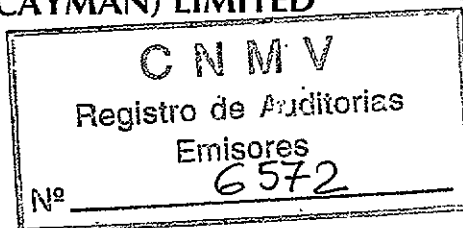




POPULAR PREFERENCE (CAYMAN) LIMITED

Financial Statements and
Auditors' report as at
30 June 2000



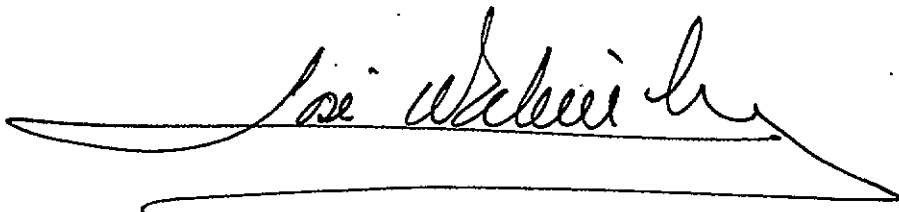
AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Popular Preference (Cayman) Limited.

We have audited the financial statements of Popular Preference (Cayman) Limited consisting of the balance sheet at 30 June 2000, the profit and loss account and the notes for the period from 6 March to 30 June 2000, whose preparation is the responsibility of the company's management. Our responsibility is to express an opinion of the aforementioned financial statements as a whole, based on our audit work carried out in accordance with generally accepted auditing standards, which require examining, on a test basis, evidence supporting the financial statements, as well as evaluating the overall financial statements presentation and assessing the accounting principles applied and significant estimates made by the management.

In our opinion, the accompanying financial statements present fairly, in all material respects, the shareholders' equity and financial position of Popular Preference (Cayman) Limited at 30 June 2000, and the results of its operations for the period from 6 March 2000 (date of incorporation) to 30 June 2000, and they contain the necessary and relevant information in order to adequately interpret and understand them, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers Auditores, S.L.



José Wahnon Levy
Partner

July 17, 2000

Popular Preference (Cayman) Limited

Balance sheet at 30 June 2000 and profit and loss account for the period from 6 March to 30 June 2000

(Expressed in United States dollars)

Balance sheet

Assets

Current assets

Due from banks on current account 49 850

Total Assets 49 850

Liabilities and capital

Net equity

Loss for the period (150)

Shareholder's equity 50 000

Total Liabilities and capital 49 850

Profit and loss account

Interest and similar income -

Interest expense and similar charges -

Net interest income -

Other administrative expenses (150)

Net operating loss (150)

Loss for the period (150)

Popular Preference (Cayman) Limited

Notes to the financial statements for the period from 6 March to 30 June 2000
(Expressed in United States dollars)

1. Business Activities

Popular Preference (Cayman) Limited (the "Company") is a finance company incorporated on 6 March 2000 for an unlimited duration under the Cayman Islands Company's Law with the registration number CR-97816. The registered office of Popular Preference (Cayman) Limited is at P.O. Box 309, George Town, Grand Cayman, British West Indies.

The main corporate purpose of Popular Preference (Cayman) Limited's business is the issuance of Preference Shares. The payment of interest is guaranteed by Banco Popular Español, S.A.

2. Basis of presentation of the financial statements

The accompanying financial statements have been prepared by the Board of Directors, based on the Company's accounting records in accordance with International Accounting Standards, in order to give a true and fair view of the Company's equity, financial situation and results.

The financial statements at 30 June 2000 are subject to the approval by the General Shareholder's Meeting. However, the Company's Board of Directors believes that they will be approved without any significant modifications.

All amounts are expressed in United States dollars.

3. Accounting principles and basis of valuation

The most significant accounting principles and standards of valuation applied are set out below:

a) Recognition of income and expenses.

