

Presentation to Western States Institutional Investors Conference



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Hafa Adai!



Overview of Guam

Guam is an unincorporated organized territory of the United States and a strategic U.S. military post in the Western Pacific

- Guam is governed by an elected Governor and Lieutenant Governor, 15 Senators and an appointed judicial branch
- Income taxes are paid to the Government of Guam instead of the U.S. Treasury
- Population as of April 2010 was estimated to be 159,358
- Guam's GDP measured \$4.58 billion for 2010
- Most of Guam's bonds are triple-tax exempt in all U.S. states and territories
- All bond issuance is centralized through the Guam Economic Development Authority ("GEDA")



Source: US Bureau of Economic Analysis



Summary of Guam's Economy

Visitor arrivals are at their highest level since 2000, with 1.3 million visitor arrivals in CY 2012

- Visitors are a key aspect of the local economy
 - Visitors have consistently helped maintain the local economy
 - CY 2012 up 13.3% from CY 2011
 - Japanese visitors increased by 12.7% to 928,991
 - Korean visitors increased by 22.6% to 182,830
 - FY 2013 Visitor Arrivals are up 9.2%* as of February 2013
- 2012 hotel occupancy rates were the highest since 1997
- In 2012, Homeland Security granted Guam parole authority for Russian Visa Waiver
- Unemployment continues to trend downward
 - 10.9% as of September 2012 as compared to 14.0% in June 2012 and 13.3% in March 2011
- Military expenditures continue to grow as Guam becomes a more vital element of U.S. presence in Asia
 - Expenditures have grown approximately 12.7% annually between 2002 and 2011
 - Current plans for military build-up project an increase of up to 5,000 active duty military



*Preliminary
Source: Guam Visitors Bureau



Government of Guam Credits

General Obligation	Par Outstanding
Series 2007	\$151,935,000
Series 2009	260,845,000

Limited Obligation	Par Outstanding
Business Privilege Tax ("BPT")	
Series 2011	\$235,000,000
Series 2012B-1	81,325,000
Series 2012B-2 (Taxable)	27,375,000
Series 2013	22,640,000

Section 30 Bonds	Par Outstanding
Series 2009	\$197,835,000

Hotel Occupancy Tax Bonds	Par Outstanding
Series 2011	\$87,255,000

Other Obligations	Par Outstanding
Certificates of Participation	
Series 2010 JFK High School	\$64,540,000

Compact Impact Funds	Par Outstanding
Series 2006 GEFF	\$37,250,000
Series 2008 GEFF	4,935,000

Revenue Bond Debt	Par Outstanding
Guam International Airport Authority	
Series 2003A	\$17,385,000
Series 2003B	24,710,000
Series 2003C	103,320,000

Guam Power Authority	Par Outstanding
Senior Lien	
Series 2010	\$150,440,000
Series 2012	340,620,000
Subordinate Lien	
Series 2010	\$39,500,000

Guam Waterworks Authority	Par Outstanding
Series 2005	\$90,865,000
Series 2010	118,825,000

Guam Economic Development Authority Tobacco Bonds	Par Outstanding
Series 2007	\$33,575,000

GARVEE	Par Outstanding
Potential new credit in 2013 with issuance of up to \$40 mm	



As of March 1, 2013
Source: GEDA. Does not include bank loans



Recent Guam Financings

Guam has recently taken advantage of low borrowing rates to repay existing obligations of the Government as well as lower debt service on some of its existing debt

■ Business Privilege Tax Credit

- In 2011, Guam established a new credit secured by the existing Business Privilege Tax (“BPT”) which is a 4% tax on business receipts similar to, but more expansive than, a sales tax
- BPT is secured by 3% out of 4% of the existing Business Privilege Tax
- Currently Guam’s highest rated credit with a 3x ABT based on historical revenues
 - S&P A (Stable)
 - Fitch A- (Stable)
- Guam has issued three series of bonds under the BPT Lien totaling \$366.34 million
- Currently no plans to issue additional BPT bonds

■ Guam Power Authority (“GPA”)

- In 2012, GPA sold \$356.1 million of refunding bonds
 - Achieved \$27.9 million of present value savings
- Prior to the sale of the 2012 Refunding Bonds, GPA secured a rating upgrade from Moody’s
 - GPA now maintains an investment grade rating from all three rating agencies



A.B. Won Pat Guam International Airport Authority ("GIAA")



Overview of Antonio B. Won Pat Guam International Airport

GIAA is a vital component of Guam's overall economy with over 99% of all visitors who come to Guam arriving through the Airport

