POPULAR INC
Form DEF 14A
March 21, 2002

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Rule 14a-12

Popular, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[x] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials:

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

POPULAR, INC.
P.O. BOX 362708
SAN JUAN, PUERTO RICO 00936-2708

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, APRIL 30, 2002

To the Stockholders of Popular, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Popular, Inc. (the "Meeting") for the year 2002 will be held at 10:30 a.m. on Tuesday, April 30, 2002, on the third floor of the Centro Europa Building, in Santurce, Puerto Rico, to consider and act upon the following matters:

(1) To elect three (3) directors of Popular, Inc. (the "Corporation") for a three-year term,

(2) To ratify the selection of the Corporation's independent auditors for 2002;

(3) To transact any and all other business as may be properly brought before the Meeting or any adjournments thereof. Management at present knows of no other business to be brought before the Meeting.

Stockholders of record at the close of business on March 11, 2002, are entitled to notice of and to vote at the Meeting.

You are cordially invited to attend the Meeting. Whether you plan to attend or not, please sign and return the enclosed proxy so that the Corporation may be assured of the presence of a quorum at the Meeting. A postage-paid envelope is enclosed for your convenience. REMEMBER THAT YOU CAN VOTE BY TELEPHONE OR BY INTERNET; FOR FURTHER DETAILS PLEASE REFER TO THE ENCLOSED PROXY CARD.

San Juan, Puerto Rico, March 18, 2002.

By Order of the Board of Directors,

SAMUEL T. CESPEDES
Secretary

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ABOUT THE MEETING

WHO IS SOLICITING MY VOTE?

The board of directors of the Corporation is soliciting your vote at the 2002 annual meeting of Popular, Inc.'s stockholders.

WHAT WILL I BE VOTING ON?

- Election of directors (see page 6)

- Ratification of PricewaterhouseCoopers LLP as the Corporation's auditors for 2002 (see page 15)

HOW MANY VOTES DO I HAVE?

You will have one vote for every share of the Corporation common stock (the "common stock") you owned on March 11, 2002 (the record date).

HOW MANY VOTES CAN ALL STOCKHOLDERS CAST?

One vote for each of Popular, Inc. 136,475,530 shares of common stock that were outstanding on the record date. The shares covered by any proxy that is properly executed and received by management before 10:30 a.m. on the day of the Meeting will be voted.

HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

A majority of the votes that can be cast. Votes cast by proxy or in person at the meeting will be counted by the persons appointed by the Corporation as members of the vote-counting committee for the meeting. We urge you to vote by proxy even if you plan to attend the annual meeting, so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

HOW DO I VOTE?

You can vote either in person at the meeting or by proxy without attending the annual meeting.

To vote by proxy, you must either

- Fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope,
- Vote by telephone (instructions are on the Proxy Card, as authorized by the Puerto Rico Corporation Law and the Bylaws of the Corporation), or
- Vote by Internet (instructions are on the Proxy Card, as authorized by the Puerto Rico Corporation Law and the Bylaws of the Corporation).

If you want to vote in person at the annual meeting, and you hold your common stock through a securities broker (that is, in street name), you must obtain a proxy from your broker and bring that proxy to the meeting.

In addition to solicitation by mail, management may participate in the solicitation of Proxies by telephone, personal interviews or otherwise. The Board of Directors has engaged the firm of Georgeson & Company Inc. to aid in the solicitation of Proxies. The cost of solicitation will be borne by the Corporation and is estimated at $6,500.

To avoid delays in ballot taking and counting, and in order to assure that your Proxy is voted in accordance with your wishes, compliance with the following instructions is respectfully requested: upon signing a Proxy as attorney, executor, administrator, trustee, guardian, authorized officer of a corporation, or on behalf of a minor, please give full title. If shares are in the names of more than one recordholder, all should sign.

CAN I CHANGE MY VOTE?

Yes. Just send in a new proxy card with a later date, or cast a new vote by telephone or Internet, or send a written notice of revocation to the President or Secretary of Popular, Inc., P.O. Box 362708, San Juan, Puerto Rico 00936-2708, delivered before the proxy is exercised. If you attend the annual meeting and want to vote in person, you can request that your previously submitted proxy not be used.

HOW WILL ABSTENTIONS AND BROKER NON-VOTES BE TREATED?

For purposes of determining a quorum, the members of the vote-counting committee will treat abstentions and brokers non-votes as shares that are present and entitled to vote. A broker non-vote results when a broker or nominee has expressly indicated in the proxy that it does not have discretionary authority to vote on a particular matter. As to the election of directors, the Proxy Card being provided by the Board of Directors enables a stockholders to vote for the election of the nominees proposed by the Board, or to withhold authority to vote for one or more of the nominees being proposed. The election of directors and the ratification of independent auditors will be acted upon a majority of the vote cast. Therefore, abstentions and brokers non-votes will not have an effect on the election of directors of the Corporation, neither on the ratification of independent auditors.

COULD OTHER MATTERS BE DECIDED AT THE ANNUAL MEETING?

The Board of Directors does not intend to present any business at the Meeting other than that described in the Notice of Meeting. The Board of Directors at this time knows of no other matters, which may come before the Meeting. However, if any new matter requiring the vote of the stockholders are properly presented before the Meeting, proxies may be voted with respect thereto in accordance with the best judgment of Proxyholders, under the discretionary power granted by stockholders to their proxies in connection with general matters.

WHAT HAPPENS IF THE MEETING IS POSTPONED OR ADJOURNED?

Your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

WHAT SHOULD I RECEIVE?

By now you should have received the Corporation's Annual Report, including the financial statements for the year ended December 31, 2001, duly certified by PricewaterhouseCoopers LLP as independent public accountants. The Proxy Statement, the enclosed Annual Report, the Notice of Annual Meeting of Stockholders and the form of proxy are being sent to stockholders on or about March 18, 2002.

* * *

PRINCIPAL STOCKHOLDERS

Following is the information, to the extent known by the persons on whose behalf this solicitation is made, with respect to any person (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) who is known to the Corporation to be the beneficial owner of more than five percent (5%) of the Corporation's voting securities.

Title of Class	Name and address of beneficial owner	Amount and nature of beneficial ownership(1)
Common	Banco Popular de Puerto Rico (the "Bank") as Trustee for the Banco Popular de Puerto Rico Retirement Plan	5,672,860
	The Bank as Trustee for the Profit Sharing Plan for the Employees of Banco Popular de Puerto Rico (the "Profit Sharing Plan")	5,320,208
		10,993,068(3)
Common	State Farm Mutual Automobile Insurance Company	8,778,424(4)

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(1) As of February 28, 2002.
(2) Based on 136,475,530 shares of common stock outstanding.
(3) The Bank, as Trustee, of both Plans has sole voting and investment power over the common stock held by the Plan. The Bank, as Plan

Administrator, administers the Plans through the Administrative Committee.

(4) On January 25, 2002 State Farm Mutual Automobile Insurance Company ("State Farm") and affiliated entities filed a joint statement on Schedule 13-G with the Securities and Exchange Commission reflecting their holdings as of December 31, 2001. According to said statement, State Farm and its affiliates might be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934. State Farm and its affiliates could also be deemed to be the beneficial owners of 8,778,424 shares of the Corporation. However, State Farm and each such affiliate disclaim beneficial ownership as to all shares as to which each such person has no right to receive the proceeds of sale of the shares, and also disclaim that they constitute a "group".

