1993 Variable Rate Bond Supplement

Relating to

$1,161,580,000

Puerto Rico Highway and Transportation Authority

$410,290,000 Highway Revenue Bonds (Series W)

$751,290,000 Highway Revenue Refunding Bonds (Series X)

This 1993 Variable Rate Bond Supplement (this "Supplement") has been prepared in order to furnish certain information with respect to the Authority's 1993 Variable Rate Bonds (as hereinafter defined). This Supplement is to be read together with, and is subject in certain respects to, more complete information contained in the Official Statement of the Authority (the "Official Statement") dated July 15, 1993 relating to the Authority's $410,290,000 Puerto Rico Highway and Transportation Authority Highway Revenue Bonds (Series W) (the "Series W Bonds") and $751,290,000 Puerto Rico Highway and Transportation Authority Highway Revenue Refunding Bonds (Series X) (the "Series X Bonds"; together with the Series W Bonds, the "1993 Bonds"), and the information contained in the Official Statement, except to the extent revised or superseded by this Supplement with information specific to the 1993 Variable Rate Bonds, is incorporated by reference herein and applies to the 1993 Variable Rate Bonds. No person is authorized to detach this Supplement or otherwise use it without the Official Statement.

The $101,730,000 aggregate principal amount of Series X Serial Bonds of the Authority stated in the Official Statement to mature on July 1, 1995 through 1999 will be delivered as Variable Rate Bonds with a single maturity of July 1, 1999 (the "1993 Variable Rate Bonds").

The 1993 Variable Rate Bonds will be dated the date of delivery thereof and will initially bear interest at a Weekly Rate determined on each Rate Determination Date (as described herein) and payable on the first Wednesday of each month (or the next Business Day if such Wednesday is not a Business Day), commencing September 1, 1993. The initial Rate Determination Date for the 1993 Variable Rate Bonds shall be August 10, 1993. The interest rate on the 1993 Variable Rate Bonds may be changed to a Daily, Unit Pricing or Fixed Rate as described in this Supplement.

The 1993 Variable Rate Bonds are secured on a parity with the other 1993 Bonds by a pledge of Revenues of the Authority, which include gasoline taxes, certain gas oil and diesel oil taxes and motor vehicle license fees imposed by the Commonwealth, toll revenues of the Authority and certain investment earnings. Such taxes and license fees are subject to being applied first to the payment of general obligation debt of and debt guaranteed by the Commonwealth of Puerto Rico, if and to the extent that other Commonwealth revenues are not sufficient therefor.

In addition, the 1993 Variable Rate Bonds will initially have the benefit of an irrevocable direct pay Letter of Credit issued severally but not jointly by

Union Bank of Switzerland, New York Branch
Swiss Bank Corporation, New York Branch
Landesbank Hessen-Thüringen Girozentrale, New York Branch

The Letter of Credit will permit The Chase Manhattan Bank (National Association), Fiscal Agent, to draw up to an amount sufficient to pay (i) the principal of the 1993 Variable Rate Bonds when due, (ii) the purchase price of 1993 Variable Rate Bonds that are purchased pursuant to tenders and that are not remarketed, and (iii) up to 50 days' interest accrued on the 1993 Variable Rate Bonds, all as described more completely in this Supplement. The Letter of Credit will expire on August 10, 1997 or the earlier occurrence of certain events described in this Supplement unless otherwise extended. See "The Initial Letter of Credit" under *The Initial Letter of Credit and the Reimbursement Agreement.*

The 1993 Variable Rate Bonds are subject to redemption prior to maturity, to mandatory purchase under certain circumstances, and under certain circumstances will be purchased on the demand of their owners as described in this Supplement. See "Redemption," "Mandatory Purchase" and "Tenders" under *Description of the 1993 Variable Rate Bonds.*

The 1993 Variable Rate Bonds will be issued as fully registered bonds in denominations of $100,000 and any multiple of $5,000 in excess thereof, and will continue as such while the 1993 Variable Rate Bonds bear interest at a Daily, Weekly or Unit Pricing Rate. While the 1993 Variable Rate Bonds bear interest at a Fixed Rate, they will be issuable in denominations of $5,000 and any multiple thereof. The 1993 Variable Rate Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 1993 Variable Rate Bonds. Purchasers will not receive delivery of the 1993 Variable Rate Bonds. See "Book-Entry Only System" under *The Bonds* in the Official Statement.

By purchasing the 1993 Variable Rate Bonds, the owners of such Bonds will have consented to the adoption of two supplemental resolutions; one will be adopted upon the delivery of the 1993 Bonds and the other will be adopted once the consent of the owners of 100 percent of the Bonds has been obtained. See "Proposed Supplemental Resolutions" and "Consent of Bondholders" under *The Bonds* in the Official Statement.

The 1993 Variable Rate Bonds are not a debt of the Commonwealth of Puerto Rico or any of its political subdivisions, other than the Authority, and neither the Commonwealth of Puerto Rico nor any such subdivision, other than the Authority, shall be liable thereon.

Merrill Lynch & Co.

Bear, Stearns & Co. Inc.

Goldman, Sachs & Co.

Lehman Brothers

Donaldson, Lufkin & Jenrette
Securities Corporation

The First Boston Corporation

Kidder Peabody & Co.
Incorporated

Lazard Frères & Co.

PaineWebber Incorporated

Smith Barney, Harris Upham & Co.
Incorporated

Dean Witter Reynolds

The 1993 Variable Rate Bonds are offered for delivery when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Brown & Wood, New York, New York, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Rogers & Wells, New York, New York. Certain legal matters will be passed upon for the Banks by Mudge Rose Guthrie Alexander & Ferdon, New York, New York. It is expected that the 1993 Variable Rate Bonds will be available for delivery to DTC in New York, New York, on or about August 10, 1993.

August 10, 1993

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INTRODUCTION

This 1993 Variable Rate Bond Supplement (this "Supplement") has been prepared in order to furnish certain information with respect to the 1993 Variable Rate Bonds (as hereinafter defined) of Puerto Rico Highway and Transportation Authority (the "Authority"). This Supplement is to be read together with, and is subject in certain respects to, more complete information contained in the Official Statement (the "Official Statement") of the Authority dated July 15, 1993 relating to the Authority's $410,290,000 Puerto Rico Highway and Transportation Authority Highway Revenue Bonds (Series W) (the "Series W Bonds") and $751,290,000 Puerto Rico Highway and Transportation Authority Highway Revenue Refunding Bonds (Series X) (the "Series X Bonds"; together with the Series W Bonds, the "1993 Bonds"), and the information contained in the Official Statement, except to the extent revised or superseded by this Supplement with information specific to the 1993 Variable Rate Bonds, is incorporated by reference herein and applies to the 1993 Variable Rate Bonds.