Revenues and expenses are recognised in the profit and loss account on an accrual basis independently of when they are collected.

Popular Preference (Cayman) Limited

Notes to the financial statements for the period from 6 March to 30 June 2000
(Expressed in United States dollars)

b) **Classification of assets and liabilities**

Assets and liabilities with a maturity period of less than one year are classified as current assets or liabilities and those with a maturity over that period are classified as long term balances.

4. Due from banks on current account

The balance of this heading corresponds to the current account maintained in a financial institution, that has not beared any interest during the period commencing 6 March and ending 30 June 2000.

5. Marketable debt securities

The Company has not issued any Preference Shares since its incorporation.

* * * *

POPULAR PREFERENCE (CAYMAN) LIMITED

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE
COMPANY
HELD AT VENEZUELA, CARACAS,
ON THE 14th DAY OF JULY, 2000

PRESENT: Luis Fernando Fontaneda Prieto
Miguel Cano Henze
Juan Carlos Torres Copado
Ernesto Rey Rey
Ricardo González Villa

1. Officers of the Meeting

IT WAS RESOLVED THAT Juan Carlos Torres Copado and Luis Fernando Fontaneda Prieto be appointed Chairman and Secretary, respectively, of the Meeting.

2. Constitution of the Meeting

The Chairman noted that all the Directors were present in person or by proxy and had agreed to waive notice of the Meeting.

Accordingly he declared the Meeting duly constituted.

3. Financial Statements for the period commencing 6th March 2000 and ending 30th June 2000

There was presented to the meeting the draft financial statements for the period commencing 6th March 2000 and ending 30th June 2000, to the Meeting.

After discussion of the accounts, IT WAS UNANIMOUSLY RESOLVED THAT the unaudited financial statements for the above mentioned period, be accepted and approved as presented and copies thereof attached to the Minutes of the Meeting.

4. Request to audit the financial statements for the period commencing 6th March 2000 and ending 30th June 2000

The Chairman further reported that the company proposed to request

"PricewaterhouseCoopers Auditores, S.L.", as auditors of the Company appointed on the Meeting of the Board of Directors held at Madrid, Spain, on the 14th day of March, 2000, to prepare their report on the financial statements for the period commencing 6th March 2000 and ending 30th June 2000.

IT WAS UNANIMOUSLY RESOLVED THAT "PricewaterhouseCoopers Auditores, S.L." be requested to audit and prepare their report on the above mentioned accounts.

5. Termination of Meeting

There being no further business to discuss, the Meeting terminated.



CHAIRMAN

Juan Carlos Torres Copado



SECRETARY

Luis Fernando Fontaneda Prieto



CLASE 8ª



OF6552046

TRADUCCIÓN JURADA Nº 00/348

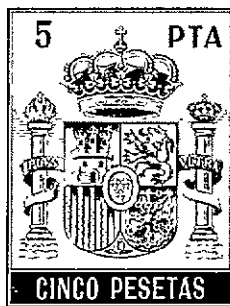
PRICE WATERHOUSE COOPERS

INFORME DE AUDITORÍA SOBRE LA DOCUMENTACIÓN FINANCIERA

A los Accionistas de Popular Preference (Cayman) Limited.

Hemos auditado la documentación financiera de Popular Preference (Cayman) Limited, que comprende el balance de situación al 30 de Junio de 2000, la cuenta de pérdidas y ganancias y la memoria correspondiente al período comprendido entre el 6 de Marzo y el 30 de Junio de 2000, cuya formulación es responsabilidad de los Administradores de dicha entidad. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas en su conjunto, basada en el trabajo realizado de acuerdo con las normas de auditoría generalmente aceptadas, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de la documentación financiera y la presentación y evaluación de los principios contables aplicados y de las estimaciones realizadas por sus gestores.

Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfno/Fax: (91) 416 64 72 - Mercedez, 31
28002 Madrid - España / Spain



OF6552047

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TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

En nuestra opinión, los estados financieros adjuntos expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y la situación financiera de Popular Preference (Cayman) Limited al 30 de Junio de 2000 y de los resultados de sus operaciones durante el período comprendido entre el 6 de Marzo de 2000 (fecha de constitución) y el 30 de Junio de 2000, y continen la información necesaria y suficiente para su interpretación y comprensión adecuadas, de conformidad con principios contables generalmente aplicados.

PricewaterhouseCoopers Auditores, S.L.

(Firmado)

José Wahnnon Levy
Asociado

17 de Julio de 2000



OF6552048

CLASE 8.a

TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

**BALANCE DE SITUACIÓN AL 30 DE JUNIO DE 2000
Y CUENTA DE RESULTADOS CORRESPONDIENTE
AL PERÍODO COMPRENDIDO DESDE EL
6 DE MARZO AL 30 DE JUNIO DE 2000**

(Expresados en Dólares de Estados Unidos)

BALANCE

ACTIVO

Capital Circulante

Depósitos en Cuentas Bancarias 49.850

Total Activo 49.850

PASIVO / CAPITAL

Recursos Propios

Pérdidas registradas durante el ejercicio (150)

Recursos Propios de Accionistas 50.000

Total Pasivo / Capital 49.850



OF6552049

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TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

CUENTA DE RESULTADOS

Intereses y rendimientos asimilados	-----
Intereses y cargas asimiladas	-----
	=====

 Beneficio Neto	 -----
Otros gastos administrativos	(150)

Pérdida operativa neta	(150)
	=====
Pérdida registrada durante el ejercicio	(150)
	=====

Intérprete Jurado (Inglés)
 Official Sworn Translator (English)
 RAFAEL GIL ESTEBAN
 Tipo/Fax: (91) 416 64 72 - Niereander, 31
 28002 Madrid - España / Spain



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TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

POPULAR PREFERENCE (CAYMAN) LIMITED

**Notas a la Documentación Financiera
correspondiente al período comprendido
desde el 6 de Marzo al 30 de Junio de 2000**

(Expresada en Dólares de Estados Unidos)

1. Actividad Mercantil

Popular Preference (Cayman) Limited (la "Sociedad") es una entidad financiera constituida el 6 de Marzo de 2000 con una duración ilimitada, conforme a la Ley de las Islas Caimán y registrada con el número CR-97816. La oficina registrada de Popular Preference (Cayman) Limited se encuentra en: P.O. Box 309, George Town, Gran Caimán, Indias Occidentales (*Antillas*) Británicas.

El principal objeto social de Popular Preference (Cayman) Limited es la emisión de Acciones Preferentes. El pago de intereses queda garantizado por Banco Popular Español, S.A.



OF6552051

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TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

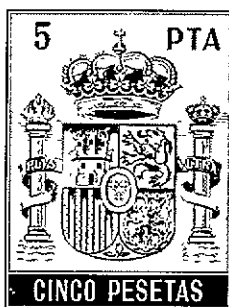
2. Principios de Presentación de Estados Financieros

Los estados financieros que se adjuntan han sido preparados por el Consejo de Administración con base a los antecedentes contables disponibles y según Principios Contables de ámbito internacional, con vistas a aportar una imagen auténtica y fidedigna de los recursos propios, situación financiera y resultados de la Sociedad.

Los Estados Financieros referidos al 30 de Junio de 2000 están sujetos a la aprobación de la Junta General de Accionistas. No obstante, a juicio del Consejo, se aprobarán sin aplicar modificación sustancial alguna.

Todas las cantidades aparecen expresadas en Dólares de Estados Unidos.

Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfno/Fax: (91) 416 04 72 - Mercedces, 31
28002 Madrid - España / Spain



OF6552052

CLASE 8ª

TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

3. Principios Contables y Criterio de Valoración

A continuación se especifican los más significativos principios contables y normas de valoración aplicados:

a) **Detalle de ingresos y gastos**

Figuran los ingresos y gastos reflejados en la Cuenta de Resultados conforme a un criterio de devengo, al margen de cuándo se lleve a efecto su cobro.

b) **Clasificación de activos y pasivos**

Los activos y pasivos cuyo plazo de vencimiento es inferior a un año se clasifican como Activo o Pasivo Circulante, y los que lo tienen superior a dicho plazo, como Saldos a Largo Plazo.



OF6552053

CLASE 8.^a

TRADUCCIÓN JURADA Nº 00/348

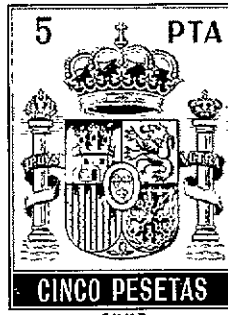
PRICE WATERHOUSE COOPERS

4. Depósitos en Cuentas Bancarias

El saldo de este epígrafe corresponde a la cuenta corriente mantenida en una entidad financiera, y que no ha devengado interés alguno durante el período comprendido entre el 6 de Marzo y el 30 de Junio de 2000.

5. Títulos de Deuda Comercializables

La Sociedad no tiene emitida Acción Preferente alguna desde su constitución.



OF6552054

CLASE 8ª

TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

POPULAR PREFERENCE (CAYMAN) LIMITED

ACTA DE LA JUNTA DEL CONSEJO DE ADMINISTRACIÓN
DE LA SOCIEDAD CELEBRADA EN CARACAS, VENEZUELA,
CON FECHA 14 DE JULIO DE 2000

ASISTEN: Luis Fernando Fontaneda Prieto
Miguel Cano Henze
Juan Carlos Torres Copado
Ernesto Rey Rey
Ricardo González Villa

1. Responsables de la Junta

SE ACUERDA designar a Juan Carlos Torres Copado y Luis Fernando Fontaneda Prieto Presidente y Secretario, respectivamente, de la Junta.



OF6552055

CLASE 8.^a

TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

2. Constitución de la Junta

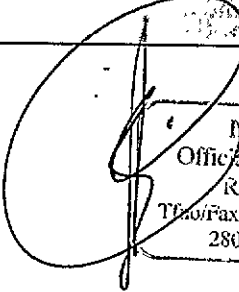
Comprueba el Presidente la asistencia de la totalidad de los Consejeros, bien personalmente o por delegación, habiendo renunciado a su derecho a toda notificación sobre la Junta.

En consecuencia, declara que la Junta queda formalmente constituida.

3. Estados Financieros correspondientes al período comprendido entre el 6 de Marzo y 30 de Junio de 2000

Se presenta ante la Junta el borrador de los Estados Financieros correspondientes al período comprendido entre el 6 de Marzo y 30 de Junio de 2000.

Tras ser las cuentas discutidas, SE APRUEBA POR UNANIMIDAD aceptar y aprobar, conforme se presentan, los estados financieros sin auditar correspondientes al citado período, y que se añadan copias de los mismos al Acta de la Junta.


Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfno./fax: (91) 416 04 72 - Nieremberg, 31
28002 Madrid - España / Spain



OF6552056

CLASE 8.a

TRADUCCIÓN JURADA Nº 00/348

PRICE WATERHOUSE COOPERS

4. Solicitud de Auditoría de los Estados Financieros correspondientes al período comprendido entre el 6 de Marzo y 30 de Junio de 2000

Informa, además, el Presidente que la Sociedad propone solicitar de "PricewaterhouseCoopers Auditores, S.L.", en su condición de Auditores de la misma por designación de la Junta del Consejo de Administración celebrada en Madrid, España, con fecha 14 de Marzo de 2000, se encargue de preparar su informe acerca de la Documentación Financiera correspondiente al período comprendido entre el 6 de Marzo y 30 de Junio de 2000.