SHARES BENEFICIALLY OWNED BY DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS OF THE CORPORATION AND ITS PRINCIPAL SUBSIDIARIES

Following is the information, as of February 28, 2002, as to equity securities of the Corporation beneficially owned by all current directors, nominees, the most highly compensated Executive Officers of the Corporation and its principal subsidiaries listed on page 17 who are not directors and the total owned by directors, nominees and all Executive Officers of the Corporation and such principal subsidiaries as a group:

COMMON STOCK

NAME	TITLE OF CLASS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	P
Juan J. Bermudez.....	Common	502,185 (2)	
Francisco J. Carreras.....	Common	16,374	
Jose B. Carrion Jr.	Common	1,014,453 (3)	
Richard L. Carrion.....	Common	1,119,122 (4)	
David H. Chafey Jr.	Common	95,166	
Antonio Luis Ferre.....	Common	2,916,567 (5)	
Hector R. Gonzalez.....	Common	836,702 (6)	
Jorge A. Junquera.....	Common	72,335 (7)	
Manuel Morales Jr.	Common	540,594 (8)	
Alberto M. Paracchini.....	Common	114,446 (9)	
Francisco M. Rexach Jr.	Common	214,697 (10)	
Felix J. Serralles Jr.	Common	429,660 (11)	
Julio E. Vizcarrondo Jr.	Common	1,272,429 (12)	
Roberto R. Herencia.....	Common	13,306	
Larry B. Kesler.....	Common	48,394	
Carlos J. Vazquez.....	Common	106,788 (13)	
Silvio J. Lopez.....	Common	2,875	
Guillermo L. Martinez.....	Common	2,206,975 (14)	
Kenneth McGrath.....	Common	8,769	
Cameron E. Williams.....	Common	663	
All Directors and Executive Officers of the Corporation and its subsidiaries as a group (25 persons).....	Common	11,732,379	

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(1) Based on 136,475,530 shares of common stock outstanding.

(2) Excludes 12,443 shares owned by his wife, as to which Mr. Bermudez disclaims beneficial ownership.

(3) Mr. Carrion Jr. owns 708,522 shares, has voting power over 487 shares owned by his daughter and has voting and investment power over 292,606 shares owned by Collosa Corporation which he owns. Excludes 15,808 shares owned by his wife to which he disclaims beneficial ownership. Junior Investment Corporation owns 4,426,846 shares of the Corporation. Mr. Carrion Jr. owns .29% of the shares of said corporation.

(4) Mr. Carrion owns 302,355 shares and also has indirect investment power over 24,804 shares owned by his children. Junior Investment Corporation owns 4,426,846 shares of the Corporation. Mr. Carrion owns 17.89% of the shares of said corporation.

(5) Mr. Ferre has direct or indirect investment and voting power over 2,916,567 shares of the Corporation. Mr. Ferre owns 3,505 shares and has indirect investment and voting power over 3,200 shares owned by South Management, Inc. and 400 shares owned by his wife. Mr. Ferre owns 51% of Ferre Investment Fund, Inc.,

which owns 1,477,854 shares of the Corporation. Ferre Investment Fund, Inc. in turn owns 90% of El Dia, Inc., which owns 1,431,608 shares of the Corporation.

(6) Mr. Gonzalez owns 807,350 shares and has voting and investment power over 29,352 shares of the Corporation owned by Ventek Group, Inc. of which he has control.

(7) Mr. Junquera owns 67,295 shares and has indirect investment power over 218 shares owned by his wife and over 4,822 shares owned by his son and daughter.

(8) Mr. Morales owns 125,594 shares and has voting power over 415,000 shares owned by his parents, as their attorney-in-fact.

(9) Excludes 1,264 shares owned by his wife, as to which Mr. Paracchini disclaims beneficial ownership.

(10) Mr. Rexach owns 99,897 shares and has indirect voting power over 95,800 shares owned by his mother, as her attorney-in-fact, and over 19,000 shares held by Capital Assets, Inc. as President and shareholder.

(11) Mr. Serralles owns 226,752 shares, and has indirect voting power over 10,292 shares owned by his wife. Mr. Serralles owns 100% of the shares of Capitanejo, Inc. and Fao Investments, Inc., which own 117,020 and 5,596 shares, respectively, of the Corporation and has indirect ownership of 70,000 shares owned by Destileria Serralles, Inc.

(12) Mr. Vizcarrondo owns 203,052 shares and has indirect voting power over 184,576 shares owned by his wife. Mr. Vizcarrondo's wife owns 18.18% of the shares of Junior Investment Corporation, which owns 4,426,846 shares of the Corporation. Mr. Vizcarrondo has indirect voting and investment power over 1,334 shares held in trust by Vicar Enterprises, Inc. for the benefit of his children, for which he disclaims beneficial ownership. Mr. Vizcarrondo also disclaims beneficial ownership over 131,278 shares owned by DMI Pension Trust, where he serves as trustee and member of the investment committee. There are 120,000 shares belonging to the estate of Mr. Julio Vizcarrondo, Sr., over which Mr. Vizcarrondo Jr. has investment power, but disclaims beneficial ownership, except for 80,000 shares which Mr. Vizcarrondo Jr. will inherit once the estate is divided and distributed.

(13) Mr. Vazquez owns 13,003 shares and has investment authority over 93,785 shares held by various family members.

(14) Mr. Martinez owns 1,137,250 shares and has investment and voting power over 1,069,725 shares owned by family members and various corporations.

* * *

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Corporation's directors and executive officers to file with the Securities and Exchange Commission (SEC) reports of ownership and changes in ownership of common stock of the Corporation. Officers and directors are required by SEC regulation to furnish the Corporation with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such reports furnished to the Corporation or written representations that no other reports were required, the Corporation believes that, with respect to 2001, all filing requirements applicable to its officers and directors were complied with except for one report, covering one transaction, filed late by Mr. Jorge A. Junquera director of the Corporation.

BOARD OF DIRECTORS AND COMMITTEES;

PROPOSAL 1: ELECTION OF DIRECTORS

The Certificate of Incorporation and the Bylaws of the Corporation establish a classified Board of Directors pursuant to which the Board of Directors is divided into three classes as nearly equal in number as possible, with each class having at least three members and with the term of office of one class expiring each year. Each director serves for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which such director was elected or until his successor has been elected and qualified.

At the Meeting, three (3) directors assigned to "Class 3" are to be elected to serve until the 2005 Annual Meeting of Stockholders or until their respective successors shall have been elected and qualified. The remaining eight directors of the Corporation will serve as directors, as follows: until the 2003 Annual Meeting of Stockholders of the Corporation, in the case of those four directors assigned to "Class 1", and until the 2004 Annual Meeting of Stockholders, in the case of those four directors assigned to "Class 2", or in each case until their successors are elected and qualified.

The policy of the Board of Directors, as set forth in a resolution adopted on January 8, 1991, provides that no person shall be nominated for election or reelection as director of the Board if, at the date of the Annual Meeting of Stockholders or during the term to be served, such person would attain seventy two (72) years of age. Messrs. Francisco J. Carreras and Alberto M. Paracchini would attain seventy two (72) years of age during the term to be served. In accordance, with Board policy, Messrs. Carreras and Paracchini will not be nominated for reelection as directors.

