



Via ODiSy

September 2, 2008

**PHILIPPINE STOCK EXCHANGE, INC.**  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention: Atty. Pete M. Malabanan  
Head

Ms. Sheena Paula H. Pedrieta  
Analyst  
Disclosure Department

Gentlemen:

We reply to your letter dated today requesting additional information on the disclosure of Banco De Oro Unibank, Inc (BDO) dated 01 September 2008 pertaining to the approval by its Board of Directors of the issuance of up to 500 million Series A Preferred Shares.

We reply to each of your queries in the order presented:

1. Terms of Payment

**Our Reply** : Cash upon subscription

2. Number of underlying common shares with percentage to total issued and outstanding shares:



### **Our Reply:**

For purposes of this reply, we assume you are referring to the maximum number of new common shares that may result from the conversion of Series A Preferred Shares (“Conversion Shares”), and its percentage to the expanded issued and outstanding common shares after the said conversion.

Considering, however, that the Series A Preferred Shares are convertible into common shares only after three (3) years from issuance at what would then be the prevailing market price of BDO common shares, we cannot with any sort of certainty determine today the total Conversion Shares. We can, however, illustrate *by example* using today’s closing price of Php41.50 per common share of BDO as the assumed conversion price at the time of conversion.

### **Illustration Only:**

500,000,000 Series A Preferred Shares x Php10.00= Php5.0 Billion  
(total issue price of Series A Preferred Shares)

$$\frac{\text{Php5,000,000,000.00}}{\text{Php41.50}} = 120,481,927 \text{ Conversion Shares}$$

Thus, the maximum Conversion Shares will (*assuming today’s market price as the conversion price at the time of conversion*) be 120,481,927 common shares constituting 4.97% of what would then be the expanded common capital stock of BDO.

**We have to stress that the foregoing computation is merely an illustration and can in no way be relied upon as determinative of what would be the actual Conversion Shares of the Series A Preferred Shares of BDO. We reiterate that conversion can only be made after 3 years from issue date and at a conversion price based on the market price of the common shares at the time of conversion. The market price at the time of actual conversion (and necessarily the conversion price and the Conversion Shares) is a function of market forces, which forces will themselves be influenced by various factors, including but not limited to the regulatory**



**environment, the domestic and international economic and political conditions, and the performance and prospects of BDO.**

c) Any other relevant information:

**Our Reply:** None. We have furnished all relevant information in our 01 September 2008 disclosure as supplemented by the foregoing discussion.

Lastly, BDO currently has no plans to list its Series A Preferred Shares with the Exchange but should any of its holders opt to convert into common shares 3 years from issue date, the Conversion Shares will then be listed with the Exchange.

We trust we have adequately addressed your request for clarification.

*Thank you.*

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', with a long horizontal stroke extending to the right.

**ELMER B. SERRANO**  
Corporate Information Officer