

POPULAR INC  
Form DEF 14A  
March 11, 2011

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT  
PURSUANT TO SECTION 14(A) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant  Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Popular, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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| (1) | Title of each class of securities to which transaction applies:   |
| (2) | Aggregate number of securities to which transaction applies:  |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously.

Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (2) Form, Schedule or Registration Statement No:
  - (3) Filing Party:
  - (4) Date Filed:
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Popular, Inc.  
209 Muñoz Rivera Avenue  
San Juan, Puerto Rico 00918

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on April 28, 2011**

To the Stockholders of Popular, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Meeting ) of Popular, Inc. (the Corporation ) for the year 2011 will be held at 9:00 a.m., local time, on April 28, 2011, on the third floor of the Centro Europa Building, 1492 Ponce de León Avenue, San Juan, Puerto Rico, to consider and act upon the following matters:

- (1) To elect three directors assigned to Class 3 of the Board of Directors of the Corporation for a three-year term;
- (2) To provide an advisory vote related to the Corporation s executive compensation program;
- (3) To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Corporation for 2011; and
- (4) To consider such other business as may be properly brought before the Meeting or any adjournments thereof. At present, management knows of no other business to be brought before the Meeting.

Only stockholders of record at the close of business on February 28, 2011 are entitled to notice of and to vote at the Meeting.

This year we are using the Internet as our primary means of furnishing proxy materials to our stockholders, in accordance with the U.S. Securities and Exchange Commission rules. Rather than sending stockholders a paper copy of our proxy materials, we are sending them a Notice of Internet Availability of Proxy Materials which contains instructions for accessing the materials and voting via the Internet. We believe this method of distribution will make the proxy distribution process more efficient, less costly and will limit our impact on the environment. This Proxy Statement and our 2010 Annual Report to Shareholders are available at: [www.popular.com](http://www.popular.com) and [www.proxyvote.com](http://www.proxyvote.com). Stockholders may request a copy of the proxy materials in printed form by following the procedures set forth in the Notice of Internet Availability of Proxy Materials.

We encourage you to attend the Meeting, but even if you cannot attend, it is important that your shares be represented and voted. Whether or not you plan to attend, please vote as soon as possible so that the Corporation may be assured of the presence of a quorum at the Meeting. You may vote via the Internet, by telephone or, if you received a paper proxy card in the mail, by mailing the completed proxy card. The instructions on the Notice of Internet Availability of Proxy Materials or your proxy card describe how to use these convenient services.

In San Juan, Puerto Rico, on March 11, 2011.

By Order of the Board of Directors,

SAMUEL T. CÉSPEDES  
Secretary

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**PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON APRIL 28, 2011**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Popular, Inc. (the Corporation) for use at the Annual Meeting of Stockholders of the Corporation (the Meeting) to be held on April 28, 2011, beginning at 9:00 a.m., local time, on the third floor of the Centro Europa Building, 1492 Ponce de León Avenue, San Juan, Puerto Rico, and at any postponements or adjournments thereof.

This year we are using the Internet as our primary means of furnishing our proxy materials to most of our stockholders. Rather than sending those stockholders a paper copy of our proxy materials, we are sending them a Notice of Internet Availability of Proxy Materials, which contains instructions for accessing the materials and voting via the Internet and by phone. The notice also contains information on how to request a paper copy of the proxy materials by mail. We believe this method of distribution will make the proxy distribution process more efficient, less costly and will limit our impact on the environment.

The Notice of Internet Availability of Proxy Materials as well as any Proxy Statement and form of proxies were first sent to stockholders on or about March 11, 2011.

**ABOUT THE MEETING**

**What information is contained in this Proxy Statement?**

The information in this Proxy Statement relates to the proposals to be voted on at the Meeting, the voting process, the Board of Directors of the Corporation (the Board), Board committees, the compensation of directors and executive officers and other required information.

**What is the purpose of the Meeting?**

At the Meeting, stockholders will act upon the matters outlined in the accompanying Notice of Meeting, including the election of three directors, the advisory vote related to executive compensation and the ratification of the Corporation's independent registered public accounting firm for 2011. In addition, management will report on the affairs of the Corporation.

**Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a full set of the proxy materials?**

Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the SEC), the Corporation has elected to provide access to its proxy materials over the Internet. Accordingly, the Corporation is sending a Notice of Internet Availability of Proxy Materials to our stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability of Proxy Materials. The Corporation encourages you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the costs and environmental impact of the Meeting.

**What is included in the proxy materials?**



The proxy materials include this Proxy Statement and the Corporation's Annual Report on Form 10-K with the audited financial statements for the year ended December 31, 2010, duly certified by PricewaterhouseCoopers LLP, as independent registered public accounting firm. The proxy materials also include the Notice of Annual Meeting of Stockholders. If you receive or request printed versions of these materials be sent to you by mail, these materials will also include the proxy card.

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### **How many votes do I have?**

You will have one vote for every share of the Corporation's common stock, par value \$0.01 per share ( Common Stock ), you owned as of the close of business on February 28, 2011, the record date for the Meeting (the Record Date ).

### **How many votes can all stockholders cast?**

Stockholders may cast one vote for each of the Corporation's 1,023,110,458 shares of Common Stock that were outstanding on the Record Date. The shares covered by any proxy that is properly executed and received before 11:59 p.m. Eastern Time, the day before the Meeting will be voted. Shares voted in person may be voted until 9:00 a.m. on the day of the Meeting. Shares held under the Popular, Inc. Puerto Rico Savings and Investment Plan and the Popular, Inc. USA 401(k) Savings and Investment Plan may be voted by proxy properly executed and received before 11:59 p.m. Eastern Time on April 25, 2011.

### **How many votes must be present to hold the Meeting?**

A majority of the votes that can be cast must be present either in person or by proxy to hold the Meeting. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the Meeting for purposes of determining whether the majority of the votes that can be cast are present. **A broker non-vote occurs when a broker or other nominee does not have discretionary authority to vote on a particular matter.** Votes cast by proxy or in person at the Meeting will be counted by Broadridge Financial Solutions, Inc., an independent third party. We urge you to vote by proxy even if you plan to attend the Meeting, so that we will know as soon as possible that enough votes will be present for us to hold the Meeting.

### **What vote is required and how are abstentions and broker non-votes treated?**

To be elected, directors must receive a majority of the votes cast (the number of shares voted FOR a director nominee must exceed the number of votes cast AGAINST the nominee). For additional information relating to the election of directors, see Proposal 1: Election of Directors . **Broker non-votes and abstentions will not be counted as either a vote cast for or a vote cast against the nominee and, therefore, will have no effect on the results for the election of directors.**

For the advisory vote related to executive compensation, the ratification of the independent registered public accounting firm and any other item voted upon at the Meeting, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on this item will be required for approval. Abstentions will have the same effect as a negative vote and broker non-votes will not be counted in determining the number of shares necessary for approval.