The people named as proxies in the accompanying Form of Proxy have advised the Corporation that, unless otherwise instructed, they intend to vote at the Meeting the shares covered by the proxies FOR the election of the three nominees named below, and that if any one or more of such nominees should become unavailable for election they intend to vote such shares FOR the election of such substitute nominees as the Board of Directors may propose. The Corporation has no knowledge that any nominee will become unavailable for election.

Information relating to principal occupation, business experience and directorship during the past five (5) years (including position held with the Corporation or the Bank), age and the period during which each director has served is set forth below.

The Board of Directors of the Corporation met on a monthly basis during

2001. All directors except Messrs. Antonio Luis Ferre and Felix J. Serralles Jr. attended 75% or more to the meetings of the Board of Directors and the committees of the Board of Directors on which such directors served.

* * *

NOMINEES FOR ELECTION AS DIRECTORS
CLASS 3 DIRECTORS
(TERMS EXPIRING IN 2005)

NAME AND AGE	PRINCIPAL OCCUPATION, BUSINES AND DIRECTORSHIPS
DAVID H. CHAFFEY JR.: (48 YEARS)	-- Supervisor of the Bank's Retail Banking -- Senior Executive Vice President since Oc -- Senior executive Vice President of Popul Popular North America, Inc. -- Chairman of the Board of Popular Finance -- Chairman and President of Puerto Rico In II, III, IV, V, VI, of Puerto Rico Tax-F and II and of Puerto Rico Investors Flex January 1999. -- Member of the San Jorge Children's Resea -- President of the Puerto Rico Bankers Ass -- Director of Visa International for the C -- Director of Equity One, Inc. and Banco P December 1999. -- Director of Group Guayacan, Inc. -- Chairman of the Board of Puerto Rico Tel through 1997. -- Director of the Bank, Popular Mortgage, Inc., Banco Popular, National Associatio Popular Securities, Inc. -- Director of the Corporation since 1996.
ANTONIO LUIS FERRE: (68 YEARS)	-- Chairman of the Board of Puerto Rican Ce public company), manufacturers of cement May 2001. -- Chairman of the Board and Editor of El D newspaper publishing companies. -- President of Advanced Graphic Printing,

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(CONT.) NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE AND DIRECTORSHIPS
ANTONIO LUIS FERRE: (68 YEARS)	- Chairman of the Board of Virtual, Inc., an inter - Vice Chairman of the Board of Directors of the C - Vice Chairman of the Board of Directors of the B - Director of the Corporation since 1984.
FELIX J. SERRALLES JR.: (67 YEARS)	- President and Chief Executive Officer of Destile and distributors of distilled spirits, and of it - Director of the Bank, Popular International Bank Inc., Banco Popular North America, Popular Cash

CLASS 2 DIRECTORS
(TERMS EXPIRING IN 2004)

JOSE B. CARRION JR.: (65 YEARS)

- President of Collosa Corporation.
- Former President and Chief Executive Officer ("C to 1999.
- Director of the Bank since April 2000.
- Director of the Corporation since 2001.

HECTOR R. GONZALEZ: (68 YEARS)

- President and Chief Executive officer of TPC Com Media, Inc., TelePonce Cable TV, Inc. and Telece operators of cable television systems.
- General Partner of Ventek Group, Inc., and inves telecommunications related businesses.
- Director of the Bank, Popular Finance, Inc., Pop Inc. and Popular Securities, Inc.
- Director of the Corporation since 1984.

MANUEL MORALES JR.: (56 YEARS)

- President of Parkview Realty, Inc., the Atrium O Center P.R., Inc. and ExecuTrain of Puerto Rico.
- Honorary General Consul of Japan in San Juan, Pu
- Member of the Board of Trustees of Sacred Hearth Rico, of the Caribbean Environmental Development Ramos, Inc.
- Member of the National Advisory Council-United S Administration.
- Member of the Board of Trustees of Fundacion Ban
- Chairman of the Audit Committee of the Corporati
- Director of the Bank.
- Director of the Corporation since 1990.

JULIO E. VIZCARRONDO JR.: (67 YEARS)

- Civil Engineer.

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(CONT.) NAME AND AGE	PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE AND DIRECTORSHIPS
JULIO E. VIZCARRONDO JR.: (67 YEARS)	- President, Partner and Chief Executive Officer o S.E., VMV Enterprises Corp., Resort Builders, S. Institutional Builders, S.E., Omega-Vistamar, S. corporations engaged in the development and cons commercial, industrial and institutional project - Chairman of the Commercial Credit Committee of t - Director of the Bank, Popular International Bank Inc., Banco Popular North America, Popular Cash - Director of the Corporation since 1990.
	CLASS 1 DIRECTORS (TERMS EXPIRING IN 2003)
JUAN J. BERMUDEZ: (64 YEARS)	- Electrical Engineer. - Partner of Bermudez and Longo, S.E., Decemcor, S S.E., Clearview, S.E., Placid Park, S.E. and PCM - Principal Stockholder and Director of BL Managem Corp., G.S.P. Corp., Unimanagement Corp., LBB Pr

Corp.
- Chairman of the Trust Committee of the Bank.
- Director of the Bank, Popular Securities, Inc., Finance, Inc. and Popular Mortgage, Inc.
- Director of the Corporation since 1990.

RICHARD L. CARRION: (49 YEARS)

- Chairman, President and CEO of the Corporation a Popular North America.
- Chairman of Popular International Bank, Inc., Po Popular North America, Popular Cash Express, Inc Association and Popular FS, LLC.
- Chairman of the Board of Trustees of Fundacion B
- Member of the International Olympic Committee.
- President of the Puerto Rico Olympic Trust and m Committee.
- Member of the Board of Trustees of the Puerto Ri Development.
- Member of the Board of Directors, the Benefits & Public Policy Committee of Verizon Communication
- Member of the Board of Directors and Compensatio American Home Products Corporation (a registered
- Member of the Board of Directors of Telecomunica (TELPRI).
- Former Chairman and President of Puerto Rico Inv III, IV, V (1994 to December 1998) and of Puerto Fund, Inc. I (1996 to December 1998) and II (199
- Former Chairman and President of Puerto Rico Inv (December 1998 to January 1999).

(cont.) Name and Age	Principal Occupation, Business Experience a
RICHARD L. CARRION: (49 years)	
	- Former Member of the Board of the National Museum Smithsonian Institution (November 1997 to Decembe
	- Director of Equity One, Inc., Popular Finance, In Popular Mortgage, Inc., Popular Securities, Inc., and GM Group, Inc.
	- Director of the Corporation since 1990.
JORGE A. JUNQUERA: (53 years)	
	- Chief Financial Officer of the Corporation and th
	- Supervisor of the Financial Management Group.
	- Supervisor of the U.S. Operations from January 19 Supervisor of the Caribbean and Latin American Gr
	- Senior Executive Vice President since October 199
	- President and Director of Popular International B North America, Inc. since January 1996.

- Chairman of the Board of Popular Securities, Inc.

- Director of Popular Mortgage, Inc., Popular Finan
  Auto, Inc. until December 1998

- Director of the Bank until April 2000.

- President of Banco Popular North America until De

- President of Puerto Rico Tourism Company until Fe
  Director until April 2000.

