	\$15.10	\$11.66
4/20/2009	\$2.68	\$2.37	4/22/2009	\$14.16	\$11.72
4/21/2009	\$3.12	\$2.38	4/23/2009	\$13.80	\$11.76
4/22/2009	\$2.90	\$2.39	4/24/2009	\$13.80	\$11.81
4/23/2009	\$2.95	\$2.41	4/27/2009	\$13.62	\$11.85
4/24/2009	\$2.80	\$2.42	4/28/2009	\$13.13	\$11.88
4/27/2009	\$2.67	\$2.42	4/29/2009	\$12.98	\$11.90
4/28/2009	\$2.86	\$2.43	4/30/2009	\$12.43	\$11.91
4/29/2009	\$3.04	\$2.44	5/1/2009	\$12.52	\$11.92
4/30/2009	\$2.86	\$2.45	5/4/2009	\$12.75	\$11.94
5/1/2009	\$2.77	\$2.46	5/5/2009	\$12.90	\$11.96
5/4/2009	\$3.19	\$2.47	5/6/2009	\$13.10	\$11.98
5/5/2009	\$3.15	\$2.48	5/7/2009	\$13.07	\$12.00
5/6/2009	\$3.41	\$2.50	5/8/2009	\$13.85	\$12.04
5/7/2009	\$3.31	\$2.52	5/11/2009	\$13.76	\$12.07
5/8/2009	\$3.51	\$2.53	5/12/2009	\$13.50	\$12.09
5/11/2009	\$3.48	\$2.55	5/13/2009	\$13.27	\$12.11
5/12/2009	\$3.29	\$2.56	5/14/2009	\$13.50	\$12.14
5/13/2009	\$2.86	\$2.57	5/15/2009	\$13.75	\$12.17
5/14/2009	\$2.98	\$2.57	5/18/2009	\$13.30	\$12.18
5/15/2009	\$2.71	\$2.58	5/19/2009	\$13.25	\$12.20
5/18/2009	\$3.06	\$2.58			
5/19/2009	\$2.96	\$2.59			