### **Can I vote if I participate in an employee stock plan?**

Yes. Your vote will serve to instruct the trustees or independent fiduciaries how to vote your shares in the Popular, Inc. Puerto Rico Savings and Investment Plan and the Popular, Inc. USA 401(k) Savings and Investment Plan.

### **How does the Board recommend that I vote?**

The Board recommends that you vote FOR each nominee to the Board; FOR the advisory vote related to executive compensation; and FOR the ratification of the Corporation's independent registered public accounting firm for the year

2011.

**How do I vote?**

You can vote either in person at the Meeting or by proxy without attending the Meeting.

To vote by proxy, you must either

Vote over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials.

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Vote by telephone by calling the toll-free number found on the Notice of Internet Availability of Proxy Materials, or if you receive or request printed copies of the proxy materials be sent to you by mail, you may vote by proxy by calling the toll-free number found on the proxy card.

Vote by mail if you receive or request printed copies of the proxy materials, by filling out the proxy card and sending it back in the envelope provided. To avoid delays in ballot taking and counting, and in order to ensure that your proxy is voted in accordance with your wishes, compliance with the following instructions is respectfully requested: when signing a proxy as attorney, executor, administrator, trustee, guardian, authorized officer of a corporation, or on behalf of a minor, please give full title. If shares are registered in the name of more than one record holder, all record holders must sign.

If you want to vote in person at the Meeting, and you hold your Common Stock through a securities broker or nominee (that is, in street name), you must obtain a proxy from your broker or nominee and bring that proxy to the Meeting.

### **Who will bear the costs of soliciting proxies for the Meeting?**

The cost of soliciting proxies for the Meeting will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited personally, by telephone or otherwise. The Board has engaged the firm of Georgeson Inc. to aid in the solicitation of proxies. The cost is estimated at \$8,000, plus reimbursement of reasonable out-of-pocket expenses. Directors, officers and employees of the Corporation may also solicit proxies but will not receive any additional compensation for their services. Proxies and proxy material will also be distributed at the expense of the Corporation by brokers, nominees, custodians and other similar parties.

### **Can I change my vote?**

Yes, you may change your vote at any time before the Meeting. To do so, you may cast a new vote by telephone or over the Internet, send in a new proxy card with a later date, or send a written notice of revocation to the President or Secretary of Popular, Inc. (751), P.O. Box 362708, San Juan, Puerto Rico 00936-2708, delivered before the proxy is exercised. If you attend the Meeting and want to vote in person, you may request that your previously submitted proxy not be used.

### **What should I do if I receive more than one set of voting materials?**

You may receive more than one set of voting materials, including multiple Notices of Internet Availability of Proxy Materials or multiple proxy cards. For example, if you hold your shares in more than one brokerage account, you may receive separate Notices of Internet Availability or proxy cards for each brokerage account in which you hold shares. You should exercise your vote in connection with each set of voting materials as they represent different shares.

### **Could other matters be decided at the Meeting?**

The Board does not intend to present any business at the Meeting other than that described in the Notice of Meeting. The Board at this time knows of no other matters which may come before the Meeting and the Chairman of the Meeting will declare out of order and disregard any matter not properly presented. However, if any new matter requiring the vote of the stockholders is properly presented before the Meeting, proxies may be voted with respect thereto in accordance with the best judgment of proxy holders, under the discretionary power granted by stockholders to their proxies in connection with general matters.

**What happens if the Meeting is postponed or adjourned?**

Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

**Electronic Delivery of Annual Meeting Materials**

You will help the Corporation protect the environment and save postage and printing expenses in future years by consenting to receive the annual report and proxy materials via Internet. You may sign up for this service after voting on

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the Internet at *www.proxyvote.com*. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials electronically will remain in effect until you terminate it.

\* \* \*

**PRINCIPAL STOCKHOLDERS**

Following is the information with respect to any person, including any group as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, (the 1934 Act) who is known to the Corporation to beneficially own more than five percent (5%) of the outstanding Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
BlackRock Inc. <sup>(2)</sup> 40 East 52nd Street New York, NY 10022	52,197,410	5.10%
Paulson & Co. Inc. <sup>(3)</sup> 1251 Avenue of the Americas New York, NY 10020	67,000,000	6.55%
Wellington Management Company, LLP <sup>(4)</sup> 75 State Street Boston, MA 02109	64,267,202	6.28%

<sup>(1)</sup> For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the 1934 Act.

<sup>(2)</sup> Based solely on information contained in a Schedule 13G filed with the SEC on February 8, 2011 by BlackRock Inc. ( BlackRock ) reflecting its Common Stock holdings as of December 31, 2010. According to this statement, BlackRock beneficially owns 52,197,140 shares of Common Stock.

<sup>(3)</sup> Based solely on information contained in a Schedule 13G filed with the SEC on February 15, 2011 by Paulson & Co. Inc. ( Paulson ) reflecting its Common Stock holdings as of December 31, 2010. According to this statement, Paulson in its capacity as investment advisor has sole power to vote or direct the vote and to dispose or direct the disposition of 67,000,000 shares of Common Stock owned by Paulson's advisory clients. Paulson disclaims beneficial ownership of such shares.

<sup>(4)</sup> Based solely on information contained in a Schedule 13G/A filed with the SEC on February 14, 2011 by Wellington Management Company, LLP ( Wellington ) reflecting its Common Stock holdings as of December 31, 2010. According to this statement, Wellington, in its capacity as investment advisor, may be deemed to beneficially own 64,267,202 of Common Stock which are owned by Wellington clients.

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The following table sets forth the beneficial ownership of the Corporation's Common Stock and preferred stock as of February 28, 2011, for each director and nominee for director and each Named Executive Officer (NEO) defined as the executive officers included in the Summary Compensation Table included in the Compensation Discussion and Analysis section of this Proxy Statement and by all directors, executive officers, the Corporate Secretary and the Principal Accounting Officer as a group.