- President of Hotel Development Co. until April 20

- Director of PRISMA: El Exploratorio Inc. until Ap

- Director of YMCA since 1988.

- President of Banco Popular, National Association.

- Director of Equity One, Inc., Popular Cash Expres
  Popular FS, LLC, and of Banco Popular North Ameri

- Director of Banco Hipotecario Dominicano and Cont

- Director of New America Alliance (a registered pu
  and Virtual, Inc. (a registered public company).

- Director of La Familia Catolica por la Familia en
  since 2001.

- Director of the Corporation since 1990.

FRANCISO M. REXACH JR.: (64 years)

- President of Capital Assets, Inc. and of Rexach C

- Chairman of Chamaleon Fitness Systems, Inc.

- President of Ready Mix Concrete Inc., a subsidiar
  Cement Co., Inc. (a registered public company) un

- Chairman of the Human Resources and Compensation

- Director of the Bank, Popular International Bank,
  America, Inc., Banco Popular North America, Popul
  and Equity One, Inc.

- Director of the Corporation since 1990.

* * *

STANDING COMMITTEES

The Corporation's Board of Directors (the "Board") has standing Audit and Risk Management Committees. The Board of Directors of the Bank, the principal subsidiary of the Corporation, has a standing Human Resources and Compensation Committee that may review compensation matters for the Corporation. Nominations are made by the Board.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee consists of six directors of the Corporation. The Audit Committee members during 2001 were Juan J. Bermudez, Hector R. Gonzalez, Manuel Morales Jr., Alberto M. Paracchini, Francisco M. Rexach Jr. and Felix J. Serralles Jr. The Board of Directors, in its business judgment, has determined that each of the members of the Audit Committee is "independent" as required by applicable listing rules of the National Association of Securities Dealers. The Audit Committee held six meetings during the fiscal year ended December 31, 2001.

The role of the Audit Committee is to assist the Board in its oversight of the Corporation's financial reporting process. The Committee operates pursuant to a Charter that was last amended and restated by the Board on March 13, 2002.

In the performance of its oversight function, the Committee has considered and discussed the audited financial statements of the Corporation for the fiscal year ended December 31, 2001 with management and PricewaterhouseCoopers LLP, the Corporation's independent accountants. The Audit Committee has also discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committee), as currently in effect. Finally, the Committee has received the written disclosure and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), as currently in effect, has considered whether the provision of non-audit services by the independent accountants to the Corporation is compatible with maintaining the accountants' independence, and has discussed with the independent accountants the accountants' independence from the Corporation and its management. These considerations and discussions, however, do no assure that the audit of the Corporation's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company's auditors are in fact "independent."

As set forth in the Charter, management of the Corporation and the Internal Auditing Division are responsible for the preparation, presentation and integrity of the Corporation's financial statements, the Corporation's accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. PricewaterhouseCoopers LLP, the Corporation's independent public accountants, are responsible for auditing the Corporation's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles in the United States of America.

The members of the Audit Committee are not engaged professionally in the practice of auditing or accounting, are not experts in the fields of accounting or auditing, including matters relating to the determination of the independence of outside auditors, and are not full-time employees of the Corporation. The Corporation's management is responsible for its accounting, financial management and internal controls. Moreover, the Committee relies on and makes no independent verification of the facts presented to it and representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles and policies or internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

Based on the Audit Committee's consideration of the audited financial statements and the discussions referred to above with management and the independent accountants and subject to the limitations on the role and responsibilities of the Audit Committee set forth in the Charter and those discussed above, the Committee recommended to the Board that the Corporation's audited financial statements be included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the SEC.

Submitted by:

Juan J. Bermudez	Alberto M. Paracchini
Hector R. Gonzalez	Francisco M. Rexach Jr.
Manuel Morales Jr.	Felix J. Serralles Jr.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The functions of the Human Resources and Compensation Committee include reviewing the compensation and benefits of management and employees, reviewing the policies related to the performance and compensation of management and employees, and reviewing the long-range planning for executive development and succession. The Committee held three meetings during the fiscal year ended December 31, 2001.

The Committee members during 2001 were: Francisco J. Carreras, Maria Luisa Ferre, Hector R. Gonzalez, Alberto M. Paracchini, Francisco M. Rexach Jr. and J. Adalberto Roig Jr. None of the members of the Committee are officers or employees of the Corporation or any of its subsidiaries.

COMPENSATION OF DIRECTORS

On February 15, 2001 the Corporation suspended the Stock Deferment Plan it had maintained for directors who are not employees of the Corporation. In lieu thereof, on March 7, 2001 outside directors of the Corporation and the Bank became eligible to receive stock options pursuant to the 2001 Stock Option Plan (the "2001 Option Plan''). The 2001 Stock Option Plan award is made quarterly on February, May, August and November of each year. The amount of stock options granted is equal to the quotient (rounded to the nearest whole share) of (x) 6,250 and (y) the value of the option based on the closing price of the common stock of the Corporation of the date granted. Option values on the grant dates were determined by using the Black-Scholes Option Valuation Model. Each director has been granted options to purchase the shares of stock of the Corporation at the exercise price specified in the table below pursuant to the terms of the Plan. Subsequent grants are expected to be made quarterly. The options granted shall, subject to early vesting provision of the Plan, become exercisable, with respect to 20% of the shares on each anniversary of the date of grant and remain exercisable until the 10th anniversary of the grant.

In addition, directors receive $1,000 for attending each Board meeting and $500 for attending each committee meeting. Directors who are employees of the Corporation do not receive fees for attending Board and committee meetings.

Date of Grant	Options Granted to Each Individual Director	Total Options Granted to All Directors as a Group	Options Price	Date of Expiration	Gra Date Pres Val
05/09/2001	524	8,384	$30.56	05/09/2011	$7,
08/08/2001	470	7,520	$34.87	08/08/2011	7,
11/07/2001	657	10,512	$29.55	11/07/2011	9,

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a) The estimates were calculated in accordance with the regulations of the Securities and Exchange Commission, which are not intended to predict the Corporation's common stock price.

* * *

EXECUTIVE OFFICERS

The following information sets forth the names of the executive officers (the "Executive Officers") of the Corporation including their age, business experience and directorships during the past five (5) years and the period during which each such person has served as an Executive Officer of the Corporation or the Bank.

NAME AND AGE	BUSINESS EXPERIENC AND DIRECTORSHIPS
RICHARD L. CARRION: (49 YEARS)	-- Chairman, President and CEO of the Corpo -- Executive Officer of the Corporation sin -- For information about principal occupati directorships during the past five years Board of Directors section.
JORGE A. JUNQUERA: (53 YEARS)	-- Senior Executive Vice President of the C -- Executive Officer of the Corporation sin -- For information about principal occupati directorships during the past five years Board of Directors section.
DAVID H. CHAFEY JR.: (48 YEARS)	-- Senior Executive Vice President of the C -- Executive Officer of the Corporation sin -- For information about principal occupati directorships during the past five years Board of Directors section.