The $101,730,000 aggregate principal amount of Series X Serial Bonds stated in the Official Statement to mature on July 1, 1995 through 1999 will be delivered as Variable Rate Bonds with a single maturity of July 1, 1999 (the "1993 Variable Rate Bonds").

At issuance, the 1993 Variable Rate Bonds will bear interest at a rate determined weekly (the "Weekly Rate") that will accrue from the date of delivery of the 1993 Variable Rate Bonds through but not including, and will be payable on, Wednesday, September 1, 1993. Thereafter, interest will accrue from the first Wednesday of each month to, but not including, the first Wednesday of the next succeeding month and will be payable on the first Wednesday of each month (or the next Business Day if such Wednesday is not a Business Day).

The type of interest rate borne by the 1993 Variable Rate Bonds may be changed at the option of the Authority in accordance with the terms of the 1993 Resolution, upon notice to the Owners of the 1993 Variable Rate Bonds, to a daily interest rate (the "Daily Rate"), a unit pricing interest rate (the "Unit Pricing Rate") or a fixed interest rate or rates (collectively, the "Fixed Rate"), all as described below. When the 1993 Variable Rate Bonds bear interest at a Daily Rate, interest will be payable on the fifth Business Day of each month. When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, with an Interest Period (as defined below) of 180 days or less, interest will be payable on the first day of the next succeeding Interest Period. When 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, with an Interest Period equal to or greater than 181 days, interest will be payable on each January 1 and July 1 during the applicable Interest Periods and on the first day of the next succeeding Interest Period. When 1993 Variable Rate Bonds bear interest at a Fixed Rate, interest will be payable on each January 1 and July 1. Each day on which interest is so payable on the 1993 Variable Rate Bonds is called an "Interest Payment Date." See "Interest" under *Description of the 1993 Variable Rate Bonds* herein.

Simultaneously with the issuance of the 1993 Variable Rate Bonds, Union Bank of Switzerland, New York Branch, Swiss Bank Corporation, New York Branch and Landesbank Hessen-Thüringen Girozentrale, New York Branch (collectively, the "Initial Banks") will severally but not jointly issue an irrevocable direct pay Letter of Credit (the "Initial Letter of Credit") in the stated amount of $103,402,274 (representing the principal of the 1993 Variable Rate Bonds and 50 days' accrued interest at the rate of 12% per annum, the maximum rate permitted by law) pursuant to a Reimbursement Agreement, dated as of August 1, 1993 (the

"Reimbursement Agreement"), to be entered into among the Authority, Union Bank of Switzerland, New York Branch, as Agent, and the Initial Banks. The Initial Letter of Credit shall expire on August 10, 1997, or upon the earlier occurrence of certain events as described herein unless otherwise extended. The Initial Letter of Credit may be replaced by a letter of credit of another commercial bank or banks or by another credit facility as described under the caption "Alternate Letter of Credit or Other Credit Facilities" under *The Initial Letter of Credit and the Reimbursement Agreement* herein. The Initial Letter of Credit, and any qualified replacement or extension, issued by the Initial Banks, or any other qualified financial institution, are herein collectively called the "Letter of Credit." Any such financial institution which at the time is an issuer of the Letter of Credit is called the "Bank."

The Initial Letter of Credit will be issued in a total amount of $103,402,274, which equals (i) the principal amount of the 1993 Variable Rate Bonds ($101,730,000) plus (ii) 50 days' interest thereon at an annual rate of 12% per annum ($1,672,274).

The Authority has entered into a Master Interest Rate Agreement (the "Master Agreement"), dated as of July 14, 1993, with Merrill Lynch Capital Services, Inc. ("MLCS") in connection with the issuance of the 1993 Variable Rate Bonds. In general, the Master Agreement provides that, subject to the terms and conditions of such Master Agreement, on a same-day net-payment basis determined by reference to an intial notional amount equal to the principal amount of the 1993 Variable Rate Bonds, MLCS will pay to the Authority a floating amount (the rate for which will be the interest rate on the 1993 Variable Rate Bonds while the 1993 Variable Rate Bonds bear interest at a Daily Rate or Weekly Rate unless and until there shall occur and be continuing an event or condition as identified in the Master Agreement which results in the conversion of such rate to a percentage of the PSA Municipal Swap Index specified in the Master Agreement) and the Authority will pay to MLCS fixed amounts (at the fixed rates set forth in the Master Agreement). The fixed amounts payable by the Authority under the Master Agreement have been used for calculating the Principal and Interest Requirements for the Authority's outstanding Bonds. See "Principal and Interest Requirements" under *Debt* in the Official Statement.

The agreement by MLCS to pay the variable rate of interest on the 1993 Variable Rate Bonds does not affect the obligation of the Authority under the Resolution to pay the principal of and interest on the 1993 Variable Rate Bonds from Revenues (and any such payments by MLCS are not Revenues under the Resolution) or the obligation of the Initial Banks to honor drawings under the Initial Letter of Credit.

The Authority has agreed in the 1993 Resolution that it will not take action to terminate the Master Agreement unless the Authority shall have received an opinion of counsel nationally recognized on the subject of municipal bonds to the effect that such termination will not cause interest on the 1993 Bonds to be includable in gross income for federal income tax purposes (the "Tax Termination Opinion"). If an Early Termination Date (as defined in the Master Agreement) shall occur or if MLCS is in default thereunder, the Authority has also agreed to obtain a Tax Termination Opinion, or if it is unable to obtain such Opinion, then it may elect to seek a ruling from the Internal Revenue Service to the effect that the failure to take any action in respect of the terminated Master Agreement will not cause interest on the 1993 Bonds to be includable in gross income for federal income tax purposes. If the Authority is unable to obtain such letter ruling within one year of the receipt of any termination payment as a result of the early termination of the Master Agreement, or if the Authority elects not to seek such ruling, then the Authority shall pay in the manner and within the time specified in the 1993 Resolution to the holders of the 1993 Variable Rate Bonds the amount of the termination payment, together with any investment earnings thereon, and other amounts that are necessary to be paid to the holders of the 1993 Variable Rate Bonds in order to retain the tax exempt nature of the interest on the 1993 Bonds.