**Common Stock**

Name	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
Alejandro M. Ballester	130,438 <sup>(3)</sup>	*
Richard L. Carrión	3,641,907 <sup>(4)</sup>	*
María Luisa Ferré	6,611,861 <sup>(5)</sup>	*
C. Kim Goodwin		*
Michael T. Masin	120,308	*
Manuel Morales Jr.	534,822 <sup>(6)</sup>	*
Frederic V. Salerno	167,111	*
William J. Teuber Jr.	121,022	*
Carlos A. Unanue	969,530 <sup>(7)</sup>	*
José R. Vizcarrondo	563,250 <sup>(8)</sup>	*
Ignacio Alvarez	222,739 <sup>(9)</sup>	*
Amílcar Jordán	289,854	*
Jorge A. Junquera	866,539 <sup>(10)</sup>	*
Carlos J. Vázquez	717,691 <sup>(11)</sup>	*
All directors, executive officers, the Corporate Secretary and the Principal Accounting Officer as a group (21 persons as a group)	16,048,312	1.57

**Preferred Stock**

Name	Title of Security	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
María Luisa Ferré	8.25 % Preferred Stock	4,175 <sup>(12)</sup>	*
All directors, executive officers, Corporate Secretary and the Principal Accounting Officer as a group (21 persons as a group)	8.25% Preferred Stock	4,175	*

<sup>(1)</sup> For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the 1934 Act, pursuant to which a person or group of persons is deemed to have beneficial ownership of a security if that person has the right to acquire beneficial ownership of such security within 60 days. Therefore, it includes the number of shares of Common Stock that could be purchased by exercising stock options that were exercisable as of February 28, 2011 or within 60 days after that date, as follows: Ms. Ferré, 16,122; Mr. Morales, 16,122; Mr. Salerno, 6,058; Mr. Vizcarrondo, 1,274; Mr. Jordán, 38,815; Mr. Junquera, 181,374; and Mr. Vázquez, 221,763, which represent 707,085 shares for all directors, executive officers, the Corporate Secretary and the Principal Accounting Officer as a group. Also, it includes shares granted under the Popular, Inc. 2004 Omnibus Incentive Plan and the Senior Executive Long-Term

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Incentive Plan, subject to transferability restrictions and/or forfeiture upon failure to meet vesting conditions, as follows: Mr. Ballester, 39,764; Mr. Carrión, 438,187; Ms. Ferré, 83,334; Mr. Masin, 97,554; Mr. Morales, 118,634; Mr. Salerno, 128,593; Mr. Teuber, 118,742; Mr. Unanue, 38,627; Mr. Vizcarrondo, 80,702; Mr. Alvarez, 42,370; Mr. Jordán, 171,325; Mr. Junquera, 249,510; and Mr. Vázquez, 195,292, which represent 2,251,457 shares for all directors, executive officers, the Corporate Secretary, and the Principal Accounting Officer as a group. As of February 28, 2011, there were 1,023,110,458 shares of Common Stock outstanding and 1,120,665 shares of 8.25% Non-Cumulative Monthly Income Preferred Stock, 2008 Series B, outstanding.

(2) \* indicates ownership of less than 1% of the outstanding shares of Common Stock or 8.25% Non-Cumulative Monthly Income Preferred Stock, 2008 Series B, outstanding.

(3) Includes 32,037 shares owned by Mr. Ballester's wife and children.

(4) Mr. Carrión owns 1,796,085 shares and also has indirect investment power over 225 shares owned by his youngest son and 34,077 shares owned by his wife. Mr. Carrión has 1,070,774 shares pledged as collateral. Mr. Carrión has a 17.89% ownership interest in Junior Investment Corporation, which owns 10,125,882 shares, of which 1,811,520 are included in the table as part of Mr. Carrión's holdings. Junior Investment Corporation has 4,633,796 shares pledged as collateral.

(5) Ms. Ferré has direct or indirect investment and voting power over 6,611,861 shares. Ms. Ferré owns 90,339 shares and has indirect investment and voting power over 3,081,082 shares owned by FRG, Inc., 437,401 shares owned by The Luis A. Ferré Foundation, 2,970 shares owned by RANFE, Inc., and 2,961,647 shares owned by El Día, Inc. All the shares owned by The Luis A. Ferré Foundation have been pledged as collateral. Ms. Ferré's husband owns 22,300 shares.

(6) Includes 386,365 shares owned by Mr. Morales's mother over which he has voting power as attorney-in-fact.

(7) Includes 757,312 shares held by Mr. Unanue's mother, over which Mr. Unanue disclaims beneficial ownership. Mr. Unanue has an 8.33% interest in Island Can Corporation, of which he is General Manager, and which owns 640,000 shares, of which 53,312 are included in the table as part of Mr. Unanue's holdings and over which he disclaims beneficial ownership.

(8) Includes 278,629 shares owned by DMI Pension Trust and 35,000 owned by Forever Dependent, LLC, where Mr. Vizcarrondo serves as trustee and member of the investment committee and over which he disclaims beneficial ownership.

(9) Includes 135,079 shares as to which Mr. Alvarez has a 50% undivided interest pending liquidation of the estate of his deceased spouse.

(10) Includes 24,868 shares owned by Mr. Junquera's son and daughter, over which he has voting power and disclaims beneficial ownership.

(11) Includes 187,600 shares held by various family members, over which Mr. Vázquez has investment authority.

(12) Reflects shares owned by Ms. Ferré's husband.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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Section 16(a) of the 1934 Act requires the Corporation's directors and executive officers to file with the SEC reports of ownership and changes in ownership of Common Stock. Officers and directors are required by SEC regulations to furnish the Corporation with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such reports furnished to the Corporation or written representations that no other reports were required, the Corporation believes that, with respect to 2010, all filing requirements applicable to its officers and directors were satisfied, except for one report by each of the following executive officers each covering one transaction, which were filed late: Richard L. Carrión, David H. Chafey Jr., Amílcar Jordán, Jorge A. Junquera and Brunilda Santos de Alvarez.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

The Certificate of Incorporation and the Amended and Restated By-laws of the Corporation establish a classified Board pursuant to which the Board is divided into three classes as nearly equal in number as possible, with each class having at least three members and with the term of office of one class expiring each year. Each director serves for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which such director was elected or until his or her successor has been duly elected and qualified. At the Meeting, three directors assigned to Class 3 are to be elected to serve until the 2014 annual meeting of stockholders or until their respective successors are duly elected and qualified. The remaining six directors of the Corporation will continue to serve as directors, as follows: until the 2012 annual meeting of stockholders of the Corporation, in the case of the directors assigned to Class 1, and until the 2013 annual meeting of stockholders, in the case of the directors assigned to Class 2, or in each case until their successors are duly elected and qualified.

The persons named as proxies have advised the Corporation that, unless otherwise instructed, they intend to vote at the Meeting the shares covered by the proxies FOR the election of the three nominees, and that if any one or more of such nominees should become unavailable for election they intend to vote such shares FOR the election of such substitute nominees as the Board may propose. The Corporation has no knowledge that any nominee will become unavailable for election.

The Corporation's Amended and Restated By-Laws require that each director receive a majority of the votes cast with respect to such director in uncontested elections (the number of shares voted FOR a director nominee must exceed the number of votes cast AGAINST that nominee). All nominees for election at the Meeting are currently serving on the Board, except for Ms. Goodwin, who is being nominated for the first time. Ms. Goodwin will be replacing Mr. Frederic V. Salerno, who announced his decision not to stand for reelection for a new three-year term. If stockholders do not elect a nominee who is serving as a director, Puerto Rico corporation law provides that the director would continue to serve on the Board as a holdover director. Under the Corporation's Amended and Restated Bylaws and Corporate Governance Guidelines, an incumbent director who is not elected by a majority of the votes cast shall tender his or her resignation to the Board. In that situation, the Corporation's Corporate Governance and Nominating Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. The Board would act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision.