NAME AND AGE	BUSINESS EXPERIENCE AND DIRECTORSHIPS
MARIA ISABEL P. DE BURCKHART: (53 YEARS)	- Executive Vice President of the Corporation. - Executive Officer of the Corporation since 1990. - Supervisor of the Administration Group. - Executive Vice President of the Bank since Januar - Executive Vice President of Popular International America, Inc. - Member of the Board of Trustees of Fundacion Banc - Member of the Board of Directors of Fundacion Ana Community Foundation. - Secretary of the Board of Directors of the Banker - Member of the Board of Directors of the Puerto Ri 1993 through October 1998.
ROBERTO R. HERENCIA: (42 YEARS)	- Executive Vice President of the Corporation. - Executive Officer of the Corporation since 1997. - Head of the Corporation's U.S. business expansion - President and Director of Banco Popular North Ame - Executive Vice President of the Bank since Januar - Director of Popular International Bank, Inc., Pop Popular Cash Express, Inc., Banco Popular, Nation and Popular FS, LLC.

- Chairman of the Board of Directors of Popular Ins
- Senior Vice President from December 1991 to Decem

LARRY B. KESLER: (64 YEARS)

- Executive Vice President of the Corporation.
- Executive Officer of the Corporation since 1990.
- Supervisor of the Consumer Credit Group and the V
- Executive Vice President of the Bank since Januar
- Chairman of the Board of Directors of Equity One, Mortgage, Inc. and Popular Insurance, Inc.
- Executive Vice President of Popular International America, Inc.
- Director of Popular Finance, Inc, Banco Popular, Popular FS, LLC.

TERE LOUBRIEL: (49 YEARS)

- Executive Vice President of the Corporation since
- Director of Human Resources since April 2000.
- Year 2000 Office Manager of the Corporation from
- Quality Office Manager of the Corporation from No
- General Auditor of the Bank from December 1989 to

HUMBERTO MARTIN; (56 YEARS)

- Executive Vice President of the Corporation.
- Executive Officer of the Corporation since 1986.
- Supervisor of the Operations Group.
- Executive Vice President of the Bank since Novemb

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(CONT.) NAME AND AGE	BUSINESS EXPERIENCE AND DIRECTORSHIP
HUMBERTO MARTIN: (56 YEARS)	
	- Executive Vice President of Popular International Ba America, Inc.
	- Director of GM Group, Inc.
EMILIO E. PINERO: (53 YEARS)	
	- Executive Vice President of the Corporation
	- Executive Officer of the Corporation since 1990.
	- Supervisor of the Commercial Banking Group.
	- Executive Vice President of the Bank since January 1
	- Director of Popular Mortgage, Inc. and Popular Auto,
	- Executive Vice President of Popular International Ba America, Inc.
	- Member of the Board of Trustee of America Red Cross,
	- Munoz Marin, Fundacion del Colegio de CPA de Puerto Community Library Foundation.
	- Member of the Board of Directors of Warforce Investm
BRUNILDA SANTOS DE ALVAREZ: (43 YEARS)	
	- Executive Vice President of the Corporation since Fe
	- Senior Vice President from March 1996 until January
	- General Counsel of the Corporation since 1997.
	- Secretary of the Board of Directors of Popular Inter Popular North America, GM Group, Inc., Popular Cash National Association, Popular Insurance, Inc. Popula Mortgage Holding Corporation (Levitt), Popular Insur Popular Mortgage, Inc. and Popular North America, In
	- Secretary of the Board of Directors of Puerto Rico I I, II, III, IV, V, VI, of Puerto Rico Tax Free Targe and of Puerto Rico Investors Flexible Allocation Fun

- Assistant Secretary of the Board of Directors of the since May 1994
- Assistant Secretary of the Board of Directors of Equ Auto, Inc. and Popular Finance, Inc.

CARLOS J. VAZQUEZ: (43 YEARS)

- Executive Vice President of the Corporation.
- Executive Officer of the Corporation since 1997.
- Supervisor of the Corporation's Risk Management Grou
- Executive Vice President of the Bank since March 199
- Director of Popular Securities, Inc.
- President of J.P. Morgan Venezuela, S.A. from 1995 t
- Vice President of J.P. Morgan & Co. Inc., Morgan Gua J.P. Morgan Securities Ltd. and J.P. Morgan Securiti

FELIX VILLAMIL: (40 YEARS)

- Executive Vice President of the Corporation since Ap
- Supervisor of the Operations Group since April 2002.
- Supervisor of the Bank's Ponce Region from April 200
- Supervisor of the Credit Risk Management Division of through March 2001.
- General Auditor of the Bank from 1995 to 1997.

NAME AND AGE	BUSINESS EXPERIENCE AND DIRECTORSHIPS
SAMUEL T. CESPEDES: (65 YEARS)	- Secretary of the Board of Directors. - Attorney-at-Law. - Proprietary partner of the law firm McConnell Va - Secretary of the Board of Directors of the Corpo - Secretary of the Board of Directors of Popular A

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FAMILY RELATIONSHIPS

Mr. Richard L. Carrion, Chairman of the Board, President and CEO of the Corporation and the Bank, is brother-in-law of Mr. Julio E. Vizcarrondo Jr. and first cousin of Mr. Jose B. Carrion Jr.

OTHER RELATIONSHIPS, TRANSACTIONS AND EVENTS

During 2001 the Bank engaged the legal services of the law firm of McConnell Valdes of which Mr. Samuel T. Cespedes, Secretary of the Board of Directors of the Corporation and the Bank is a partner. The amount of fees paid to McConnell Valdes did not exceed 5% of the law firms' revenues for its last full fiscal year. The Corporation also engaged, in the ordinary course of business the legal services of Pietrantoni, Mendez & Alvarez, LLP of which Mr. Ignacio Alvarez and Mr. Antonio Santos, husband and brother, respectively, of Mrs. Brunilda Santos de Alvarez, Executive Officer of the Corporation since February 2001, are partners. The amount of fees paid to Pietrantoni, Mendez & Alvarez did not exceed 5% of the law firm's revenues for its last fiscal year.

The Bank has had loan transactions with the Corporation's directors and officers, and with their associates, and proposes to continue such transactions in the ordinary course of its business, on substantially the same

terms as those prevailing for comparable loan transactions with other people and subject to the provisions of the Banking Act of the Commonwealth of Puerto Rico and the applicable federal laws and regulations. The extensions of credit have not involved and do not currently involve more than normal risks of collectibility or other unfavorable features.

* * *

PROPOSAL 2: RATIFICATION OF SELECTION OF AUDITORS

The Board intends to retain the services of PricewaterhouseCoopers LLP as the independent public accountants of the Corporation for the year 2002. PricewaterhouseCoopers LLP (former Price Waterhouse) served as independent public accountants of the Bank since 1971 and of the Corporation since May 1991, when it was appointed by the Board.

Neither our certificate of incorporation nor by-laws requires that the shareholders ratify the selection of PricewaterhouseCoopers LLP as our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If the shareholders do not ratify the selection, the Board of Directors and the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP, but may retain such independent auditors. Even if the selection is ratified, the Board of Directors and the Audit Committee in their discretion may change the appointment at any time during the year if they determine that such change would be in the best interests of the Corporation and its shareholders.

Representatives of PricewaterhouseCoopers LLP will attend the Meeting and will be available to respond to any appropriate questions that may arise; they will also have the opportunity to make a statement if they so desire.

The selection of PricewaterhouseCoopers LLP as the Corporation's auditors must be ratified by a majority of the votes cast at the Meeting.

The Board recommends that you vote FOR ratification of PricewaterhouseCoopers LLP as the Corporation's independent auditors for 2002.

