

\$771,274,288.85
Puerto Rico Public Finance Corporation
2001 Series C Bonds
(Commonwealth Appropriation Bonds)

SUPPLEMENT TO OFFICIAL STATEMENT

The following information supplements the information appearing in the Official Statement of Puerto Rico Public Finance Corporation dated December 19, 2001 relating to the offering of the captioned bonds.

Recent Developments Relating to the Projected General Fund Revenues and Expenditures of the Commonwealth of Puerto Rico for Fiscal Year 2002

The Commonwealth of Puerto Rico (the "Commonwealth") periodically monitors and revises its projected revenues and expenses. In the beginning of January 2002, in making its periodic review of revenues and expenditures, the Commonwealth became aware of a \$193 million reduction in the projected revenues from nonresident corporation income tax withholding. This reduction is due to the inclusion in the budget for fiscal year 2002 of a tax payment from a single taxpayer based on a similar tax payment received from that taxpayer in fiscal year 2001. The Commonwealth discovered that the fiscal year 2001 tax payment had included a prepayment of fiscal year 2002 taxes; therefore, a comparable tax payment may not be made by such taxpayer in fiscal year 2002.

To address this revenue reduction, the Commonwealth has identified certain non-recurring unbudgeted revenue sources to make up any potential budgetary shortfall. The use of one or more of these revenue sources may require the enactment of Commonwealth legislation. The Commonwealth currently projects General Fund revenues (excluding proceeds from special funds) to total \$7,485 million for fiscal year 2002.

Current projections of expenditures through the end of fiscal year 2002 indicate that they could exceed the budgeted amount by approximately \$160 million if corrective action is not taken. The Commonwealth anticipates that it will take corrective action in this regard to ensure a balanced budget by fiscal year end.

January 11, 2002

\$40,750,000
Puerto Rico Public Finance Corporation
2001 Series D Bonds
(Commonwealth Appropriation Bonds)

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The Commonwealth of Puerto Rico (the "Commonwealth") periodically monitors and revises its projected revenues and expenses. In the beginning of January 2002, in making its periodic review of revenues and expenditures, the Commonwealth became aware of a \$193 million reduction in the projected revenues from nonresident corporation income tax withholding. This reduction is due to the inclusion in the budget for fiscal year 2002 of a tax payment from a single taxpayer based on a similar tax payment received from that taxpayer in fiscal year 2001. The Commonwealth discovered that the fiscal year 2001 tax payment had included a prepayment of fiscal year 2002 taxes; therefore, a comparable tax payment may not be made by such taxpayer in fiscal year 2002.

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January 11, 2002