The term "Business Day" means a day on which the Fiscal Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent (the "Remarketing Agent"), the Initial Banks or banks or trust companies in New York, New York are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. If the date for making any payment on the 1993 Variable Rate Bonds is not a Business Day, the payment may be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

Brief descriptions of the 1993 Variable Rate Bonds, the Initial Letter of Credit, the Reimbursement Agreement and the Initial Banks are included in this Supplement. The description of the 1993 Variable Rate Bonds is qualified in its entirety by reference to them. The Official Statement to which this Supplement is attached includes brief descriptions of the Authority, the Commonwealth of Puerto Rico (the "Commonwealth") and the Authority's highway system, together with other information, including summaries of the terms of the Resolution, the Proposed Supplemental Resolutions, and the various statutes affecting the Authority. The summaries and the references to all documents referred to in this Supplement and in the Official Statement do not purport to be complete, and each summary and reference is qualified in its entirety by reference to each such document, copies of which are available from the Authority. All capitalized terms used but not defined in this Supplement shall have the meanings given them in the Official Statement.

DESCRIPTION OF THE 1993 VARIABLE RATE BONDS

General

The 1993 Variable Rate Bonds will be dated the date of delivery thereof and will mature, unless previously called for redemption, on July 1, 1999. The 1993 Variable Rate Bonds will initially bear interest at a Weekly Rate as described below.

The 1993 Variable Rate Bonds will be issuable as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as depository (the "Bond Depository") for the 1993 Variable Rate Bonds. Individual purchases of the 1993 Variable Rate Bonds will initially be made in book-entry form only in the denomination of $100,000 and multiples of $5,000 in excess thereof. Interest on and principal and redemption price of the 1993 Variable Rate Bonds will be payable to beneficial owners of the 1993 Variable Rate Bonds as described under the caption "Book-Entry Only System" under *The Bonds* in the Official Statement. Prior to any conversion of the interest rate on the 1993 Variable Rate Bonds to a Fixed Rate or a Unit Pricing Rate and so long as 1993 Variable Rate Bonds are registered in the name of Cede & Co., beneficial owners of the 1993 Variable Rate Bonds may tender their interests in the 1993 Variable Rate Bonds for purchase at the principal amount thereof plus accrued and unpaid interest, if any, by means of a book-entry credit of such interests in the 1993 Variable Rate Bonds to the account of the Remarketing Agent, as described under the caption "Tenders — *Tenders of 1993 Variable Rate Bonds in Book-Entry Form*" under *Description of the 1993 Variable Rate Bonds* herein.

Interest

General

The 1993 Variable Rate Bonds may bear interest at a Daily, Weekly, Unit Pricing or Fixed Rate, as elected by the Authority as described below. The maximum interest rate on the 1993 Variable Rate Bonds is the lesser of the highest rate allowed for the Bonds by Puerto Rico law from time to time in effect and the rate used to compute the amount available for drawing under the Letter of Credit to pay interest, which is currently 12%. Upon the date of each change in interest rate mode (any such date being herein called a "Mode Change Date"), the Authority must, among other things, deliver an opinion of nationally recognized bond counsel stating that the conversion is permitted under the Authority Act and the 1993 Resolution and will not impair the exclusion of interest on the 1993 Variable Rate Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the 1993 Bonds). On each Mode Change Date, the 1993 Variable Rate Bonds will be subject to mandatory purchase as described under the caption "Mandatory Purchase" under *Description of the 1993 Variable Rate Bonds* herein.

Weekly Rate

On their date of issuance, the 1993 Variable Rate Bonds will bear interest at the Weekly Rate and will continue to do so unless the interest rate on the 1993 Variable Rate Bonds is changed to a Daily, Unit Pricing or Fixed Rate. Interest at the Weekly Rate will be computed on the basis of a year of 365 days (366 days in leap years) for the actual number of days elapsed and will be payable on the first Wednesday of each month (or the next Business Day if such Wednesday is not a Business Day), commencing September 1, 1993. While the 1993 Variable Rate Bonds bear interest at the Weekly Rate, interest will accrue from and including the first Wednesday of each month to, but not including the first Wednesday of the next succeeding month; *provided, however*, that during the initial interest period interest shall accrue from and including the dated date of the 1993 Variable Rate Bonds.

The Weekly Rate will be the interest rate determined by the Remarketing Agent on and as of each Rate Determination Date (as defined below) as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 1993 Variable Rate Bonds on the applicable Rate Determination Date at a price equal to the principal amount thereof plus accrued interest, if any. The initial Rate Determination Date for the 1993 Variable Rate Bonds shall be August 10, 1993.

Daily Rate

The Authority may elect to change the interest rate on the 1993 Variable Rate Bonds to a Daily Rate on any Business Day (effective on the first day next succeeding the end of the current Interest Period in the event the change is from the Unit Pricing Rate). The 1993 Resolution requires the Fiscal Agent to give notice of the conversion to a Daily Rate at least 30 days prior to the effective date of the new interest rate mode.

The Daily Rate will be the interest rate determined by the Remarketing Agent on and as of each Business Day as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 1993 Variable Rate Bonds on such day at a price equal to the principal amount thereof plus accrued interest, if any. Interest at the Daily Rate shall be computed on the basis of a year of 365 days (366 days in leap years) and the actual number of days elapsed, will accrue from and including the first day of each calendar month (or the Mode Change Date on conversion to the Daily Rate) through the last day of such month, and will be payable on the fifth Business Day of the succeeding month. The Daily Rate for a non-Business Day will be the rate set for the preceding Business Day.

Unit Pricing Rate

The Authority may elect to change the interest rate on the 1993 Variable Rate Bonds to a Unit Pricing Rate, effective on any Business Day. The Authority shall, prior to the effective date of any Unit Pricing Rate, specify the Interest Period and the principal amount of 1993 Variable Rate Bonds to become subject to such Unit Pricing Rate. The 1993 Resolution requires the Fiscal Agent to give notice of the conversion to a Unit Pricing Rate to the Owners of the 1993 Variable Rate Bonds at least 30 days prior to the effective date of the new interest rate mode.

When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, on or about 12:30 p.m., New York City time, on the appropriate Rate Determination Date for any 1993 Variable Rate Bond, the Remarketing Agent will establish the Unit Pricing Rate which shall be the interest rate determined by the Remarketing Agent on and as of the Rate Determination Date for such Interest Period as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the 1993 Variable Rate Bonds on the applicable Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, at the lowest interest rate then available and for the longest Interest Period available at such rate; *provided, however*, that if on any Rate Determination Date the Remarketing Agent determines that current or anticipated future events of market conditions are such that a different Interest Period would result in a lower average interest cost, then the Remarketing Agent shall select the Interest Period which in the Remarketing Agent's judgment would result in such lower average interest cost.