DISCLOSURE OF AUDITORS FEES

The following is a description of the fees billed to the Corporation by PricewaterhouseCoopers LLP during the year ended December 31, 2001:

AUDIT FEES

The aggregate fees billed by PricewaterhouseCoopers LLP, the Corporation's independent public accountants for the

year ended December 31, 2001, for professional services rendered for the audit of the Corporation's annual financial statements for the fiscal year and for the reviews of the financial statements included in the Corporation's quarterly report on Form 10-Q for that fiscal year were $1,059,193.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

There were no fees billed to the Corporation for the year ended December 31, 2001 by PricewaterhouseCoopers LLP for professional services rendered for information technology services relating to financial information systems design and implementation.

ALL OTHER FEES

The aggregate fees billed for services rendered to the Corporation by

PricewaterhouseCoopers LLP, other than the services described above under "Audit Fees" and "Financial Information Systems Design and Implementation Fees," for the year ended December 31, 2001 were $750,083. This amount includes other audit and assurance services fees of $420,803, advisory services to Equity One, Inc. in the amount of $100,000 and tax related services of $229,280. The Audit Committee has considered that the provision of the services covered by this paragraph is compatible with maintaining the independence of the independent public accountants of the Corporation.

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EXECUTIVE COMPENSATION PROGRAM

REPORT OF THE BANK'S HUMAN RESOURCES AND COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

OVERVIEW

The Bank's Human Resources and Compensation Committee (the "Human Resources Committee") consists of six non-employee directors of the Bank. The Committee endeavors to keep abreast of competitive compensation practices with regard to salaries, incentive compensation and supplemental programs in order to assist the Corporation in attracting and retaining the most qualified executive officers whose contributions and experiences help the Corporation sustain growth, thereby enhancing shareholders' value. They also oversee the general human resources and compensation practices of the Corporation.

The Human Resources Committee evaluates and recommends to the Board the Corporation's compensation policy for the Chairman of the Board, President and CEO and the Executive Officers. They consider, among other factors, competitive pay practices for developing a stronger relationship between executive compensation and the Bank's long-term performance. The executive compensation program for principal officers of the Corporation's subsidiaries is set according to the industry and geographical area in which each operates and is approved by the Board of Directors of each respective subsidiary.

CHAIRMAN OF THE BOARD, PRESIDENT AND CEO AND EXECUTIVE OFFICERS

On an annual basis, Mr. Carrion submits to the Human Resources Committee a plan setting forth both quantitative and qualitative goals for the fiscal year, and objectives for the medium and long-term. In evaluating and setting compensation the Human Resources Committee considers the Corporation's performance with respect to the goals set forth in the plan. Therefore, the Human Resources Committee evaluates Mr. Carrion's performance by taking into consideration the growth of the organization, implementation of a diversification strategy, achievement of financial goals, improvements to the product and service delivery system and development of human resources. The weight and significance accorded to these factors is subjective in nature.

The group of Executive Officers is composed of two Senior Executive Vice Presidents of the Corporation and eight Executive Vice Presidents of the Corporation (the "Executive Officers") all of whom participate in the Profit Sharing, Annual Incentive and Long-Term Incentive Plans of the Bank. The President and CEO sets the salary increases and the bonuses to be awarded to the Executive Officers pursuant to the incentive plans. Mr. Humberto Martin, Executive Vice President, decided to retire effective March 31, 2002 and Mr. Felix Villamil was appointed as his successor.

Mr. Carrion and the Executive Officers participate in an annual incentive program based on financial results of the Corporation, designed to encourage the achievement of short-term financial goals and to increase shareholder value. For the 2002 Plan other factors will be considered when determining the short and long-term incentives such as: individual business results, service quality and individual performance. The first incentive component is a cash bonus. The second component is a deferred long-term incentive awarded in stock options of Popular, Inc.

Based on the financial results achieved by the Corporation, the incentive payment in cash was 37.36% of base salary and 43.68% of base salary was awarded in Popular's Inc.'s stock options. Mr. Carrion recommended to the Human Resources Committee that it consider both his short-term and long-term incentive on a future date (See Note (d) of the Summary Compensation Table). All members of the Human Resources Committee accepted this proposal.

The Corporation has a company aircraft for the use of CEO, Directors, Senior Executive Vice Presidents and Executive Vice Presidents. As stated in the corporate guidelines for use of this transportation service if the CEO or any executive or director designated by him uses the company aircraft for personal purposes those persons or executives accompanying him shall pay to the Corporation an amount equivalent to a commercial first class airfare to the destination where they are traveling.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Francisco M. Rexach Jr (Chairman)
Francisco J. Carreras
Maria Luisa Ferre
Hector R. Gonzalez
Alberto M. Paracchini
J. Adalberto Roig Jr.

* * *

EXECUTIVE COMPENSATION

The following tables sets forth all cash compensation paid by the Corporation or its principal subsidiaries to the highest paid Executive Officers of the Corporation and the most highly compensated principal officers of the principal subsidiaries.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION INCENTIVE		
NAME AND PARTICIPANT POSITION	FISCAL YEAR	SALARY(A)	PAYMENTS AND BONUS(B)	ALL OTHER COMPENSATI
Richard L. Carrion.....	2001	$540,000(d)	$ 53,824(d)	$35,19
Chairman,	2000	540,000(d)	60,912(d)	42,06
President and CEO	1999	540,000(d)	72,164(d)	53,32
David H. Chafey Jr.....	2001	493,550	236,254	32,51
Senior Executive Vice President	2000	466,999	121,631	37,02
of the Corporation	1999	412,920	209,480	41,63
Jorge A. Junquera.....	2001	436,754	208,101	29,23
Senior Executive Vice President	2000	430,790	111,293	34,54
of the Corporation	1999	401,760	203,866	40,75
Roberto R. Herencia.....	2001	400,000	203,170	27,11
Executive Vice President	2000	258,484	67,745	20,02
of the Corporation	1999	238,411	120,894	23,47
Larry B. Kesler.....	2001	383,396	188,333	25,98
Executive Vice President	2000	304,575	79,239	24,64
of the Corporation	1999	271,317	137,646	27,52

Carlos J. Vazquez.....	2001	368,613	177,042	24,98
Executive Vice President	2000	342,514	88,833	27,71
of the Corporation	1999	309,742	157,075	31,41
Cameron E. Williams.....	2001	270,971	1,257,000(b)	47,75
President of Equity One, Inc.	2000	272,983	165,000	22,00
(a wholly-owned subsidiary	1999	250,000	150,000	62,00
of Popular North America, Inc.)				
Silvio J. Lopez.....	2001	183,333	692,325(b)	5,50
President of Popular Mortgage, Inc.	2000	171,667	84,200	5,15
(a wholly-owned subsidiary	1999	155,000	68,600	4,65
of the Bank)				
Guillermo L. Martinez(e).....	2001	457,072	258,335	20,68
President of the Board of Directors	2000	425,770	242,714	33,87
and Chief Executive Officer of GM				
Group, Inc. (a wholly-owned subsidiary				
of the Corporation)				
Kenneth McGrath.....	2001	197,500	320,200	84,00
President of Popular Securities, Inc.	2000	188,333	140,200	81,81
(a wholly-owned subsidiary	1999	180,000	224,200	75,00
of the Corporation)				

(a) Salaries before deductions.