The Board met 17 times during 2010. All directors attended 75% or more meetings of the Board and the meetings of committees of the Board on which such directors served. While the Corporation has not adopted a formal policy with respect to directors' attendance at the meetings of stockholders, the Corporation encourages directors to attend such meetings. All of the directors then on the Board attended the 2010 annual meeting of stockholders. All of the Corporation's directors are expected to attend the Meeting.

Information relating to participation in the Corporation's committees, principal occupation, business experience during the past five years (including positions held with the Corporation or its subsidiaries, age and the period during which each director has served in such capacity), directorships and qualifications with respect to each director is set forth below. All of the Corporation's current directors have been directors of the following subsidiaries of the Corporation since January 2007, except for Messrs. Ballester and Unanue, who became directors of these entities in January 2010: Banco Popular de Puerto Rico (the Bank), Popular International Bank, Inc., Popular North America, Inc. and Banco Popular North America.



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**NOMINEES FOR ELECTION AS DIRECTORS AND OTHER DIRECTORS**

**Nominees for Election  
Class 3 Directors  
(terms expiring 2014)**

NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, DIRECTORSHIPS AND QUALIFICATIONS
María Luisa Ferré, age 47 Member of the Board since 2004	<p>President and CEO of Grupo Ferré Rangel since 1999 and FRG, Inc. since 2001, the holding company for El Día, Inc. and Editorial Primera Hora, Inc., Puerto Rico newspapers. Publisher and Chairwoman of the Board of Directors of El Día, Inc. and Editorial Primera Hora, Inc. since 2006. Member of the Board of Directors of El Nuevo Día, Inc. since 2003. President and Trustee of the Luis A. Ferré Foundation since 2003. Director and Vice President of the Ferré Rangel Foundation since 1999.</p> <p>Ms. Ferré is the President and CEO of Grupo Ferré Rangel, a privately owned business and the largest communications and media group in Puerto Rico with consolidated assets of approximately \$500 million and annual revenue of approximately \$310 million as of December 31, 2010. Grupo Ferré Rangel also has a real estate division in Puerto Rico and the United States and a distribution company. She holds positions as director and officer of numerous entities related to the Grupo Ferré Rangel and is the Publisher and Chairwoman of the board of directors of the entity that publishes Puerto Rico's most widely read and influential newspaper. As a result of these experiences, Ms. Ferré understands thoroughly the Corporation's main market and has developed management and oversight skills which allow her to make significant contributions to the Board. She also provides thoughtful insight regarding the communication needs of the Corporation. She serves as director and trustee of philanthropic and charitable organizations related to fine arts and education.</p>
C. Kim Goodwin, age 51 New Nominee	<p>Private investor since 2008. Managing Director and Head of Equities (Global), Asset Management Division of Credit Suisse Group, a major financial services company, from September 2006 to July 2008. Director of Akamai Technologies, Inc., a technology and Internet corporation with more than \$1,023.6 million in annual revenues as of December 31, 2010, since October 2008, and prior to that from January 2004 to November 2006. Chief Investment Officer Equities of State Street Corporation, a money management firm from September 2002 to January 2005. Former Director of CheckFree Corporation, a provider of information management and electronic commerce solutions acquired by Fiserv, Inc. in 2007.</p> <p>Ms. Goodwin's experience as a senior investment officer at several global financial services firms will provide the Board with valuable insight into the perspective of institutional investors. Her analytical skills and understanding of</p>

global financial markets will also be a valuable asset for a financial services firm such as the Corporation. Ms. Goodwin will also provide to the Corporation with valuable insight in the area of the use of technology by financial firms.

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NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, DIRECTORSHIPS AND QUALIFICATIONS
<p>William J. Teuber Jr., age 59 Member of the Board since 2004</p>	<p>Vice Chairman of EMC Corporation since 2006, Executive Vice President since 2001 and Chief Financial Officer from 1997 to 2006. Trustee of the College of the Holy Cross since September 2009.</p> <p>Mr. Teuber has significant financial and financial reporting expertise, which he acquired as a Partner in Coopers &amp; Lybrand LLP from 1988 to 1995 and then as Chief Financial Officer of EMC Corporation, a world leader in information infrastructure technology and solutions with over \$17 billion of revenue during the year ended December 31, 2010, of which he is currently Vice Chairman. At EMC he has demonstrated vast management and leadership skills as he led EMC's worldwide finance operation and was responsible for all of its financial reporting, balance sheet management, foreign exchange, audit, tax and investor relations function. Currently Mr. Teuber assists the Chairman, President and Chief Executive Officer of EMC in the day-to-day management of EMC, and leads EMC Customer Operations, the company's worldwide sales and distribution organization, which allows Mr. Teuber to provide the Board with a unique global perspective.</p>

