

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

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13 May 2008

ATTY. PETE M. MALABANAN
Head, Disclosure Department
The Philippine Stock Exchange, Inc.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

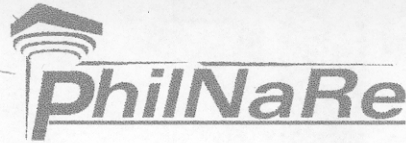
Dear Atty. Malabanan:

Attached is PhilNaRe's Press Release entitled "**Investment Environment Drops PhilNaRe Net Income Despite 189% Underwriting Income Surge,**" which we intend to distribute in conjunction with our formal disclosure of operating results for the quarter ended 31 March 2008.

Sincerely,



JOHN E. HUANG
Senior Vice President/CFO



13 May 2008

Draft only

INVESTMENT ENVIRONMENT DROPS PHILNARE NET INCOME DESPITE 189% UNDERWRITING INCOME SURGE

National Reinsurance Corporation of the Philippines (PSE: NRCP) reported net income of P110 million for the quarter ended March 31, 2008, representing a 36.6% decline from net income of P174 million for the corresponding period in 2007. The decline in earnings came even as underwriting income surged 189% during the period.

In a disclosure to the Philippine Stock Exchange (PSE), the Company, or PhilNaRe, said that reinsurance premiums for the first quarter of 2008 amounted to P726 million, slightly higher than P723 million in reinsurance premiums for the first quarter last year. However, net underwriting income for the first quarter of 2008 shot up to P111 million from P38 million the previous year as the Company's increased capitalization allowed it to retain more reinsurance premiums for its own account.

The strong performance of the Company's reinsurance operations was not enough to offset lacklustre results from investment operations. John E. Huang, PhilNaRe Senior Vice President and Chief Finance Officer, pointed to a challenging investment environment as a major drag on the performance of the Company's investment portfolio. "At this time last year, the stock market was moving up, as was the Peso, and interest rates were trending down," he said. "This year, we have the exact opposite. Add to that volatile international markets and you have a situation with limited trading opportunities." PhilNaRe's net investment income in the first quarter of 2008 amounted to P86 million, down from P187 million in the first quarter of 2007.

Still, Huang expressed satisfaction over PhilNaRe's reinsurance operations. "When we went public last year, we said that we would use the increase in our net worth to increase our capacity to accept and retain more premiums and we are beginning to see that happening."

Net premiums retained rose by 22.2 percent from P238 million in the first quarter of 2007 to P346 million this year as the company's retention ratio increased to 48 percent in the first quarter of 2008 from 39 percent in the same period last year.

As of March 31, 2008, the Company reported total resources of P11.2 billion and stockholders' equity of P6.6 billion.

National Reinsurance Corp. of the Philippines (PhilNaRe) was incorporated in 1978 pursuant to Presidential Decree No. 1270 as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighboring insurance markets. The Company listed its shares on the big board of the Philippine Stock Exchange on April 27, 2007. This press release is based on the company's quarterly report pursuant to Section 17 of the Securities Regulations Act and SRC Rule 17 (2)(b). This press release does not in any way report on any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.