(b) For the Senior Management Committee these payments include a Christmas bonus, the cash portion payable under the Profit Sharing Plan of the Bank and the amount awarded under the Annual Management Incentive Compensation Plan. For the subsidiaries' presidents the amount includes a Christmas Bonus, (if any) and performance bonus. For Mr. Cameron E. Williams and Mr. Silvio J. Lopez the amount also includes the amount awarded under the Three Year Long-Term Incentive Plan.

(c) For the Executive Officers of Popular, Inc. the amount includes deferred portion under the Profit Sharing Plan of the Bank, amounts accrued under the Benefit Restoration Plan, the amount from the Profit Sharing deferred and allocated to Stock Plan and the Bank's matching contribution to Stock Plan. For Mr. McGrath, amount includes company-matching contribution to 1165(e) plan and a deferred performance bonus. For Mr. Williams, the amount includes 401(k) matching and deferred compensation under Supplementary Executive Retirement Plan. For Mr. Martinez, amount includes matching contribution to an 1165(e) plan and deferred portion of profit sharing plan. For Mr. Lopez, amount includes matching contribution to an 1165(e) plan.

(d) Mr. Carrion declined salary increases, incentive payments and stock options while the Bank is operating under a Written Agreement with the Federal Reserve Bank of New York. The Bank is in full compliance with the Written Agreement.

(e) Information presented for 2001, 2000 and 1999, except for Mr. Guillermo L. Martinez, President of the Board of Directors and Chief Executive Officer of GM Group, Inc., a wholly owned subsidiary acquired by the Corporation during 1999.

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LONG-TERM INCENTIVE PLAN

On April 23, 2001, the 2001 Stock Option Plan was approved and the 1999-2001 and 2000-2002 Long-Term Incentive Plans were suspended. No further

awards under these plans were made.

STOCK OPTION PLAN

The 2001 Stock Option Plan is intended to provide the Corporation and its subsidiaries with an effective means to attract and retain highly qualified personnel as well as to provide additional incentive to employees and directors who provide services to the Corporation and its subsidiaries.

Any employee or director of the Corporation or of any of its subsidiaries, is eligible to participate in the 2001 Option Plan. The selection of individuals eligible to participate is within the discretion of the Board of Directors, or the Human Resources Committee.

The 2001 Option Plan provides for the grant of stock options that are intended to qualify as "qualified stock options" ("QSOs") under Section 1046 of the Puerto Rico Internal Revenue Code of 1994, as amended (the "Puerto Rico Code"), as "incentive stock options" ("ISOs") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or "non-statutory stock options" ("NSOs"). At the time of the original grant of NSOs, the Board of Directors or the Committee, may also authorize the grant of reload options, which shall be NSOs for such number of shares of common stock as were used by the Participant to pay the purchase price upon the exercise of previously granted options, and the withholding taxes applicable to a NSOs exercises, but are still subject to other terms set forth in the 2001 Option Plan. All options granted in 2002 were QSOs.

STOCK OPTION GRANT TABLE

The following table shows options grants to the covered executives, based on 2001 performance. All 2001 stock option grants were made under the 2001 Stock Option Plan. The value of the stock options depends upon a long-term increase in the market price of the common stock. A benefit is perceived only if the stock price does increase. Options vest in cumulative installments of 20% per year over a five-year period and remain exercisable until the 10th anniversary of the grant.

Option values on the grant dates were determined by using the Black-Scholes Option Valuation Model. The model assumes that future dividends increase at a rate equal to the historical compound average growth rate during the past six years, the stock price volatility, and the exercise of all options on the final day of their 10 year terms.

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Name	Options Granted	Percent of Total Options Granted to Employees	Exercise price ($ per share)	E
David H. Chafey Jr.	25,301	6.61%	$28.84	
Jorge A. Junquera	22,265	5.81%	28.84	
Roberto R. Herencia	20,241	5.28%	28.84	
Larry B. Kesler	20,241	5.28%	28.84	
Carlos J. Vazquez	18,976	4.95%	28.84	
Kenneth W. McGrath	5,763	1.50%	28.84	

(a) The estimates were calculated in accordance with the regulations of the Securities and Exchange Commission, which are not intended to predict the Corporation's common stock price.

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PROFIT SHARING PLAN OF THE BANK

All officers and regular monthly salaried employees of the Bank are active participants in the Bank's Profit Sharing Plan, as of the first day of the calendar month following the completion of three months of service.

Under this plan, the Board of Directors determines the Bank's annual contribution based on the profits of the Bank for the year. The amount allocated to each officer or employee is based on his or her earned salary for the year. The total amount contributed for the year 2001 was $15,850,446. Of the total awarded 40% is deferred under the Profit Sharing Plan, 10% under the Savings & Stock Plan and the remainder 50% is paid in cash. However, since 1998 each officer and employee may elect to increase his (her) contribution to the Savings & Stock Plan up to 15%; as a result of this election 39% was deferred under the Profit Sharing Plan and 11% under the Savings & Stock Plan.

BENEFIT RESTORATION PLAN OF THE BANK

The Internal Revenue Service (IRS) set a limit of $170,000 as the amount of compensation that may be considered in calculating future retirement payments from qualified pension plans. This limit applies to the Bank's Retirement Plan and Profit Sharing.

The Board of Directors has approved a "Benefit Restoration Plan" for those officers whose annual compensation is higher than the established limit. This plan will provide those benefits that cannot be accrued under the Bank's Retirement and Profit Sharing Plan, which are qualified plans under the Employee Retirement Income Security Act ("ERISA"). Benefits under the Benefit Restoration Plan shall be equal to the account balance that would be provided under the Profit Sharing Plan and to the benefits that would have been accrued under the Retirement Plan. The Plan was unfunded during plan year 2001. This Plan was modified during 2001 in order to comply with Section 1165(e) of the Puerto Rico Internal Revenue Code of 1994 to be qualified under local law. Also, a Rabbi Trust has been established to fund benefits accrued by employees working mainly in the United States.

RETIREMENT PLAN OF THE BANK

The Bank has a non-contributory, defined benefit Retirement Plan covering substantially all regular monthly employees. Monthly salaried employees are eligible to participate in the Plan following the completion of one year of service and 21 years of age. Pension costs are funded in accordance with minimum funding standards under ERISA.

The basis for the Retirement Plan formula is total compensation, which includes Christmas Bonus, incentives, overtime, differentials, Profit Sharing cash bonuses and any other compensation received by the employee. Benefits are paid on the basis of a straight life annuity plus supplemental death benefits and are not reduced for Social Security or other payments received by the participants.

Normal retirement age at the Bank is a combination of years of age and completed years of service totaling 75. Early retirement is at 55 years of age with 10 years of service. Employees with 30 years of service or more are provided with a retirement benefit of 40% of total compensation. Benefits are reduced only if the employees retires before age 55. Benefits are subject to

the U.S. Internal Revenue Code limits on compensation and benefits.

The following table sets forth the estimated annual benefits that would become payable under the Retirement Plan and the Benefit Restoration Plan based upon certain assumptions as to total compensation levels and years of service. The amounts shown in this table are not necessarily representative of amounts that may actually become payable under the plans. The amounts represent the benefit upon retirement on December 31, 2001, of a participant at age 65.