**Class 1 Directors  
(terms expiring 2012)**

<p>Alejandro M. Ballester, age 44 Member of the Board since 2010</p>	<p>President of Ballester Hermanos, Inc., a food and beverage distributor, since 2007 and Senior Vice President from 2005 to 2007. Member of the Board of Directors of the Government Development Bank for Puerto Rico and two of its affiliates during 2009.</p> <p>Mr. Ballester has a comprehensive understanding of Puerto Rico's consumer products and distribution industries acquired through 20 years of experience at Ballester Hermanos, Inc., a privately owned business dedicated to the importation and distribution of grocery products as well as beer, liquors and wine for the retail and food service trade in Puerto Rico. As of December 31, 2010, Ballester Hermanos had approximately \$100 million in assets and an annual revenue of approximately \$230 million for the year then ended. Mr. Ballester is familiar with the challenges faced by family businesses, which constitute an important market segment for Popular's commercial banking units. He has proven to be a successful entrepreneur establishing the food service division of Ballester Hermanos in 1999, which today accounts for 30% of the firm's revenues. As a director of the Government Development Bank for Puerto Rico until 2009 and member of its audit and investment committees, Mr. Ballester obtained experience in overseeing a variety of fiscal issues related to various government agencies, instrumentalities and municipalities. The experience, skills and understanding of the Puerto Rico economy and government financial condition acquired by Mr. Ballester have been of great value to the Board.</p>
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NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, DIRECTORSHIPS AND QUALIFICATIONS
Carlos A. Unanue, age 47 Member of the Board since 2010	<p>President of Goya de Puerto Rico, Inc. since 2003 and of Goya Santo Domingo, S.A. since 1994, food processors and distributors.</p> <p>Mr. Unanue has 25 years of experience at Goya Foods, Inc., a privately held family business with operations in the United States, Puerto Rico, Spain and the Dominican Republic that is dedicated to the sale, marketing and distribution of Hispanic foodstuff as well as to the food processing and canned foodstuff manufacturing business. Through his work with Goya Foods, Mr. Unanue has developed a profound understanding of the Corporation's two main markets, Puerto Rico and the United States. His experience in distribution, sales and marketing has provided him with the knowledge and experience to contribute to the development of the Corporation's business strategy, while his vast experience in management at various Goya entities has allowed him to make valuable contributions to the Board in its oversight functions.</p>
Richard L. Carrión, age 58 Member of the Board since 1990	<p>Chairman of the Board since 1993. CEO of the Corporation since 1994 and President from 1991 to January 2009 and from May 2010 to present. Chairman of the Bank since 1993 and CEO since 1989. President of the Bank from 1985 to 2004 and from May 2010 to present. Chairman and CEO of Popular North America, Inc. and other direct and indirect wholly-owned subsidiaries of the Corporation. Director of the Federal Reserve Bank of New York since January 2008. Chairman of the Board of Trustees of Fundación Banco Popular, Inc. since 1982. Chairman and Director of Banco Popular Foundation, Inc. since 2005. Member of the Board of Directors of Verizon Communications, Inc. since 1995. Member of the Board of Directors of Wyeth from 2000 to 2006.</p> <p>Mr. Carrión's 35 years of banking experience, 26 at the head of the Corporation, Puerto Rico's largest financial institution, has given him a unique level of knowledge of the Puerto Rico financial system. Mr. Carrión is a well recognized leader with a vast knowledge of the Puerto Rico economy, and is actively involved in major efforts impacting the local economy. His knowledge of the financial industry has led him to become a director of the Federal Reserve Bank of New York. He is also a Member of the Executive Board of the International Olympic Committee and Chairman of the International Olympic Committee Finance Commission.</p>

**Table of Contents****Class 2 Directors  
(terms expiring 2013)**

NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, DIRECTORSHIPS AND QUALIFICATIONS
<p>Michael T. Masin, age 66 Member of the Board since 2007</p>	<p>Private investor since February 2008. Senior Partner of O Melveny &amp; Myers, LLP, a major international law firm with 14 offices and approximately 900 lawyers, from January 2004 to February 2008. Vice Chairman and Chief Operating Officer of Citigroup from 2002 to 2004. Trustee and member of the Executive Committee of Weill Cornell Medical School since 2003. Trustee of the Weill Family Foundation since 2002.</p> <p>Mr. Masin's experience as Vice Chairman and Chief Operating Officer of Citigroup from 2002 to 2004, a multi-billion financial institution, provides the Board and the Corporation access to an individual with a significant experience in governance, executive transition issues, management of financial institutions and a framework to address the complex challenges which financial institutions face. The knowledge and experience he obtained as Senior Partner of the international law firm O Melveny &amp; Myers enriches the Board with practical know-how and legal skills that are useful in the discussion and evaluation of financial and general corporate affairs. Mr. Masin was also Vice Chairman and President of Verizon Communications, Inc. from 2000 to 2002 and served on the Board of Directors of Verizon's predecessor, GTE Corporation, from 1990 to 2000. Mr. Masin also serves as Trustee of educational, philanthropic and charitable institutions in some of the principal markets served by the Corporation.</p>
<p>Manuel Morales Jr., age 65 Member of the Board since 1990</p>	<p>President of Parkview Realty, Inc. since 1985, the Atrium Office Center, Inc. since 1996 and Atrium Business Center since 1995, privately held companies engaged in real estate leasing. Member of the Board of Trustees of Fundación Banco Popular, Inc. since 1981. Member of the Board of Trustees of the Caribbean Environmental Development Institute since 1994 and of Fundación Angel Ramos, Inc. since 1998.</p> <p>Mr. Morales has been a director of the Bank, the Corporation's main banking subsidiary, since 1978 and of the Corporation since 1990, and therefore brings to the Board the benefit of the institutional knowledge and prior experiences which are relevant to the Board's decision making processes. He has previously served as chairman of the Audit Committee of the Corporation. Throughout the years, he has demonstrated a firm commitment to the Corporation and has developed an intrinsic understanding of the Corporation's core businesses, markets and areas of risks and opportunities. Mr. Morales's experience in the management and ownership of various real estate leasing businesses in Puerto Rico with aggregate assets of approximately \$26 million and average annual revenue of \$5 million as of December 31, 2010, gives him an in depth understanding of the economic conditions of a business segment that is important for the Corporation's commercial banking division in Puerto Rico. Mr. Morales has served as Director and Chairman of the Board of the Puerto Rico Chamber of Commerce, Director of the Better Business Bureau and Trustee of some of the most renowned educational, philanthropic and charitable institutions in Puerto Rico, including the Bank's philanthropic arm, Fundación Banco Popular, Inc.</p>

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**NAME AND AGE      PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, DIRECTORSHIPS AND QUALIFICATIONS**

José R. Vizcarrondo, age 49  
 Member of the Board since 2004

President, CEO and partner of Desarrollos Metropolitanos, L.L.C., a privately held general construction company since 2004. Member of the Trust Committee of the Bank since 2004. Member of the Board of Directors of the Puerto Rico Chapter of the National Association of Home Builders since 2002. Member of the Board of Directors of Hogar Cuna San Cristóbal Foundation since 2002, a non-profit foundation.

As President, CEO and partner of Desarrollos Metropolitanos, L.L.C., one of the principal companies dedicated to the development and construction of residential, commercial, industrial, and institutional projects in Puerto Rico, Mr. Vizcarrondo has developed extensive experience with respect to the business environment in Puerto Rico, particularly in the real estate and construction industries in which he has worked for the past 26 years. His knowledge of the construction industry is of benefit to the Board as it provides a better understanding of the real estate industry, which has experienced a material deterioration in recent years and represents a material risk to the Corporation. Desarrollos Metropolitanos is a privately held business with assets of approximately \$36 million and an annual revenue of approximately \$33 million as of December 31, 2010. Mr. Vizcarrondo serves as Director of the Puerto Rico Chapter of the National Association of Home Builders, and therefore provides important experience regarding one of the key industries served by the Bank.

**MEMBERSHIP IN BOARD COMMITTEES**

	§ Member	5 Chairman	Financial Expert		
Name		Audit	Compensation	Corp. Gov. & Nominating	Risk
<b>Class 1</b>	Alejandro M. Ballester	<		<	
	Richard L. Carrión				
	Carlos A. Unanue	<			<
<b>Class 2</b>	Michael T. Masin		<	<	<
	Manuel Morales Jr.			5	

	José R. Vizcarrondo				<
<b>Class 3</b>	María Luisa Ferré		5		<
	Frederic V. Salerno		5		<
	William J. Teuber Jr.		<	<	5

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Under the terms of the compensation package for non-employee directors of the Corporation in effect since July 2004, each non-employee director receives an annual retainer of \$20,000, while directors that are elected as chairmen of any Board committee receive an annual retainer of \$25,000. The retainer may be paid in either cash or restricted stock under the 2004 Omnibus Plan, at the director's election. The directors also receive an annual grant of \$35,000 payable in the form of restricted stock under the 2004 Omnibus Plan. These payments represent compensation for the twelve-month period commencing on the date of the annual meeting of stockholders.