When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, interest will accrue from the Rate Determination Date for the 1993 Variable Rate Bonds to the day before the following Rate Determination Date for such 1993 Variable Rate Bonds and will be payable on the first day of the next succeeding Interest Period for 1993 Variable Rate Bonds with an Interest Period of 180 days or less, and each January 1 and July 1 during the applicable Interest Period for such Bonds and on the first day of the next succeeding Interest Period for such Bonds for 1993 Variable Rate Bonds with an Interest Period of 181 days or more. When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, interest shall be calculated on the basis of a year of 365 days (366 days in leap years) and the actual number of days elapsed. When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, they will be subject to mandatory purchase on the last day of the Interest Period for such Bonds. See "Mandatory Purchase — *Mandatory Purchase During the Unit Pricing Mode*" under *Description of the 1993 Variable Rate Bonds.*

Fixed Rate

In accordance with the conditions set forth in the 1993 Resolution, the Authority may elect to change the interest rate mode such that the 1993 Variable Rate Bonds shall bear interest at a Fixed Rate. The 1993 Resolution requires the Fiscal Agent to give notice of the conversion to a Fixed Rate to the Owners of the 1993 Variable Rate Bonds at least 30 days before the effective date.

In connection with the establishment of the Fixed Rate, the Remarketing Agent shall, at the request of the Authority, designate such principal amount of the 1993 Variable Rate Bonds for one or more of the Amortization Requirements to mature on July 1 immediately after the fiscal year to which such Amortization Requirement relates and to designate a Fixed Rate corresponding to such principal amount.

During the period when the 1993 Variable Rate Bonds bear interest at a Fixed Rate, the interest rate for each maturity will be the interest rate determined by the Remarketing Agent on and as of the Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of each such maturity of the 1993 Variable Rate Bonds on the applicable Rate Determination Date at a price equal to the principal amount thereof plus accrued interest, if any. The Fixed Rate will be set at least one Business Day and not more than 20 days prior to the effective date of the Fixed Rate. When the 1993 Variable Rate Bonds bear interest at a Fixed Rate, the Interest Payment Dates for the 1993 Variable Rate Bonds will be January 1 and July 1. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

The interest rate mode for the 1993 Variable Rate Bonds bearing interest at a Fixed Rate may not be converted to any other interest rate mode, and the 1993 Variable Rate Bonds will no longer be subject to optional redemption or be entitled to the benefit of the Letter of Credit.

Alternate Rate of Interest

In the event (i) the Remarketing Agent fails or is unable to determine the interest rates or Interest Periods, or (ii) the method of determining the interest rates or Interest Periods is held to be unenforceable by a court of law of competent jurisdiction, the 1993 Variable Rate Bonds shall thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered an opinion of nationally recognized bond counsel to the effect that the method of determining such rate is enforceable, bear interest from the last date on which such rate was determined in the case of clause (i) and on which interest was legally paid in the case of clause (ii), at the Alternate Rate for the interest rate mode in effect; *provided, however*, that if either of the circumstances described in clauses (i) or (ii) above occurs on a Rate Determination Date in the Unit Pricing Mode, the relevant Interest Period shall be from and including such Rate Determination Date to, but not including, the next Business Day and thereafter shall commence on a Business Day and extend to, but shall not include, the next Business Day. "Alternate Rate" means, on any Rate Determination Date, the rate per annum specified in the index (the "Index") published by Kenny Information Systems, a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer publish the Index, by any other entity selected by the Authority publishing similar indices and approved by the Initial Banks and the Remarketing Agent (the "Indexing Agent"), and in effect on such Rate Determination Date. The Index shall be based upon yield evaluations at par of bonds, the interest on which is excluded from gross income for federal income tax purposes, of not less than five "high grade" component issuers selected by the Indexing Agent which issuers shall include, without limitation, issuers of general obligation bonds and which issuers may be changed from time to time by the Indexing Agent in its discretion and which bonds on which the Index is based shall not include any bonds the interest on which is subject to a "minimum tax" or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. When the 1993 Variable Rate Bonds are in the Daily Mode, the Weekly Mode or a Unit Pricing Mode with an Interest Period of 30 days or less, the yield evaluation period for the Index shall be a 30-day yield evaluations. When the 1993 Variable Rate Bonds are in a Unit Pricing Mode with an Interest Period of greater than 30 days but less than 181 days, the yield evaluation period for the Index shall be 180-day yield evaluations. When the 1993 Variable Rate

Bonds are in a Unit Pricing Mode with an Interest Period greater than 180 days, the yield evaluation period for the Index shall be one-year yield evaluations.

Summary of Certain Provisions of the 1993 Variable Rate Bonds

While the 1993 Variable Rate Bonds bear interest at Unit Pricing, Daily or Weekly Rate, the Interest Payment Dates, the date each interest rate will be determined (the "Rate Determination Date"), the period of time each interest rate will be in effect (the "Interest Period"), the dates on which registered Owners may tender their 1993 Variable Rate Bonds for purchase and the notice requirements therefor (the "Optional Tender Dates; Owner's Notice of Optional Tender"), the requirements for delivery of tendered 1993 Variable Rate Bonds and payment provisions therefor ("Physical Delivery of and Payment for 1993 Variable Rate Bonds Subject to Optional and Mandatory Tender"), the notice requirements in order to change from one interest rate mode to a different interest rate mode ("Written Notice of Change in Mode") and the dates on which the 1993 Variable Rate Bonds are subject to mandatory tender for purchase in the event of a change between interest rate modes ("Mandatory Tender Date Upon Change in Mode") are shown in summary in the following table (all times shown are New York City time).

	Unit Pricing Rates	Daily Rates	Weekly Rates
Interest Payment Dates (1)	With respect to 1993 Variable Rate Bonds with an Interest Period of 180 days or less, the Purchase Date; and with respect to 1993 Variable Rate Bonds with an Interest Period of 181 days or more, each January 1 and July 1 during the applicable Interest Period for such Bond and the Purchase Date.	The fifth Business Day of each month.	The first Wednesday of each month or the next Business Day if such Wednesday is not a Business Day.
Rate Determination Date	The first day of each Interest Period.	Each Business Day.	Tuesday or if such Tuesday is not a Business Day, the next succeeding day or if such day is not a Business Day, the Business Day next preceding such Tuesday.
Interest Period	From the applicable Rate Determination Date through the day preceding the following Rate Determination Date.	One Business Day through, but not including, the next succeeding Business Day.	From the Wednesday following each Rate Determination Date through the Tuesday of following week.
Optional Tender Dates; Owner's Notice of Optional Tender	None; None.	Any Business Day; telephonic notice by Owner to Remarketing Agent on or prior to 10:30 a.m. on any Business Day.	Any Business Day; written notice (or telephonic notice promptly confirmed in writing) by Owner to Remarketing Agent and Fiscal Agent on or prior to 4:00 p.m. on any Business Day at least 7 days prior to optional purchase date.
Physical Delivery of and Payment for 1993 Variable Rate Bonds Subject to Optional and Mandatory Tender (2)	To Fiscal Agent by 12:00 noon on designated purchase date for each Bond; payment by close of business on same day.	To Fiscal Agent by 12:00 noon on designated purchase date; payment by close of business on same day.	To Fiscal Agent by 12:00 noon on designated purchase date; payment by close of business on same day.
Written Notice of Change in Mode	Fiscal Agent to mail notice to Owners at least 30 days prior to effective Mode Change Date.	Fiscal Agent to mail notice to Owners at least 30 days prior to effective Mode Change Date.	Fiscal Agent to mail notice to Owners at least 30 days prior to Mode Change Date.
Mandatory Tender Date Upon Change in Mode	Mode Change Date.	Mode Change Date.	Mode Change Date.