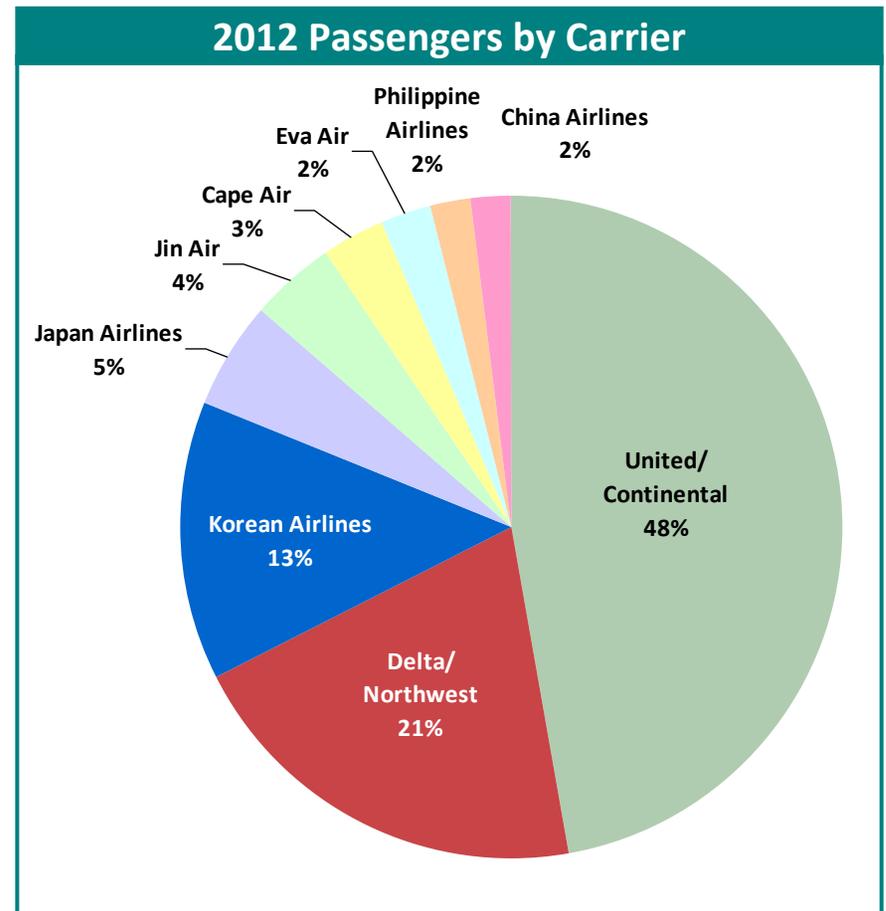
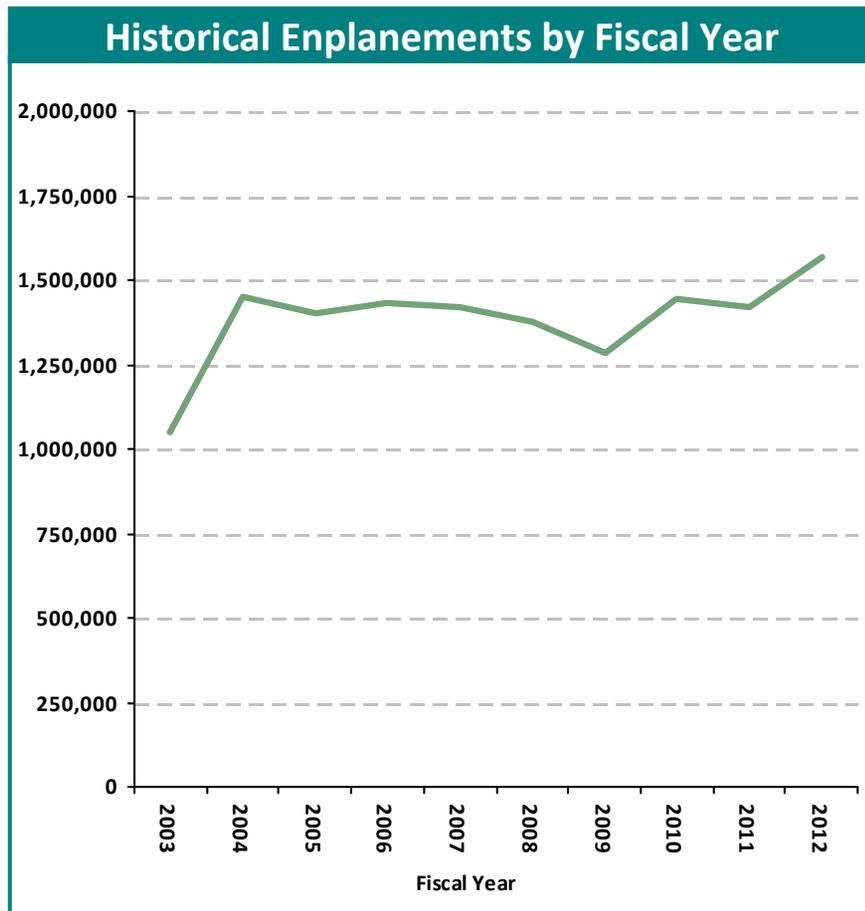
- Only commercial airport on the Island
- Passenger traffic is at a 15 year high
- 2012 enplanements exceeded 1.5 million for the first time in 11 years
- Growing balance in airlines serving the Airport and in non-stop destinations served by the Airport
- In 2012, GIAA welcomed the inaugural charter flight from Dalian, China
- Completed extension of primary runway in 2012 and can now accommodate flights from U.S. Mainland
- Conservative debt structure with a short average life
- New duty free retail concession agreement expected to be finalized by mid-2013
- Potential refinancing opportunity to further reduce debt service costs
- Limited new money needs in the next three years



