



Economic Activity Index (“GDB-EAI”)
For the month of January 2013

Special Comment - Payroll Employment Benchmark Revision

March 2013

There was a major revision on the benchmark of the payroll employment for 2012

- Every March, the Bureau of Labor Statistics (“BLS”) publishes the benchmark revision of payroll employment. Each revision changes the employment figures for the previous 21 months.
- The standard deviation of the previous six revisions was 4,400 employees. In other words, each revision implied changes of more or less 4,400 employees.
- The last revision (published in March 2013) increased the 2012 average level of payroll employment by 18,433 employees with respect the previous estimates of employment published until January 2013. This is the largest payroll revision of the past seven years.
- The benchmark payroll employment revisions not only impacted the average level of payroll employment: it also changed the average growth rate of employment for 2012, and therefore, for FY2012 and FY2013.
- From a slight decline of 0.2% during FY2012, the revised figures reflect now an increase of 0.8%; and from a cumulative (July-December) reduction of 1.1% in FY2013, the revised numbers show a cumulative (July-January) growth of 0.7% for FY2013.
- Being the total payroll employment one of the components of the GDB-EAI, a major change in payroll employment would imply a significant change in the Index.
- The level of the Index changed several years back, on average, by a little more than 2 points of the Index. The growth rates remained more or less equal.

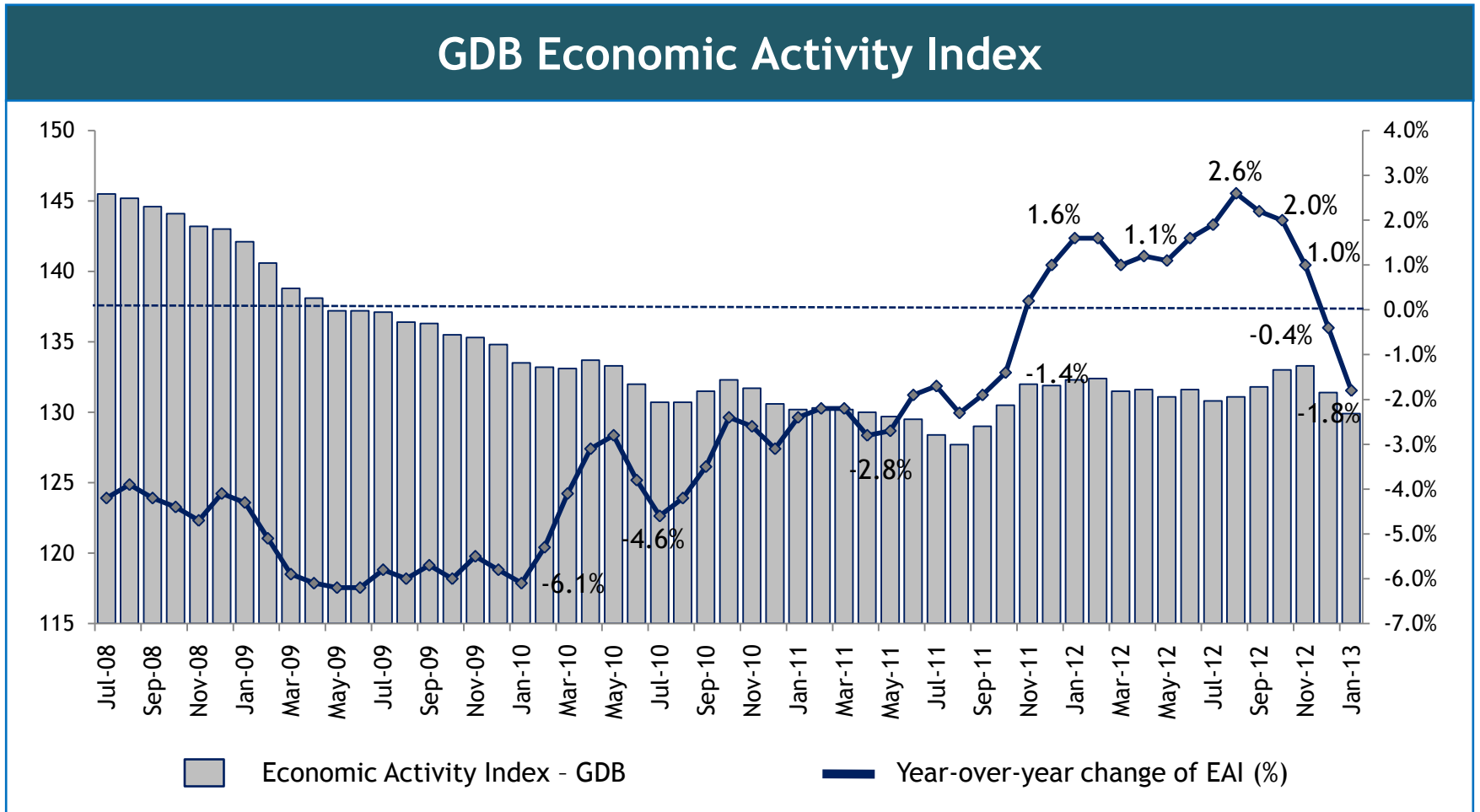
General Commentary - January 2013

GDB-EAI for the month of January registered a 1.8% year-over-year (“YOY”) reduction