(1) Any Mandatory Purchase Date will also be an Interest Payment Date.

(2) The tender, purchase and remarketing of the 1993 Variable Rate Bonds during any period in which the 1993 Variable Rate Bonds are registered in book-entry only form shall be accomplished in conformance with the procedures of DTC or the then applicable Bond Depository. See "Tenders —*Tender of Bonds in Book-Entry Form*" under *Description of the 1993 Variable Rate Bonds* herein.

Sources of Payment

The Initial Banks will issue the Initial Letter of Credit to the Fiscal Agent when the 1993 Variable Rate Bonds are issued. The Initial Letter of Credit is issued for the benefit of the 1993 Variable Rate Bonds to provide for the payment of principal and Purchase Price of and interest on the 1993 Variable Rate Bonds as described under *The Initial Letter of Credit and the Reimbursement Agreement.* If the Initial Letter of Credit expires or is terminated, the 1993 Variable Rate Bonds will be subject to mandatory purchase. See "Mandatory Purchase — *Mandatory Purchase on Expiration of Letter of Credit* and *Mandatory Purchase on the Substitution of Letter of Credit*" under *Description of the 1993 Variable Rate Bonds* herein.

Redemption

Optional Redemption

The 1993 Variable Rate Bonds at the time outstanding may be redeemed prior to their maturity on any Purchase Date in respect of the 1993 Variable Rate Bonds then in the Unit Pricing Mode or any Interest Payment Date in respect of the 1993 Variable Rate Bonds then in the Daily Mode or the Weekly Mode at the option of the Authority, either in whole or in part, from any Seasoned Funds, as defined in the 1993 Resolution (other than moneys deposited in the Sinking Fund in respect of an Amortization Requirement), at the principal amount of the 1993 Variable Rate Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption

The 1993 Variable Rate Bonds are subject to redemption on each July 1 immediately after the fiscal year for which there is an Amortization Requirement to the extent of the Amortization Requirements for said Bonds (less the amount of moneys in the Sinking Fund used to retire bonds by purchase) from moneys in the Sinking Fund at par plus accrued interest in the years and amounts set forth below:

Year	Amortization Requirements for 1993 Variable Rate Bonds
1995	$17,325,000
1996	17,975,000
1997	18,720,000
1998	19,540,000
1999	28,170,000*
Average life (years)	4.1

*Maturity

Procedure for and Notice of Redemption

Notice of redemption of the 1993 Variable Rate Bonds will be given in the same manner as provided under the caption "Redemption Provisions — Notice of Redemption" under *The Bonds* in the Official Statement.

If fewer than all the 1993 Variable Rate Bonds are called for redemption, the Fiscal Agent will first redeem any 1993 Variable Rate Bonds registered in the name of the Bank. All other 1993 Variable Rate Bonds will be selected for redemption in the same manner as provided under the caption "Redemption Provisions — Selection of Bonds to be Redeemed" under *The Bonds* in the Official Statement.

Mandatory Purchase

Mandatory Purchase on Change in Interest Rate Determination Method

In the event of a change in the interest rate determination method for the 1993 Variable Rate Bonds, the 1993 Variable Rate Bonds will be subject to mandatory purchase in whole at a purchase price of par plus accrued interest, if any, on the Mode Change Date.

Mandatory Purchase During the Unit Pricing Mode

When the 1993 Variable Rate Bonds bear interest at a Unit Pricing Rate, they will be subject to mandatory purchase at a purchase price of par plus accrued interest, if any, on the last day of the Interest Period for such Bonds.

Mandatory Purchase on the Substitution of Letter of Credit

The 1993 Variable Rate Bonds will be subject to mandatory purchase in whole at a purchase price of par plus accrued interest, if any, five Business Days before the effective date of any substitution of an alternate Letter of Credit or other security or liquidity device for the then existing Letter of Credit.

Mandatory Purchase on Expiration of Letter of Credit

The 1993 Variable Rate Bonds will be subject to mandatory purchase in whole at a purchase price of par plus accrued interest, if any, five Business Days before the expiration, termination or cancellation of the Letter of Credit.

Mandatory Purchase on Receipt of Notice of Default Under Reimbursement Agreement

The 1993 Variable Rate Bonds will be subject to mandatory purchase in whole at a purchase price of par plus accrued interest, if any, to the date of purchase upon receipt by the Fiscal Agent of written notice from the Agent that an event of default under the Reimbursement Agreement has occurred and is continuing, which date of purchase shall be a Business Day (no later than the next Interest Payment Date occurring not earlier than 10 days after the date the Fiscal Agent receives such Notice (or the eighth day after receipt of such notice if such event of default relates to the failure of the Bank to reinstate the interest portion of the Letter of Credit) and no earlier than two Business Days after receipt of such notice by the Fiscal Agent.

Notice

Notice of a mandatory purchase will be mailed by the Fiscal Agent to the Owners not less than 30 days (or not less than two days after receipt of notice by the Fiscal Agent in the case of a mandatory purchase in accordance with the preceding paragraph) prior to the mandatory purchase date.

Tenders

General

The 1993 Resolution provides that 1993 Variable Rate Bonds will be purchased at the option of the Owners under certain circumstances described below, but solely from moneys made available for that purpose under the 1993 Resolution. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below have been strictly complied with.

Tender of 1993 Variable Rate Bonds in Book-Entry Form

During any period in which the 1993 Variable Rate Bonds are held by the Bond Depository, beneficial interests in the 1993 Variable Rate Bonds may be tendered by means of a book-entry credit of such beneficial interests to the account of the Remarketing Agent; *provided, however,* that if the Remarketing Agent notifies the Fiscal Agent that such beneficial interests in the 1993 Variable Rate Bonds have been remarketed, such beneficial interests may be treated as tendered upon a book-entry transfer of such beneficial interests from the account of the tendering party to the credit of the account of the purchaser of such beneficial interests. Prior to remarketing any beneficial interests in the 1993 Variable Rate Bonds tendered for purchase, the Remarketing Agent shall confirm with the Bond Depository and the Fiscal Agent that such beneficial interests have been tendered.

Tender of 1993 Variable Rate Bonds not in Book-Entry Form

In the case of all tenders of 1993 Variable Rate Bonds not held by the Bond Depository, delivery of 1993 Variable Rate Bonds properly endorsed is required in order for the Owner to receive payment of the purchase price of 1993 Variable Rate Bonds as to which an election to tender for purchase has been exercised. Each such Bond shall be accompanied by an instrument of transfer satisfactory to the Fiscal Agent.

Daily Rate Tender

When interest on the 1993 Variable Rate Bonds is payable at a Daily Rate, an Owner of a 1993 Variable Rate Bond may tender the 1993 Variable Rate Bond or any portion thereof in authorized denominations for purchase at its principal amount plus accrued but unpaid interest, by delivering on any Business Day:

(a) irrevocable telephonic notice to the Remarketing Agent (address below) by 10:30 a.m., New York City time, stating the CUSIP number, 1993 Variable Rate Bond number and the principal amount of the 1993 Variable Rate Bond, the principal amount to be purchased and the date the 1993 Variable Rate Bond is to be purchased, and

(b) if the 1993 Variable Rate Bond is not held by the Bond Depository, the 1993 Variable Rate Bond to the Fiscal Agent (address below) by 12:00 noon, New York City time, on the date of purchase in compliance with the requirements described above.

Weekly Rate Tender

When interest on the 1993 Variable Rate Bonds is payable at a Weekly Rate, an Owner of a 1993 Variable Rate Bond may tender the 1993 Variable Rate Bond or any portion thereof in authorized denominations for purchase at its principal amount plus accrued but unpaid interest, if any, on any Business Day by delivering:

(a) irrevocable written notice (or telephonic notice promptly confirmed in writing) to the Remarketing Agent and the Fiscal Agent (addresses below) by 4:00 p.m., New York City time, at least seven days prior to the date of purchase stating the CUSIP number, the 1993 Variable Rate Bond number and principal amount of the 1993 Variable Rate Bond, the principal amount to be purchased and the date the 1993 Variable Rate Bond is to be purchased, and

(b) if the 1993 Variable Rate Bond is not held by the Bond Depository, the 1993 Variable Rate Bond to the Fiscal Agent by 12:00 noon, New York City time, on the date of purchase in compliance with the requirements described above.

Notices in respect of tenders must be delivered as follows:

To the Fiscal Agent:	To the Remarketing Agent:
The Chase Manhattan Bank (National Association) 4 Chase MetroTech Center 3rd Floor Brooklyn, New York 11218	Merrill Lynch, Pierce, Fenner & Smith Incorporated World Financial Center 250 Vesey Street New York, New York 10281
Attention: Corporate Trust Administration Division Telephone: 212-242-7284 Telecopy: 212-242-5885	*Attention:* Tax-Exempt Money Markets Department Telephone: 212-449-5012 Telecopy: 212-449-0748

1993 Variable Rate Bonds tendered and not held by the Bond Depository must be delivered as follows:

To the Fiscal Agent:

The Chase Manhattan Bank (National Association)
4 Chase MetroTech Center
3rd Floor
Brooklyn, New York 11218

Attention: Corporate Trust Administration Division
Telephone: 212-242-7284
Telecopy: 212-242-5885

Undelivered 1993 Variable Rate Bonds

Any 1993 Variable Rate Bond to be purchased pursuant to the 1993 Resolution for which moneys have been deposited and which is not delivered to the Fiscal Agent shall nevertheless be deemed to have been tendered and purchased. After the purchase date, the undelivered 1993 Variable Rate Bond will represent only a right to collect the deposited monies. After the deposited monies have been held six years, they will be returned to the Authority.

THE INITIAL LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The Initial Letter of Credit

The Initial Letter of Credit will be a several but not joint irrevocable direct pay obligation of the Initial Banks to pay, in immediately available funds, within a specified period of time after presentation by the Fiscal Agent of specified certificates, an amount equal to (i) the principal amount of the 1993 Variable Rate Bonds, plus (ii) not less than 50 days' interest at a maximum annual interest rate of 12%. The Fiscal Agent will draw moneys under the Initial Letter of Credit to the extent necessary to make payments of such amounts on the 1993 Variable Rate Bonds, including the purchase price of 1993 Variable Rate Bonds tendered or deemed tendered for purchase. Drawings by the Fiscal Agent under the Initial Letter of Credit will reduce the amounts available for subsequent drawings, subject to reinstatement as provided in the Initial Letter of Credit.

Each of the Initial Banks' percentage liability for a draw on the Initial Letter of Credit is set forth below opposite such Bank's name:

Initial Bank	Percentage Liability
Union Bank of Switzerland, New York Branch	45%
Swiss Bank Corporation, New York Branch	35
Landesbank Hessen-Thüringen Girozentrale, New York Branch	20

The Initial Letter of Credit expires on the earliest day of the following: (i) August 10, 1997, or if such day is not a Business Day, the next succeeding Business Day; (ii) the day the Fiscal Agent certifies to the Bank that all outstanding 1993 Variable Rate Bonds have been paid or will be paid with funds deposited with the Fiscal Agent; (iii) the date specified by the Fiscal Agent as being the date that the Fiscal Agent has received an Alternate Letter of Credit meeting the requirements of the 1993 Resolution; (iv) the date specified in the written notice to the Fiscal Agent from the Initial Banks relating to the termination of the Initial Letter of Credit by reason of an occurrence of an event of default under the Reimbursement Agreement; and (v) five days after the date the Fixed Rate becomes effective. The 1993 Variable Rate Bonds will be subject to mandatory purchase on the fifth Business Day prior to the date the Letter of Credit expires. See "Mandatory Purchase — Mandatory Purchase on Expiration of Letter of Credit" under *Description of the 1993 Variable Rate Bonds* herein.

The Reimbursement Agreement

Among other things, the Reimbursement Agreement provides for (a) the repayment to the Initial Banks of all draws made under the Initial Letter of Credit (other than unpaid drawings which would in effect constitute a loan from the Initial Banks to the Authority), together with specified interest thereon; (b) the payment or reimbursement to the Initial Banks of certain specified fees, costs and expenses; (c) certain affirmative and negative covenants to be observed on the part of the Authority; and (d) certain indemnification obligations on the part of the Authority.

Any of the following events will constitute an Event of Default under the Reimbursement Agreement:

(a) the Authority shall fail to pay when due any reimbursement amount, fee, charge or other amount owing pursuant to the Resolution and the 1993 Resolution; or the Authority shall fail to pay any other amount payable under the Reimbursement Agreement within ten days after the same shall become due; or

(b) any representation or warranty made by the Authority in the Reimbursement Agreement or in any Financing Document (as defined in the Reimbursement Agreement) or in any certificate or statement delivered thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made; or

(c) the Authority shall default in the due performance or observance of (i) any of the covenants set forth in the Reimbursement Agreement with respect to amending, supplementing or modifying the Financing Documents; appointment of a successor Fiscal Agent or Remarketing Agent; compliance with the Code; creation of liens; maintaining the tax-exempt status of the 1993 Variable Rate Bonds; the issuance of additional bonds; maintenance of certain rate covenants; or the adoption of the Third Supplemental Resolution or (ii) any other term, covenant or agreement contained in the Reimbursement Agreement and, with respect to this clause (ii), such default shall remain unremedied for a period of 30 days after the Agent has been given written notice of such default; or

(d) the Authority or the Commonwealth shall be in default in the payment of any principal of or interest on any public obligation for borrowed money or for the deferred purchase price of any property or asset (unless the failure to make payment of such deferred purchase price is consequent upon a contest or negotiation being diligently pursued and in connection with which adequate reserves have been established) or on any obligation guaranteed by the Authority or the Commonwealth or in respect of which the Authority or the Commonwealth are otherwise contingently liable beyond any period of grace stated with respect thereto in any such obligation or in any agreement under which any such obligation is created, or shall default in the performance of any agreement under which any such obligation is created in the effect of such default is to cause such obligation to become, or to permit any holder or beneficiary thereof, or a trustee or trustee on behalf thereof, with notice if required, to declare such obligation to be, due prior to its normal maturity, and any of the foregoing may (in the reasonable judgment of the Initial Banks) have a material adverse effect on the ability of the Authority to perform its obligations under the Reimbursement Agreement or the Resolution; or

(e) (i) the Authority shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Authority shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in an order for such relief or in the appointment of a receiver or similar official or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Authority shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts; or

(f) any "event of default" or "breach of any covenant" shall occur under any of the Financing Documents; or

(g) any provision of the Reimbursement Agreement or any Financing Document shall at any time for any reason cease to be valid and binding on the Authority or any other party thereto or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Authority or such other party or by any governmental agency or authority having jurisdiction, or the Authority or such other party shall deny that it has any or further liability or obligation under any such document; or

(h) the Commonwealth shall terminate the corporate existence of the Authority unless, in the opinion of the Agent, adequate provision is made by law for the protection of the holders of all obligations of the Authority (including the 1993 Variable Rate Bonds and the Reimbursement Agreement) or those entering into such contracts with the Authority; or

(i) there shall occur a change in any law, regulation or procedure and such change has (in the sole judgment of the Initial Banks) a material adverse effect on the ability of the Authority to perform its obligations under the Reimbursement Agreement or the Resolution; provided that, any such change shall not constitute an event of default if the Authority demonstrates, to the satisfaction of the Initial Banks and within 30 days of such change that the change in law, regulation or procedure will not have a material adverse effect on the ability of the Authority to perform its obligations under the Reimbursement Agreement or the Resolution; or

(j) the Commonwealth shall reduce the amount of taxes, fees or charges allocated to the Authority.

Upon the occurrence and during the continuance of any Event of Default, the Agent at the direction of the Initial Banks may do any one of more of the following: (i) furnish a Notice of Default (as defined in the Reimbursement Agreement), specifying the same, to the Fiscal Agent, in writing (with a copy to the Authority and the Remarketing Agent) requiring a mandatory tender of all of the 1993 Variable Rate Bonds, (ii) by notice to the Authority, declare all or any portion of the amounts accrued or owing under the Reimbursement Agreement to be immediately due and payable, and/or (iii) proceed directly or through the Fiscal Agent to enforce any remedy available to it under the Financing Documents or Applicable Law (as defined in the Reimbursement Agreement) including, without limitation, taking any action, or directing the Fiscal Agent to take any action, with respect to the property pledged pursuant to the Resolution; provided, that upon the occurrence of any Event of Default specified in paragraph (e) above, all amounts then or thereafter owing under the Reimbursement Agreement shall automatically become immediately due and payable without notice to the Authority. Notwithstanding the foregoing, the obligations of the Initial Banks under the Initial Letter of Credit to the Fiscal Agent with respect to the 1993 Variable Rate Bonds shall remain unaffected and in full force and effect. Presentment, protest, demand or other notice of any kind, except the notice provided for above, are waived by the Authority.

Alternate Letter of Credit or Other Credit Facilities

The 1993 Resolution provides that, under certain circumstances, at any time, the Authority may deliver to the Fiscal Agent an alternate letter of credit or other security or liquidity device for the 1993 Variable Rate Bonds having the same material terms as the Initial Letter of Credit and a term of at least as long as the remaining term of the Letter of Credit being replaced. The Authority must also furnish to the Fiscal Agent, among other things, (1) an opinion of counsel stating that the delivery of such alternate letter of credit or other security or liquidity device is authorized under the 1993 Resolution and will not adversely affect the exclusion of interest on the 1993 Variable Rate Bonds from gross income for purposes of federal income taxation and (2) written evidence from a Rating Agency which then has a rating in effect for such 1993 Variable Rate Bonds that such Rating Agency has reviewed the proposed alternate letter of credit or other security or liquidity device and that its substitution for the then current Letter of Credit will not by itself result in a reduction, suspension or withdrawal of its rating of the 1993 Variable Rate Bonds.

THE INITIAL BANKS

General

The following information relating to the Initial Banks has been supplied by each respective Initial Bank. The delivery of this Supplement shall not create any implication that there has been no change in the affairs of any of the Initial Banks since the date hereof, or that the information contained or referred to in this Supplement is correct as of any time subsequent to its date.

Union Bank of Switzerland, New York Branch

Union Bank of Switzerland ("UBS"), a Swiss Banking corporation, was chartered as a bank located in Zurich in 1912. UBS's principal executive offices are located at Bahnhofstrasse 45, Zurich. The New York Branch of UBS is licensed by the New York Superintendent of Banks (the "Superintendent") to conduct a banking business as a branch of a foreign bank. The office of the New York Branch is located at 299 Park Avenue, New York, New York 10171.

UBS has 322 banking offices and banking subsidiaries throughout Switzerland. UBS also has United States branches, agencies, representative offices and subsidiaries in New York, Chicago, Houston, Los Angeles and San Francisco and other foreign offices including branches, representative offices and subsidiaries, in Beijing, Frankfurt, Hong Kong, London, Luxembourg, Panama, Singapore, Sydney, Taipei, Tokyo and Toronto, for a total of 48 business offices abroad. In addition to the receipt of deposits and the making of loans and advances, UBS engages in other banking and bank-related activities typical of the world's major international banks, including fiduciary, investment advisory and custodial services, foreign exchange and underwriting in the United States, Swiss and Euro-capital markets.

As a Swiss bank, UBS is subject to regulation by the Swiss Federal Banking Commission (the "Swiss Commission") and the Swiss National Bank, and its business is subject to inspection by an independent auditing firm. The auditors review compliance with the Swiss Banking Law and are required to report uncured violations or irregularities to the Swiss Commission, which is authorized to enforce compliance with the Swiss Banking Law. The Swiss National Bank oversees the financial condition and liquidity of Swiss banks. UBS is required to file with the Swiss National Bank annual statements of condition, monthly interim balance sheets, quarterly liquidity statements and other information regarding its financial condition. Information provided to the Swiss Commission and the Swiss National Bank is not available to the general public.

In addition to regulation by the Swiss banking authorities, UBS is subject to regulatory oversight in the United States. The scope of UBS's activities (directly or through subsidiaries) in the United States is limited by the International Banking Act of 1978 and the Bank Holding Company Act of 1956. The New York Branch is licensed by the Superintendent, pursuant to a Certificate of Authority issued under the New York Banking Law, to conduct a banking business as a branch of a foreign bank. It is required to make periodic reports to, and is subject to examination by, the Superintendent and the Board of Governors of the Federal Reserve.

At December 31, 1992, UBS had total assets of Sfr. 206.1 billion, total deposits (including due to banks) of Sfr. 156.1 billion, notes, bonds and other liabilities of Sfr. 35.4 billion and equity capital and reserves of Sfr. 14.4 billion. At December 31, 1991, foreign (i.e. non-Swiss) business accounted for approximately 51% of UBS's assets and 49% of its liabilities. Such amounts are as reflected in UBS's 1992 Annual Report to Shareholders and do not include UBS's consolidated subsidiaries. The accounting principles applied in the preparation of its financial statements (and therefore reflected herein) may not conform to generally accepted accounting principles applied by United States banks.

Copies of UBS's annual reports to shareholders are available from the New York Branch on request at the address in New York, set forth above.

Swiss Bank Corporation, New York Branch

Swiss Bank Corporation ("Swiss Bank"), was organized in 1872 under the name of "Basler Bankvergin" and became Swiss Bank Corporation in 1897. It is one of the three major commercial banks of Switzerland and is primarily an international wholesale institution with major corporate, bank, government and government-related customers. Retail business is pursued essentially only in Switzerland, where Swiss Bank has 282 branches and nine subsidiaries offering full-service commercial and private banking facilities.

The New York Branch, licensed under New York law, provides a full range of wholesale commercial banking services in the New York City metropolitan area and throughout the United States. Upon written request, Swiss Bank Corporation will provide without charge a copy of the most recent Annual Report of Swiss Bank Corporation. Written requests should be directed to Vice President, Advertising and Public Relations, Swiss Bank Corporation, New York Branch, Box 395, Church Street Station, New York, New York 10008.

Landesbank Hessen-Thüringen Girozentrale, New York Branch

Landesbank Hessen-Thüringen Girozentrale ("HELABA") ranks among Germany's major banks with total assets of approximately $64.74 billion, shareholders' equity of approximately $1.24 billion, total loans of approximately $47.05 billion and total deposits of approximately $27.30 billion for the year ending December 31, 1992 (at December 31, 1992, the exchange rate was US $1 = DM 1.6140). The bank is one of the largest issuers of bank bonds and notes with a total of more than $24 billion outstanding. HELABA's Eurobonds and medium term notes have been rated AAA/Aaa by Standard & Poor's Corporation, Moody's Investors Services and IBCA Banking Analysis. Its short term deposits including its US commercial paper and its CD's have been rated A-1+/P-1.

HELABA is owned by the savings banks and Giro Association Hesse-Thüringia. The bank acts as the central bank for these savings banks in Hesse and Thüringia and as municipal bank for the municipalities/districts in these states. Headquartered in Frankfurt and Erfurt, HELABA concentrates on wholesale financial services offering comprehensive banking facilities for multinational corporations, central banks, public sector entities, and other financial institutions. HELABA has branch offices in London, New York and Grand Cayman and wholly-owned subsidiaries in Luxembourg, Dublin and Amsterdam. Representative offices are being maintained in Warsaw, Budapest and Prague.

The New York Branch of HELABA, licensed under New York law, provides a full range of wholesale commercial banking services in the New York City metropolitan area and throughout the United States. Upon written request, HELABA will provide without charge a copy of its most recent Annual Report. Requests should be directed to Fred Musch, Senior Vice President, or John A. Gregory, Vice President, Landesbank Hessen-Thüringen Girozentrale, New York Branch, 499 Park Avenue, New York, New York 10022.

LEGAL MATTERS

The proposed forms of opinion of Brown & Wood, New York, New York, Bond Counsel, relating to the 1993 Bonds (including the 1993 Variable Rate Bonds) are set forth in *Appendix V* to the Official Statement. Certain legal matters will be passed upon for the Underwriters by Rogers & Wells, New York, New York. Certain legal matters will be passed upon for the Initial Banks by Mudge Rose Guthrie Alexander & Ferdon, New York, New York.

RATINGS

Moody's Investors Service and Standard & Poor's Corporation have given the 1993 Variable Rate Bonds ratings of Aa1/VMIG-1 and AAA/A-1+ respectively. Such ratings do not apply to any 1993 Bonds other than the 1993 Variable Rate Bonds and such ratings reflect only the view of such organizations and an explanation of the significance of the rating may be obtained by contacting them at: Moody's Investors Service, 99 Church Street, New York, New York 10007, (212) 553-0300 and Standard & Poor's Corporation, 25 Broadway, New York, New York 10004, (212) 208-8000. The ratings are not recommendations to buy, sell or hold the 1993 Variable Rate Bonds. There is no assurance that either rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of either such agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 1993 Variable Rate Bonds.

MISCELLANEOUS

This Supplement is submitted in connection with the issuance of the 1993 Variable Rate Bonds and may not be reproduced or used, in whole or in part, for any other purpose. No person is authorized to detach this Supplement or otherwise use it without the attached Official Statement for the 1993 Bonds.