Source: GIAA

Historical Traffic and Passengers

Guam has demonstrated consistent resilience to economic challenges and the number of air carriers continues to grow as additional low cost airlines have begun service to Guam



Source: GIAA



Guam Waterworks Authority (“GWA”)




GUAM WATERWORKS AUTHORITY



Overview of GWA

GWA is the sole supplier of civilian island water and wastewater needs as well as a provider of some wastewater services to the Department of Defense

- In 2002, GWA became a Guam public corporation under the control of the Consolidated Commission on Utilities (“CCU”)
- CCU is comprised of five elected at large members and functions like a Board of directors with fiduciary, strategic and oversight responsibilities
 - CCU has acted independently to improve GWA performance, obtain federal compliance and plan for the future
- Since 2003, GWA has implemented necessary rate increases totaling 81%
- GWA recently submitted and received approval from the CCU for an updated 5-year rate plan
 - The 5-year rate plan calls for cumulative base rate increases of 67% (99% on a compounded basis)
 - Rate plan will be submitted to PUC for final approval

Effective Date	Base Rate Increase
April 1, 2004	7.50%
October 14, 2004	6.50%
February 1, 2006	3.00%
September 1, 2007	14.24%
April 1, 2009	6.60%
August 1, 2009	14.00%
October 1, 2010	8.00%
October 1, 2011	12.77%
February 1, 2013	9.00%

GWA 5-Year Rate Plan Proposed Rate Increases*	
FY 2013	16.0%
FY 2014	14.5%
FY 2015	17.5%
FY 2016	10.0%
FY 2017	9.0%



*Proposed rate increases are subject to approval by the PUC
Source: GWA



2011 Federal Court Order

A 2011 Federal Court Order requires GWA to invest an estimated \$300 million over the next 8 years on major water and wastewater projects

- In 2003 a Stipulated Order for Preliminary Relief was filed before the District Court of Guam
- In 2006 the Stipulated Order was amended (“Amended Stipulated Order”) and required GWA to perform approximately \$220 million worth of capital improvement projects to bring GWA’s water system into compliance
- In 2011, the District Court issued a new order (“2011 Federal Court Order”) setting new deadlines for unfinished projects and establishing new projects that were not part of the original Amended Stipulated Court Order
- GWA’s proposed 5-year rate plan takes into account the projects included in the 2011 Federal Court Order
- GWA has completed all 54 of the Court ordered first year deadlines

2011 Federal Court Order Estimated Cost

Project	Cost (\$ millions)
Groundwater Chlorination	\$6.3
Water Metering	5.0
Ugum Surface Water Treatment Plant	1.9
Sinajana Water System	9.0
Storage Tank Rehabilitation & Replacement	130.4
Northern District WWTP Upgrades	10.2
Agana WWTP Interim Measures	13.0
Agat / Santa Rita WWTP Improvements	64.3
Baza Gardens WWTP Improvements	33.0
Umatac-Merizo WWTP Improvements	33.0
SSES and I&I /SSS Work Plan	2.1
Total Cost	\$308.2



Source: GWA



Guam Power Authority (“GPA”)



Overview of Guam Power Authority

GPA serves a population of approximately 160,000 and provides monopoly retail electric services throughout Guam

■ Overview

- Electric system includes 28 substations, 175 miles of transmission lines & over 645 miles of distribution lines
- Net capacity of 537.8 MW
- Governed by the Consolidated Commission on Utilities

■ Bond Issuance

- GPA issued \$356 million of refunding bonds in 2012 which helped GPA realize \$27.9 million in present value debt service savings
- GPA's current capital plan estimates a bond issue in FY 2014 for approximately \$90 million, however, planning for the related projects are still in their early stages and subject to change



Source: GPA



GPA's Integrated Resource Plan

GPA recently filed its updated Integrated Resource Plan with the Guam Public Utilities Commission which focuses on reducing the cost of power

- The IRP calls for a number of projects that could immediately lead to reduced ratepayer costs
 - Conversion to Liquefied Natural Gas (“LNG”)
 - GPA completed a LNG study in FY 2012 to evaluate conversion options for some of its baseload plants
 - Renewable Energy
 - Exploring adding another 40 MW of renewable energy resources
 - Explore Prospects for Sea Water Air Cooling technology on Guam
 - GPA continues to explore the feasibility and implementation options of sea water air cooling



Source: GPA



Useful Guam Websites

Economic Information

- GEDA www.investguam.com
- Guam Chamber of Commerce www.guamchamber.com.gu

Visitor Industry

- Guam Visitor's Bureau www.visitguam.com
- Guam Hotel & Restaurant Association www.ghra.com

Financial Information

- Government of Guam www.admin.gov.gu
- Office of the Public Auditor www.guamopa.com

Guam Autonomous Agency Issuers

- A.B. Won Pat Guam International Airport www.guamairport.com
- Guam Waterworks Authority www.guamwaterworks.org
- Guam Power Authority www.guampowerauthority.com



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