In addition, non-employee directors receive \$1,000 for each Board or committee meeting attended, payable in either cash or restricted stock at the director's election. All restricted stock awards are subject to risk of forfeiture and restrictions on transferability until retirement of the director, when the awards become vested. Any dividends paid on the restricted stock during the vesting period are reinvested in shares of Common Stock. All current members of the Board have elected to receive the annual retainer and meeting fees in restricted stock instead of cash. Separate fees are paid for Board and committee meetings when they occur on the same day.

The Corporate Governance and Nominating Committee has primary responsibility for recommending director compensation levels subject to approval by the full Board. The role of executive officers in this process is limited to assisting the Corporate Governance and Nominating Committee in gathering information regarding peer institutions. In December 2010, the Corporate Governance and Nominating Committee engaged Pearl Meyer & Partners, a compensation consultant, to perform an analysis of current outside director compensation. Compensation was compared to peer banks of 18 publicly traded companies, similar in asset size to the Corporation. The outside consultant concluded that average actual director compensation approximates the market median, however, because the Board meets more frequently than peers the overall total compensation was below market, primarily as a reflection of lower retainer and meeting fees. The Board decided that, although director compensation was below market, it was not appropriate, at this time, to revise outside director compensation in light of the current financial results of the Corporation.

The Corporation reimburses directors for travel expenses incurred in connection with attending Board, committee and stockholder meetings and for other Corporation-related business expenses (including the travel expenses of spouses if they are specifically invited to attend the event for appropriate business purposes). The following table provides compensation information for the Corporation's non-employee directors during 2010.

**2010 NON-EMPLOYEE DIRECTOR SUMMARY COMPENSATION TABLE**

Name	Fees Earned or Paid in Cash (\$) <sup>(a)</sup>	Stock Awards (\$) <sup>(b)</sup>	Non-Equity Incentive Nonqualified			All Other Compensation (\$)	Total (\$)
			Option Award (\$)	Plan Compensation (\$)	Deferred Compensation Earnings (\$)		
Alejandro M. Ballester	\$ 75,445	\$ 44,528	-	-	-	-	\$ 119,973
Juan J. Bermúdez <sup>(c)</sup>	5,000	-	-	-	-	-	5,000
María Luisa Ferré	68,000	35,000	-	-	-	-	103,000

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Michael T. Masin	62,000	35,000	-	-	-	-	97,000
Manuel Morales Jr.	61,000	35,000	-	-	-	-	96,000
Francisco M. Rexach Jr. <sup>(c)</sup>	5,000	-	-	-	-	-	5,000
Frederic V. Salerno	80,000	35,000	-	-	-	-	115,000
William J. Teuber Jr.	73,000	35,000	-	-	-	-	108,000
Carlos Unanue	72,445	44,528	-	-	-	-	116,973
José R. Vizcarrondo	64,000	35,000	-	-	-	-	99,000

<sup>(a)</sup> Represents the cash value of fees earned by non-employee directors for attending the Corporation's Board and committee meetings and the annual retainer. All current members of the Board have elected to receive such compensation in restricted stock instead of cash.

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(b) Represents the payment of an annual grant of \$35,000 payable in shares of restricted stock under the 2004 Omnibus Plan. For Mssrs. Ballester and Unanue includes an additional \$9,528, which represents the payment of the annual grant related to the time served from the time they assumed their position as directors in January 2010 to the date of the annual meeting of stockholders.

(c) Retired as director in January 2010.

Each non-employee director must own Common Stock with a dollar value equal to five times his or her annual retainer. Non-employee directors are required to achieve that ownership level within three years of being named or elected as a director. Each director and nominee for director is currently in compliance with his or her Common Stock ownership requirements.

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**CORPORATE GOVERNANCE**

The Corporation maintains a corporate governance section on its website *www.popular.com*, where investors may find copies of its principal governance documents. The corporate governance section of the Corporation's website contains, among others, the following documents:

Code of Ethics  
Audit Committee Charter  
Corporate Governance & Nominating Committee Charter  
Corporate Governance Guidelines  
Compensation Committee Charter  
Excessive or Luxury Expenditures Policy

**BOARD OF DIRECTORS INDEPENDENCE**

The Corporation has a majority of independent directors. The Board has determined that the following directors have no material relationship with the Corporation and are independent under the director independence standards of The Nasdaq Stock Market ( Nasdaq ).

Alejandro M. Ballester  
Michael T. Masin  
Frederic V. Salerno  
Carlos A. Unanue

María Luisa Ferré  
Manuel Morales Jr.  
William J. Teuber Jr.

As part of the process to determine independence, Mr. Vizcarrondo requested that he not be considered independent as a result of the non-performing status of a loan extended by the Corporation's principal banking subsidiary to an entity controlled by Mr. Vizcarrondo and his father. See Other Relationships Transactions and Events section. In connection with this decision, Mr. Vizcarrondo resigned from the Compensation Committee effective February 18, 2011. In determining Ms. Ferré's independence, the Board considered payments made by the Corporation in the ordinary course of business to various entities related to Ms. Ferré in connection with advertising activities of the Corporation. During 2010, the independent directors met in executive or private sessions without the Corporation's management after every regularly scheduled Board meeting.

**BOARD LEADERSHIP STRUCTURE AND RISK OVERSIGHT**

The Corporation does not have a policy on whether the Chairman and Chief Executive Officer ( CEO ) positions should be separate or combined. Since 1994, Mr. Carrión has served as the Corporation's Chairman and CEO. The Board believes that this leadership structure best serves the interests of the Corporation as it allows for a clearly defined leadership structure and for increased efficiency and a tighter leadership coordination. It also allows the CEO to work more closely and collegially with the members of the Board to establish the direction of the Corporation. The Board continually evaluates the Corporation's leadership structure and could in the future decide not to combine the Chairman and CEO positions if it understands that doing so would serve the best interests of the Corporation.