SE ACUERDA POR UNANIMIDAD encargar a "Pricewaterhouse Coopers Auditores, S.L." la auditoría y preparación de su informe sobre las citadas cuentas.

5. Clausura de la Junta

Sin más asuntos que tratar, se da la Junta por terminada.

(Firmado) PRESIDENTE
Juan Carlos Torres Copado

(Firmado) SECRETARIO
Luis Fernando Fontaneda Prieto



OF6552057

CLASE 8ª

RAFAEL GIL ESTEBAN, INTÉRPRETE JURADO DE INGLÉS
POR NOMBRAMIENTO DEL MINISTERIO DE ASUNTOS EXTERIORES

CERTIFICA

QUE A SU LEAL SABER Y ENTENDER, LA PRESENTE TRADUCCIÓN ES FIEL REFLEJO DEL ADJUNTO
TEXTO EN LENGUA INGLESA, QUE ASIMISMO SELLA Y VISA.

PARA QUE ASÍ CONSTE Y SURTA EFECTOS CONFORME A DERECHO, EXPIDE ESTA TRADUCCIÓN
JURADA, CON EL NÚMERO 348-J DE SU PROTOCOLO, EN DOCE FOLIOS DE PAPEL DE LA CLASE
OCTAVA DEL TIMBRE DEL ESTADO, PRESENTE INCLUSIVE, EN MADRID, A CATORCE DE SEPTIEMBRE
DEL AÑO DOS MIL.


Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfno/Fax: (91) 416 64 72 - 416 64 31
28002 Madrid - España / Spain

"LAS TRADUCCIONES AL ESPAÑOL QUE REALICEN
LOS INTÉRPRETES JURADOS TENDRÁN CARÁCTER OFICIAL"
(ARTÍCULO 13 DEL REGLAMENTO DE LA OFICINA DE INTERPRETACIÓN
DE LENGUAS DEL MINISTERIO DE ASUNTOS EXTERIORES.
REAL DECRETO 2.555/1977)

DELEGACIONES DEL MINISTERIO DE ASUNTOS EXTERIORES

POPULAR PREFERENCE (CAYMAN) LIMITED

Financial Statements and
Auditors' report as at
30 June 2000


Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfn/Fax: (91) 416 64 72 - Nieremberg, 31
28002 Madrid - España / Spain

Paseo de la Castellana, 43
28046 Madrid
Tel. +34 915 684 400
Fax +34 913 083 566

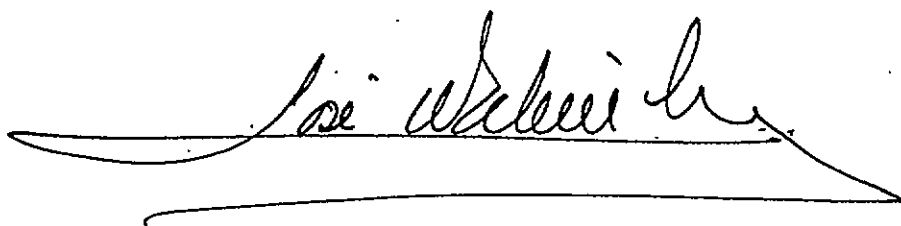
AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Popular Preference (Cayman) Limited.

We have audited the financial statements of Popular Preference (Cayman) Limited consisting of the balance sheet at 30 June 2000, the profit and loss account and the notes for the period from 6 March to 30 June 2000, whose preparation is the responsibility of the company's management. Our responsibility is to express an opinion of the aforementioned financial statements as a whole, based on our audit work carried out in accordance with generally accepted auditing standards, which require examining, on a test basis, evidence supporting the financial statements, as well as evaluating the overall financial statements presentation and assessing the accounting principles applied and significant estimates made by the management.