- January 2013 GDB-EAI was 129.9, a 1.8% reduction when compared to 132.3 for January 2012. Nevertheless, the cumulative value for FY2013 (July-January) is still increasing by 1.0% with respect the cumulative figure of FY2012.
- Gasoline consumption* was 81.0 million gallons. Average FY2013 year-to-date (“YTD”) consumption is 88.5 million gallons.
- Total non-farm payroll employment for January 2013 totaled 914,600, a YOY reduction of 1.2%.
- Electric power generation totaled 1,714.1 million kWh, reflecting a YOY reduction of 0.4%. Total electric power generation for FY2013 YTD is 0.8% above the same period for FY2012.
- Cement sales totaled 1.4 million bags, registering a year-over-year reduction of 9.7%. Total sales for FY2013 YTD are 4.4% below the same period during FY2012.

* Estimated monthly gasoline consumption is derived from the Treasury Department’s monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.

The GDB-EAI for the month of January 2013 reflected a year-over-year reduction of 1.8%

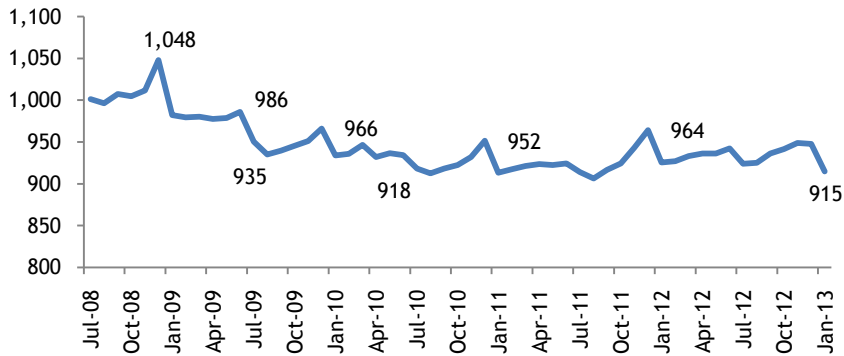


Data used for GDB-EAI is adjusted for seasonality and volatility.

GDB Economic Activity Index Components

Total Non-Farm Payroll Employment*

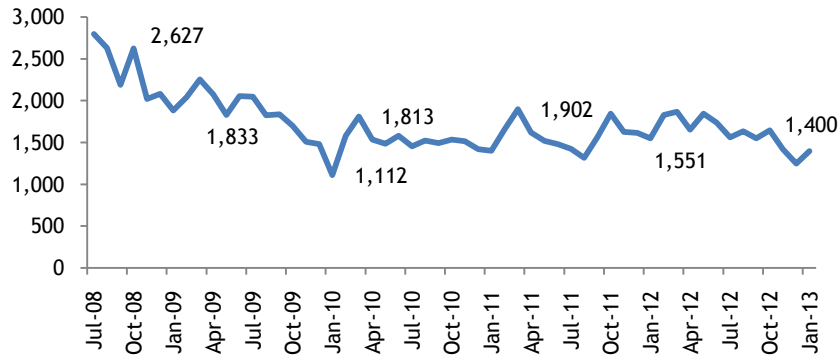
(Thousands of jobs)



- Total non-farm payroll employment for January 2013 totaled 914,600.
- When compared to January 2012, total non-farm employment registered a 1.2% reduction.

Cement Sales

(Cement Bags sold, in thousands)



- Cement sales for the month of January 2013 totaled 1.4 million bags; a YOY reduction of 9.7%.
- Sales for calendar year 2012 ended 3.0% above same period calendar year 2011.
- Sales for FY 2012 ended 7.3% above FY 2011.

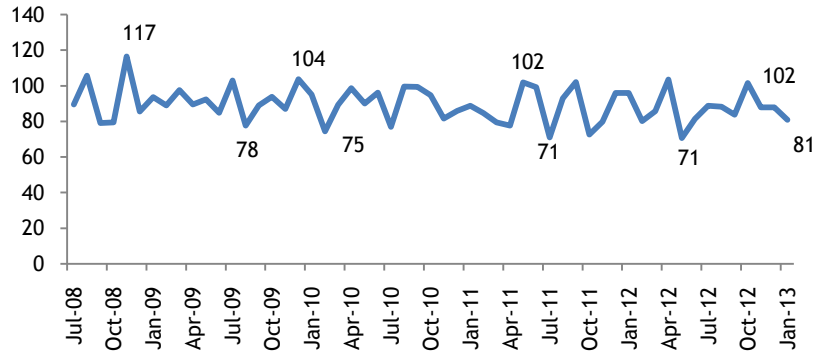
Sources: Dept. of Labor, GDB

* Not seasonally adjusted.