On February 18, 2010, the Board amended its Corporate Governance Guidelines to require the designation of a lead director when the Chairman of the Board is not an independent director. The lead director is an independent director elected annually by a majority of the independent members of the Board. On February 18, 2011, Mr. Teuber was



appointed to succeed Mr. Frederic V. Salerno as lead director upon the expiration of Mr. Salerno's term on April 28, 2011. The Corporate Governance Guidelines provide that the lead director will have the following responsibilities:

preside over all meetings of the Board at which the Chairman is not present;

preside over executive sessions of the independent directors;

have authority to call meetings of independent directors;

act as the liaison between the independent directors and the Chairman of the Board and CEO;

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ensure that independent directors have adequate opportunities to meet in executive sessions and communicate to the CEO, as appropriate, the results of such sessions and other private discussions among outside directors;

assist the Chairman and the remainder of the Board in assuring effective corporate governance in managing the affairs of the Board;

serve as the contact person to facilitate communications requested by major shareholders with independent members of the Board;

approve, in collaboration with the CEO, meeting agendas and information sent to the Board;

approve, in collaboration with the CEO, meeting schedules to assure that there is sufficient time for discussion of all agenda items;

serve temporarily as Chairman of the Board and the Board's spokesperson if the Chairman is unable to act;

interview Board candidates; and

ensure the Board works as a cohesive team.

The Board has a significant role in the risk oversight of the Corporation. The Board has a Risk Management Committee that is responsible for the review, approval and monitoring of the Corporation's risk management policies that measure, limit and manage the Corporation's risks, while seeking to maintain the effectiveness and efficiency of the operating and business processes. The Committee also participates in the review and approval of the Corporation's allowance for loan losses on a quarterly basis. In order to carry out its responsibilities, the Risk Management Committee regularly meets with management to assess the major risks of the Corporation, including credit, liquidity, market, strategic and operational risks. The Corporation's Risk Manager as well as the CEO, Chief Financial Officer and Chief Legal Officer participate in the meetings of the Risk Management Committee and inform the Committee of specific risk analyses, as well as general business risks relating to the environment in which the Corporation operates and the Corporation's general risk profile. After each meeting, the Risk Management Committee reports to the Board in full. Whenever it is deemed appropriate, management gives presentations to the Board in full in connection with specific risk related issues such as those related to compliance.

The Audit Committee assists the Board in the oversight of accounting and financial reporting principles and policies, internal controls and procedures, and controls over financial reporting. The Audit Committee reviews reports from management, independent auditors, internal auditors, compliance, legal counsel, regulators and outside experts, as considered appropriate, that include risks the Corporation faces and the Corporation's risk management function. Internal Audit presents to the Audit Committee for evaluation and approval its annual risk assessment, which identifies the areas to be included in the annual audit plan. In connection with the oversight of internal controls over financial reporting, management keeps the Audit Committee informed of any notable deficiencies and material weaknesses. Any significant deficiencies and material weaknesses are reported to the full Board. The Audit Committee meets periodically with management to discuss risk related matters. After each meeting, the Audit Committee reports to the Board in full.

**STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS**

Any stockholder who desires to contact the Board or any of its members may do so by writing to: Popular, Inc., Board of Directors (751), P.O. Box 362708, San Juan, PR 00936-2708. Alternatively, a stockholder may contact the Corporation's Audit Committee or any of its members telephonically by calling the toll-free number (866) 737-6813 or electronically through [www.popular.com/ethicspoint-en](http://www.popular.com/ethicspoint-en). Communications received by the Audit Committee that are not related to accounting or auditing matters, may in its discretion be forwarded by the Audit Committee or any of its members, to other committees of the Board or the Corporation's management for review.

#### **STANDING COMMITTEES**

The Board has standing Audit, Risk Management, Compensation and Corporate Governance and Nominating committees, all of which operate under written charters.

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### **Audit Committee**

The Audit Committee consists of three or more members of the Board. The members of the Audit Committee each have been determined by the Board to be independent as required by the director independence rules of Nasdaq.

Currently, the Audit Committee is comprised of four non-employee directors, all of whom are independent. The Audit Committee held twelve meetings during 2010. Earnings releases, Form 10-K and Form 10-Q filings were discussed in eight of such meetings.

The Audit Committee's primary purpose is to assist the Board in its oversight of the accounting and financial reporting processes of the Corporation. The Audit Committee operates pursuant to a charter that was last amended and restated by the Board on December 21, 2010.

#### **Audit Committee Financial Experts**

The Board has determined that Frederic V. Salerno and William J. Teuber Jr. are the financial experts as defined by Item 407(d)(5) of Regulation S-K, and are independent within the meaning of the director independence rules of Nasdaq. Mr. Salerno has decided not to stand for reelection and his term expires on April 28, 2011. For a brief listing of Mr. Teuber's relevant experience, please refer to the "Nominees for Election as Directors and other Directors" section.

### **Risk Management Committee**

The Risk Management Committee consists of three or more members of the Board. The Risk Management Committee held eleven meetings during 2010. The purpose of the Risk Management Committee is to assist the Board in the monitoring of policies and procedures that measure, limit and manage the Corporation's risks while seeking to maintain the effectiveness and efficiency of the operating and businesses processes. It also assists the Board in the review and approval of the Corporation's risk management policies and processes.

### **Compensation Committee**

The Compensation Committee consists of at least three members of the Board, each of whom the Board has determined has no material relationship with the Corporation and each of whom is otherwise independent under the Nasdaq's director independence rules. The Compensation Committee held seven meetings during 2010.

The purpose of the Compensation Committee is to discharge the Board's responsibilities (subject to review by the full Board) relating to compensation of the Corporation's NEOs and all other executive officers, evaluate compensation plans for senior executive officers and take actions to ensure that such plans do not encourage them to take unnecessary and excessive risks that may threaten the value of the Corporation, review employee compensation programs and make reasonable efforts to limit any unnecessary risks that those programs may pose to the Corporation, review and discuss with management the Corporation's Compensation Discussion and Analysis, and produce an annual report on executive compensation for inclusion in the Corporation's Proxy Statement.

The Compensation Committee acts pursuant to a written charter that was most recently amended on December 22, 2009. Under its charter, the Compensation Committee:

- reviews and approves the corporate goals and objectives related to the CEO's compensation, conducts the CEO's annual performance review, and establishes the CEO's compensation based on the annual performance review;

annually reviews with the CEO the performance of other NEOs;

reviews and approves compensation programs and awards applicable to NEOs and members of the Corporation's Senior Management Team, as well as the compensation structure for all other executives;

reviews with the CEO plans for executive officer development and succession;

recommends to the Board cash and equity-based plans in which NEOs participate;

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in accordance with Emergency Economic Stabilization Act of 2008 requirements, at least every six months evaluates and reviews with the Senior Risk Officer the compensation plans for the Senior Executive Officers (as defined in the Compensation and Discussion Analysis section of this Proxy Statement) and other employees in light of the risks they may pose to the Corporation;

takes necessary actions to limit any risks identified as a result of the risk-related reviews; and

annually evaluates and reports to the Board on the Compensation Committee's own performance.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee is or has been an officer or employee of the Corporation. No NEO of the Corporation served on any board of directors' compensation committee of any other company for which any of the directors of the Corporation served as NEO at any time during 2010. Other than disclosed in the Other Relationships, Transactions and Events section, none of the members of the Compensation Committee had any relationship with the Corporation requiring disclosure under Item 404 of the SEC's Regulation S-K.

### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee consists of three or more members of the Board, each of whom the Board has determined has no material relationship with the Corporation and each of whom is otherwise independent under Nasdaq's director independence rules. The Corporate Governance and Nominating Committee held four meetings during 2010.

The purpose of the Corporate Governance and Nominating Committee is as follows:

identify and recommend individuals to the Board for nomination as members of the Board and its committees;

identify and recommend individuals to the Board for nomination as CEO of the Corporation;

identify and recommend individuals to the Board for nomination as Chairman of the Corporation;

promote the effective functioning of the Board and its committees; and

develop and recommend to the Board a set of corporate governance principles applicable to the Corporation, and review these principles at least once a year.

### **NOMINATION OF DIRECTORS**

Under the Corporation's Corporate Governance Guidelines, the Board should, based on the recommendations of the Corporate Governance and Nominating Committee, select new nominees for the position of independent director considering the following criteria:

personal qualities and characteristics, accomplishments and reputation in the business community;

current knowledge and contacts in the communities in which the Corporation does business and in the Corporation's industry or other industries relevant to the Corporation's business;

ability and willingness to commit adequate time to Board and committees matters;

the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Corporation; and

diversity of viewpoints, background, experience and other demographic factors.

The Corporate Governance and Nominating Committee does not have a specific diversity policy with respect to the director nomination process. Rather, the Committee considers diversity in the broader sense of how a candidate's viewpoints, experience, skills, background and other demographics could assist the Board in light of the Board's composition at the time.

The Corporate Governance and Nominating Committee will consider nominees recommended by stockholders. Generally, nominees are recommended by the Chairman of the Board or existing directors. There are no differences in the manner in which the Corporate Governance and Nominating Committee evaluates nominees for director based on whether the nominee is

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recommended by a stockholder. The Corporate Governance and Nominating Committee did not receive any recommendation for nomination from stockholders for the Meeting. Ms. Goodwin was recommended as a nominee for director by a non-management director.

Stockholders who wish to submit nominees for director for consideration by the Corporate Governance and Nominating Committee for election at the Corporation's 2012 annual meeting of stockholders may do so by submitting in writing advance notice to the Corporation of nominations not more than 180 days nor less than 90 days in advance of the anniversary date of the preceding year's annual meeting. In the case of a special meeting or in the event that the date of the annual meeting is more than 30 days before or after such anniversary date, notice by the stockholder must be delivered not earlier than the 15th day following the day on which notice is mailed, or a public announcement is first made by the Corporation of the date of such meeting. Under the Corporation's Amended and Restated By-Laws, stockholder's nomination must be accompanied by certain information, including the nominees' names and a brief description of the nominees' judgment, skills, diversity and experience with businesses and other organizations. Such information must be addressed to the Secretary of the Board of Directors (751) at Popular, Inc., 209 Muñoz Rivera Avenue, San Juan, Puerto Rico, 00918.

**CODE OF ETHICS**

The Board has adopted a Code of Ethics (the Code) to be followed by the Corporation's employees, officers (including the CEO, Chief Financial Officer and Corporate Comptroller) and directors to achieve conduct that reflects the Corporation's ethical principles. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Corporation and potential conflicts of interest. Directors, NEOs, executive officers and employees are required to be familiar with and comply with the Code. The Code provides that any waivers for NEOs, executive officers, or directors may be made only by the independent members of the Board and must be promptly disclosed to the stockholders. During 2010, the Corporation did not receive nor grant any request from directors, NEOs or executive officers for waivers under the provisions of the Code. The Code was last revised on September 16, 2010 and is available on the Corporate Governance section of the Corporation's website, [www.popular.com](http://www.popular.com). The Corporation will post on its website any amendments to the Code or any waivers to the CEO, Chief Financial Officer, Corporate Comptroller or directors.

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**EXECUTIVE OFFICERS**

The following information sets forth the names of the executive officers of the Corporation, their age, business experience and directorships during the past five years, as well as the period during which each such person has served as executive officer of the Corporation.

Richard L. Carrión, age 58

Chairman of the Board since 1993. CEO of the Corporation since 1994, and President from 1991 to January 2009 and since May 2010. For additional information, please refer to the Nominees for Election as Directors and other Directors section of this Proxy Statement.

Jorge A. Junquera, age 62

Senior Executive Vice President of the Corporation since 1997. Chief Financial Officer of the Corporation and the Bank and Supervisor of the Financial Management Group of the Corporation since 1996. President and Director of Popular International Bank, Inc., a direct wholly-owned subsidiary of the Corporation, since 1996. Director of the Bank until 2000 and from 2001 to present. Director of Popular North America, Inc. since 1996 and of other indirect wholly-owned subsidiaries of the Corporation.

Carlos J. Vázquez, age 52

President of Banco Popular North America since September 2010. Executive Vice President of the Corporation since February 2010 and from 1997 to April 2004. Senior Executive Vice President of the Bank since 2004. Supervisor in charge of Individual Credit Operations in Puerto Rico and Individual Banking in the United States from January 2009 to September 2010. Director of the Bank and of Banco Popular North America since October 2010. Director of Popular Securities, Inc. and other indirect wholly owned subsidiaries of the Corporation. Vice Chairman of the board of directors of Banco Popular Foundation since November 2010.

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Ignacio Alvarez, age 52

Executive Vice President and Chief Legal Officer of the Corporation since June 2010. Partner of Pietrantoní Méndez & Alvarez LLP, a San Juan, Puerto Rico based law firm, from September 1992 to June 2010. Member of the Board of Regents of Georgetown University since October 2008.

Juan Guerrero, age 51

Executive Vice President of the Bank in charge of the Financial and Insurance Services Group since 2004. Director of Popular Securities, Inc. since 1995, Popular Insurance, Inc. since 2004 and of other subsidiaries of the Corporation. Director of the Popular Family of Funds since 2001 and PRITFF Family of Funds from 1999 to 2010. Senior Vice President of the Bank from 1990 to 2004.

Amílcar Jordán, age 49

Executive Vice President of the Corporation since 2004. Supervisor in charge of the Corporate Risk Management Group since 2004. Senior Vice President and Comptroller of the Corporation from 1995 to 2004. Director of March of Dimes, Puerto Rico Chapter, since 2005.

Gilberto Monzón, age 51

Executive Vice President of the Bank in charge of the Individual Credit Group since October 2010. Executive Vice President of Popular Mortgage from July 1998 to October 2010 in charge of mortgage origination and servicing.

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Eduardo J. Negrón, age 46

Executive Vice President of the Corporation since 2008. Supervisor in charge of the Administration Group since December 2010, of the People Gro