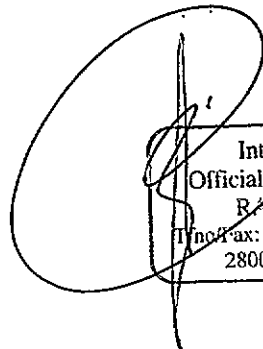
In our opinion, the accompanying financial statements present fairly, in all material respects, the shareholders' equity and financial position of Popular Preference (Cayman) Limited at 30 June 2000, and the results of its operations for the period from 6 March 2000 (date of incorporation) to 30 June 2000, and they contain the necessary and relevant information in order to adequately interpret and understand them, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers Auditores, S.L.



José Wahnón Levy
Partner

July 17, 2000



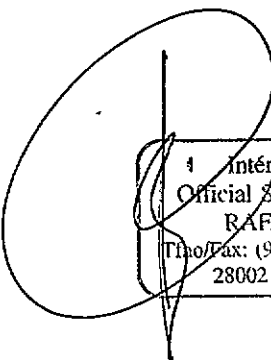
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Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfn/Fax: (91) 416 64 72 - Mercedez, 31
28002 Madrid - España / Spain

Popular Preference (Cayman) Limited

Balance sheet at 30 June 2000 and profit and loss account for the period from 6 March to 30 June 2000

(Expressed in United States dollars)

Balance sheet	
Assets	
Current assets	
Due from banks on current account	<u>49 850</u>
Total Assets	<u>49 850</u>
Liabilities and capital	
Net equity	
Loss for the period	(150)
Shareholder's equity	<u>50 000</u>
Total Liabilities and capital	<u>49 850</u>
 Profit and loss account	
Interest and similar income	-
Interest expense and similar charges	<u>-</u>
Net interest income	-
Other administrative expenses	<u>(150)</u>
Net operating loss	<u>(150)</u>
Loss for the period	<u>(150)</u>


Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tlfn/Fax: (91) 416 64 72 - Nerezoeg. 31
28002 Madrid - España / Spain

Popular Preference (Cayman) Limited

Notes to the financial statements for the period from 6 March to 30 June 2000
(Expressed in United States dollars)

1. Business Activities

Popular Preference (Cayman) Limited (the "Company") is a finance company incorporated on 6 March 2000 for an unlimited duration under the Cayman Islands Company's Law with the registration number CR-97816. The registered office of Popular Preference (Cayman) Limited is at P.O. Box 309, George Town, Grand Cayman, British West Indies.

The main corporate purpose of Popular Preference (Cayman) Limited's business is the issuance of Preference Shares. The payment of interest is guaranteed by Banco Popular Español, S.A.

2. Basis of presentation of the financial statements

The accompanying financial statements have been prepared by the Board of Directors, based on the Company's accounting records in accordance with International Accounting Standards, in order to give a true and fair view of the Company's equity, financial situation and results.

The financial statements at 30 June 2000 are subject to the approval by the General Shareholder's Meeting. However, the Company's Board of Directors believes that they will be approved without any significant modifications.

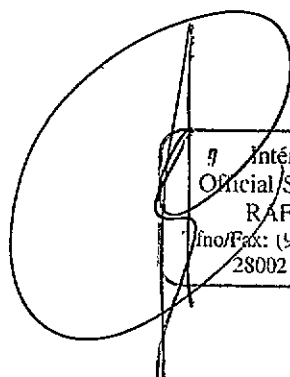
All amounts are expressed in United States dollars.

3. Accounting principles and basis of valuation

The most significant accounting principles and standards of valuation applied are set out below:

a) Recognition of income and expenses.

Revenues and expenses are recognised in the profit and loss account on an accrual basis independently of when they are collected.



Intérprete Jurado (Inglés)
Oficial/Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tél/Fax: (91) 416 64 72 - Nereosur, 31
28002 Madrid - España / Spain

Popular Preference (Cayman) Limited

Notes to the financial statements for the period from 6 March to 30 June 2000
(Expressed in United States dollars)

b) **Classification of assets and liabilities**

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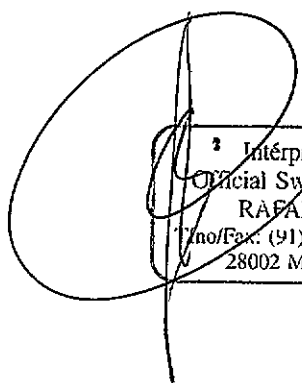
4. **Due from banks on current account**

The balance of this heading corresponds to the current account maintained in a financial institution, that has not beared any interest during the period commencing 6 March and ending 30 June, 2000.

5. **Marketable debt securities**

The Company has not issued any Preference Shares since its incorporation.

* * * *



Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL ESTEBAN
Tfno/Fax: (91) 416 64 72 - Mercaderes, 51
28002 Madrid - España / Spain

POPULAR PREFERENCE (CAYMAN) LIMITED

Intérprete Jurado (Inglés)
Official Sworn Translator (English)
RAFAEL GIL - STEBBINS
Teléfono: (91) 416 64 11 - Venezuela, 31
28002 Madrid - España / Spain

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE
COMPANY
HELD AT VENEZUELA, CARACAS,
ON THE 14th DAY OF JULY, 2000

PRESENT: Luis Fernando Fontaneda Prieto
Miguel Cano Henze
Juan Carlos Torres Copado
Ernesto Rey Rey
Ricardo González Villa

1. Officers of the Meeting

IT WAS RESOLVED THAT Juan Carlos Torres Copado and Luis Fernando Fontaneda Prieto be appointed Chairman and Secretary, respectively, of the Meeting.

2. Constitution of the Meeting

The Chairman noted that all the Directors were present in person or by proxy and had agreed to waive notice of the Meeting.

Accordingly he declared the Meeting duly constituted.

3. Financial Statements for the period commencing 6th March 2000 and ending 30th June 2000

There was presented to the meeting the draft financial statements for the period commencing 6th March 2000 and ending 30th June 2000, to the Meeting.

After discussion of the accounts, IT WAS UNANIMOUSLY RESOLVED THAT the unaudited financial statements for the above mentioned period, be accepted and approved as presented and copies thereof attached to the Minutes of the Meeting.

4. Request to audit the financial statements for the period commencing 6th March 2000 and ending 30th June 2000

The Chairman further reported that the company proposed to request

"PricewaterhouseCoopers Auditores, S.L.", as auditors of the Company appointed on the Meeting of the Board of Directors held at Madrid, Spain, on the 14th day of March, 2000, to prepare their report on the financial statements for the period commencing 6th March 2000 and ending 30th June 2000.


IT WAS UNANIMOUSLY RESOLVED THAT "PricewaterhouseCoopers Auditores, S.L." be requested to audit and prepare their report on the above mentioned accounts.

5. Termination of Meeting

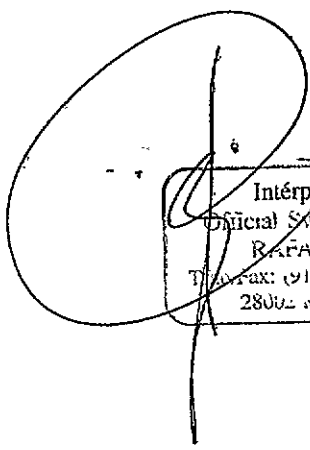
There being no further business to discuss, the Meeting terminated.



CHAIRMAN
Juan Carlos Torres Copado



SECRETARY
Luis Fernando Fontaneda Prieto


Intérprete Jurado (Inglés)
Oficial Sworn Translator (English)
RAFAEL GIL ESTEBAN
TELEFAX: (91) 416 04 12 - Nieuwenberg, 31
28002 Madrid - España / Spain