GDB Economic Activity Index Components

Gasoline Consumption

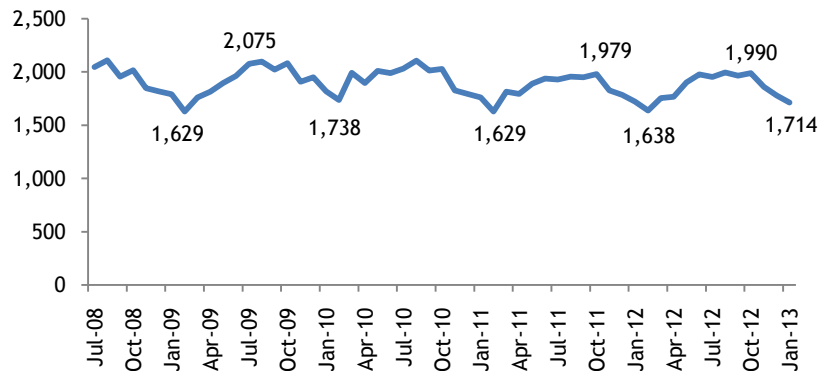
(Millions of gallons)



- Gasoline consumption for January 2013 totaled 81.0 million gallons, a YOY reduction of 15.7%.
- Estimated monthly gasoline consumption is derived from the Treasury Department's monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.

Electric Power Generation

(Millions of kWh)



- Electric power generation for January 2013 was 1,714 million kWh, a 0.4% YOY reduction.
- Electric power generation for fiscal year 2012 ended 1.9% below FY 2011, mainly as a result of higher oil prices.

Sources: DTOP, Treasury, PREPA.

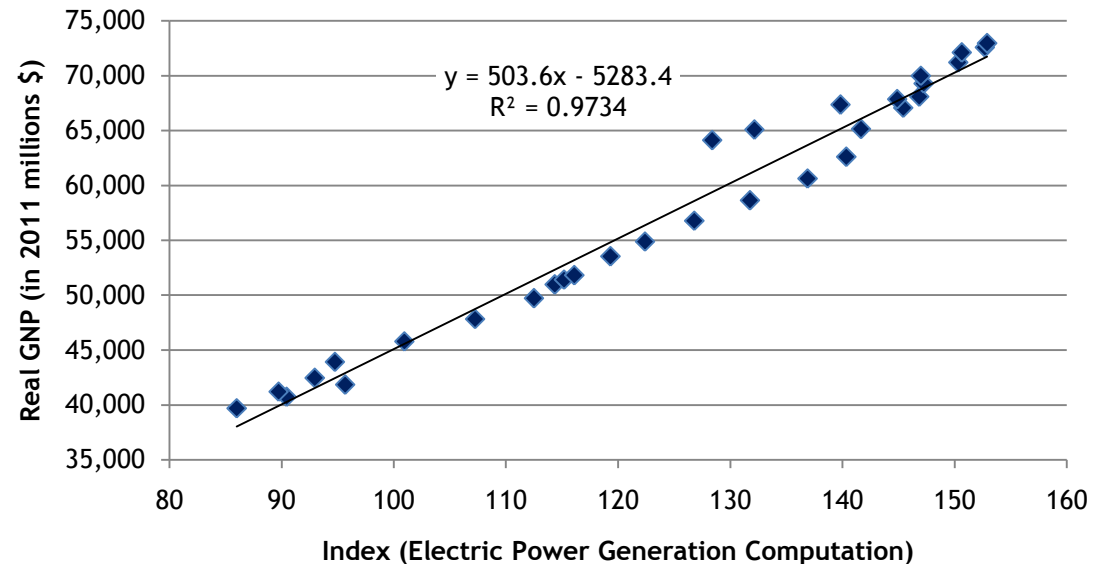
Description of the GDB-Economic Activity Index

Description of the GDB-EAI

- The GDB-EAI is a coincident index for the economy of Puerto Rico. It is a valuable tool that summarizes the behavior of four major monthly economic indicators.
- This index was developed following the methodology similar to that used by *The Conference Board* in their coincident index. This methodology follows a standard procedure to adjust the data for seasonality and volatility factors.

High Correlation with Puerto Rico Real GNP

The GDB-EAI levels show a high degree of correlation (R^2 of 0.97) with respect to Real GNP levels



Source: GBD

GDB Economic Activity Index Highlights

Advantages of the GDB-EAI:

- Readily available
- Highly correlated to Puerto Rico's real GNP
- Reliable tool to monitor actual trend of Puerto Rico economy

The GDB-EAI is made up of 4 indicators:

- Total Payroll Employment (Establishment Survey/ Thousand of employees)
- Total Electric Power Generation (Millions of KWH)
- Cement Sales (Millions of bags)
- Gas Consumption (Millions of gallons)

Disclaimer

The GDB-EAI and its indicators are subject to revisions. While the information comprising the GDB EAI has been obtained from sources GDB believes to be reliable, GDB is not responsible for any errors or omissions, or for the results obtained from the use of this information.