



NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

18TH FLOOR, PHILIPPINE AXA LIFE CENTRE, SEN. GIL PUYAT AVENUE CORNER TINDALO STREET, MAKATI CITY, PHILIPPINES
TELS (632) 759-5801 TO 06 * FAX (632) 759-5801 * WEBSITE: www.nrcp.com.ph * E MAIL : nrcp@nrcp.com.ph

July 4, 2008

ATTY. PETE M. MALABANAN

Head, Disclosure Department
The Philippine Stock Exchange, Inc.
PSE Center, Exchange Road
Ortigas Center, Pasig City

Dear Atty. Malabanan:

We are in receipt of your letter dated July 3, 2008 asking for additional information on the implementation of the share buyback program approved by our Board of Directors last June 23, 2008. We respond to your request as follows:

1. Reason/purpose of the Program including the benefits which are expected to be accrued to the Company.

Management believes that the stock market is currently pricing the company's shares at significantly below their intrinsic value. Consequently, purchasing these shares represents an appropriate investment for the company's excess cash. In doing this, we believe that we will be enhancing overall shareholder value.

2. Complete terms and conditions of the Program.

Our Board approved the implementation of the share buyback program for a total amount of P300 million. Beyond this, a specific timetable or reckoning/end date of the Program was not established by the Board nor were a specific number of shares included in the Program. If additional terms and conditions will be established, we will promptly disclose them to you.

3. Capital structure before/after the Program.

	Before*	After*
Capital Stock	Php2,181,954,600	Php2,181,954,600
Additional Paid In Capital	Php3,019,218,458	Php3,019,218,458
Treasury Shares	Php0	(Php300,000,000)
Revaluation Reserve	Php10,836,073	Php10,836,073
Retained Earnings	Php1,410,527,398	Php1,410,527,398
	Php6,622,536,529	Php6,322,536,529

* Pro forma as of March 31, 2008.

4. Pertinent accounting entries in the books to record the above-mentioned transactions.

Current standards recognize only one method of accounting for treasury shares, that is, the cost method. Treasury shares shall be recorded at cost regardless of whether the shares are acquired below or above the par or stated value. Accounting entries are a credit to Cash and a debit to Treasury Shares.

5. Latest information on capital stock as of June 30, 2008.

Issued shares	2,181,954,600
Outstanding shares	2,181,954,600
Listed shares	2,181,954,600
Treasury shares	0

In addition to the foregoing, we will disclose to you all transactions under the share repurchase program in the format prescribed by your letter.

Please feel free to contact the undersigned with any additional questions.

Sincerely,



JOHN E. HUANG
Senior Vice President/CFO