TOTAL COMPENSATION	ESTIMATED ANNUAL BENEFITS/YEARS OF SERVICE				
	15	20	25	30	35
$800,000	$146,000	$204,000	$262,000	$320,000	$320,000
700,000	128,000	179,000	229,000	280,000	280,000
600,000	110,000	153,000	197,000	240,000	240,000
500,000	91,000	128,000	164,000	200,000	200,000
400,000	73,000	102,000	131,000	160,000	160,000
300,000	55,000	77,000	98,000	120,000	120,000

The 2001 total compensation and estimated years of service at age 65 for the highest paid key policy-making Executive Officers of the Corporation are as follows.

	2001 Total Compensation	Estimated Years of Service At Age 65
Richard L. Carrion	$629,000	41.6
David H. Chafey Jr.	762,000	39.8
Jorge A. Junquera	674,000	41.5
Roberto R. Herencia	630,000	33.7
Larry B. Kesler	598,000	16.5
Carlos J. Vazquez	571,000	26.4

DEFERRED COMPENSATION PLAN OF POPULAR SECURITIES, INC.

Popular Securities, Inc. maintains a non-qualified deferred compensation plan under which a selected group of highly compensated employees of Popular Securities, Inc. are required to defer a portion of their incentive performance bonus. The amount deferred and interest credits are paid to participants as follows: (a) 50% on or before January 31 of the second fiscal year following the fiscal year for which such amounts were contributed and (b) 50% on or before January 31 of the third fiscal year following the fiscal year for which such amounts were contributed.

RETIREMENT PLAN OF BANCO POPULAR NORTH AMERICA

Banco Popular North America has a non-contributory, defined benefit Retirement Plan covering substantially all regular monthly employees. Monthly salaried employees are eligible to participate in the plan following the completion of one year of service and attained 21 years of age. Pension costs are funded in accordance with minimum funding standards under ERISA.

The bases for the Retirement Plan formula are years of service and average final compensation. Benefits are paid on the basis of a single life annuity and are not reduced (offset) for Social Security or other payments

received by the participants.

Normal retirement is when the participant reaches age 65 and has five years of credited service. Participants can enjoy actuarially adjusted early retirement benefits at age 55 with 10 years of service. This plan is qualified under section 401(a) of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN OF EQUITY ONE, INC.

Equity One, Inc. adopted a deferred compensation plan designed to provide a post retirement benefit to several key executives. Equity One, Inc. purchases flexible, variable life insurance policies for each participant and names itself as beneficiary. The cash surrender values of the policies are expected to pay benefits to the participants upon their retirement. Should the participant terminate their employment prior to retirement, they are entitled to their vested portion of their account.

* * *

POPULAR INC.
PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return during the measurement period with the cumulative total return, assuming reinvestment of dividends, of the National Association of Securities Dealers automated Quotation System (NASDAQ) Stock Market Index and the NASDAQ Bank Composite Index.

The cumulative total shareholder return was obtained by dividing (i) the cumulative amount of dividends per share, assuming dividend reinvestment, since the measurement point, December 31, 1996 plus (ii) the change in the per share price since the measurement date, by the share price at the measurement date.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
TOTAL RETURN AS OF DECEMBER 31
(DECEMBER 31, 1996=100)

[GRAPH]

COMPANY/INDEX	BASE PERIOD	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00
POPULAR, INC.	16.875	100.00	146.67	201.48	165.56	155.93
NASDAQ BANKS COMPOSITE	453.81	100.00	141.06	147.02	124.57	142.38
NASDAQ STOCK MARKET	580.39	100.00	122.39	171.64	319.03	193.75

PROPOSALS OF SECURITIES HOLDERS TO BE PRESENTED AT THE 2003 ANNUAL MEETING OF STOCKHOLDERS

Stockholders' proposals intended to be presented at the 2003 Annual Meeting of Stockholders must be received by the Corporation's Secretary, at its principal executive offices, Popular Center Building, San Juan, Puerto Rico, 00918, not later than November 29, 2002 for inclusion in the Corporation's Proxy Statement and Form of Proxy relating to the 2003 Annual Meeting of Stockholders.

San Juan, Puerto Rico, March 18, 2002

RICHARD L. CARRION
Chairman of the Board, President
and Chief Executive Officer

SAMUEL T. CESPEDES
Secretary

YOU MAY REQUEST A COPY OF THE REPORT ON FORM 10K FILED WITH THE SEC BY CALLING (787) 765-9800 OR WRITING TO AMILCAR JORDAN, SENIOR VICE PRESIDENT, BANCO POPULAR DE PUERTO RICO, PO BOX 362708, SAN JUAN, PR 00936-2708

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[POPULAR LOGO]

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[LOGO] POPULAR, INC.

C/O BANCO POPULAR
DE PUERTO RICO
TRUST DIVISION
P.O. BOX 362708
SAN JUAN, PR 00936-2708

IF YOU WISH TO VOTE BY TELEPHONE, INTERNET OR MAIL, PLEASE READ THE INSTRUCTIONS BELOW.

Popular, Inc. encourages you to take advantage of the convenient ways to vote your shares for matters to be covered at the 2002 Annual Meeting of Stockholders. Please take the opportunity to use one of the three voting methods outlined below to cast your ballot.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call. You will be prompted to enter your 12-digit Control Number which is located below and then follow the simple instructions the Vote Voice provides you.

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site. You will be prompted to enter your 12-digit Control Number which is located below to obtain your records and to create an electronic voting instruction form.

VOTE BY MAIL
Please mark, sign, date and return this card promptly

using the enclosed postage prepaid envelope; No postage is required if mailed in the United States, Puerto Rico or the U.S. Virgin Islands.

KEEP THIS PORTION FOR YOUR RECORDS

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: POPULA

[LOGO] POPULAR, INC. PROXY

DETACH AND RETURN THIS PORTION ONLY

The Board recommends a vote for:

		FOR ALL	WITHHOLD ALL	FOR ALL EXCEPT	TO WITHHOLD AUTHORITY TO VOTE AND WRITE THE NOMINEE'S NUMBE
1.	ELECTION OF THE FOLLOWING NOMINEES: 1) DAVID H. CHAFEY JR. 2) ANTONIO LUIS FERRE 3) FELIX J. SERRALLES JR.	[ ]	[ ]	[ ]	_____

		FOR	AGAINST	ABSTAIN
2.	TO RATIFY THE SELECTION OF THE CORPORATIONS'S INDEPENDENT AUDITORS FOR 2002	[ ]	[ ]	[ ]

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby appoints Richard L. Carrion, Jorge A. Junquera and David H. Chafey Jr. or Proxies, each with the power to appoint his substitute, and authorizes them to represent and to v shares of common stock of Popular, Inc. held of record by the undersigned on March 11, 2002, at t to be held at the Centro Europa Building, 1492 Ponce de Leon Avenue, 3rd Floor, San Juan, Puerto a.m. or at any adjournments thereof. The Proxies are further authorized to vote such shares upon properly come before the meeting or any adjournments thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNE MADE, THIS PROXY WILL BE VOTED "FOR" ITEMS 1 AND 2 ABOVE.

PLEASE SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

PLEASE SIGN AS YOUR NAME APPEARS ON THIS FORM. IF SHARES ARE HELD JOINTLY, ALL OWNERS SHOULD SIGN.
(VEA AL DORSO TEXTO EN ESPANOL)

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners)