

Guam USA . . . The Ultimate Destination



DISCOVER WHAT GUAM COULD OFFER YOU

For both the new and seasoned investor looking for the ultimate investment destination, Guam has many advantages and opportunities to offer. We invite you to explore the elements that contribute to Guam's economic development as we enter the new millennium. As you journey through the following pages, it is our sincere hope that you will appreciate the beauty of our island, the value of our culture and traditions, and our aspirations for the future.

While tourism has been the primary driver of the island's economy for the last three decades, the government of Guam and leaders in the private sector have jointly made aggressive strides in creating an environment conducive to the development of other industries, such as financial services, fisheries, and telecommunications.

Recent legislation to promote Guam as an attractive location for insurance companies and Guam-based trusts is also evidence of the commitment made by the government and people of this *E*island to make Guam the ultimate investment domicile.

To inquire further of the tax benefits available under the Qualifying Certificate program please contact the Guam Economic Development Authority (GEDA), Industry Development Division via telephone (671) 647-4332, facsimile (671) 649-4146.

You may also e-mail at investGuam@geda.guam.net, or write GEDA at ITC Building, Suite 511, 590 South Marine Drive, Tamuning, Guam 96911. Please send to the attention of the Administrator, Mr. Ed Untalan.

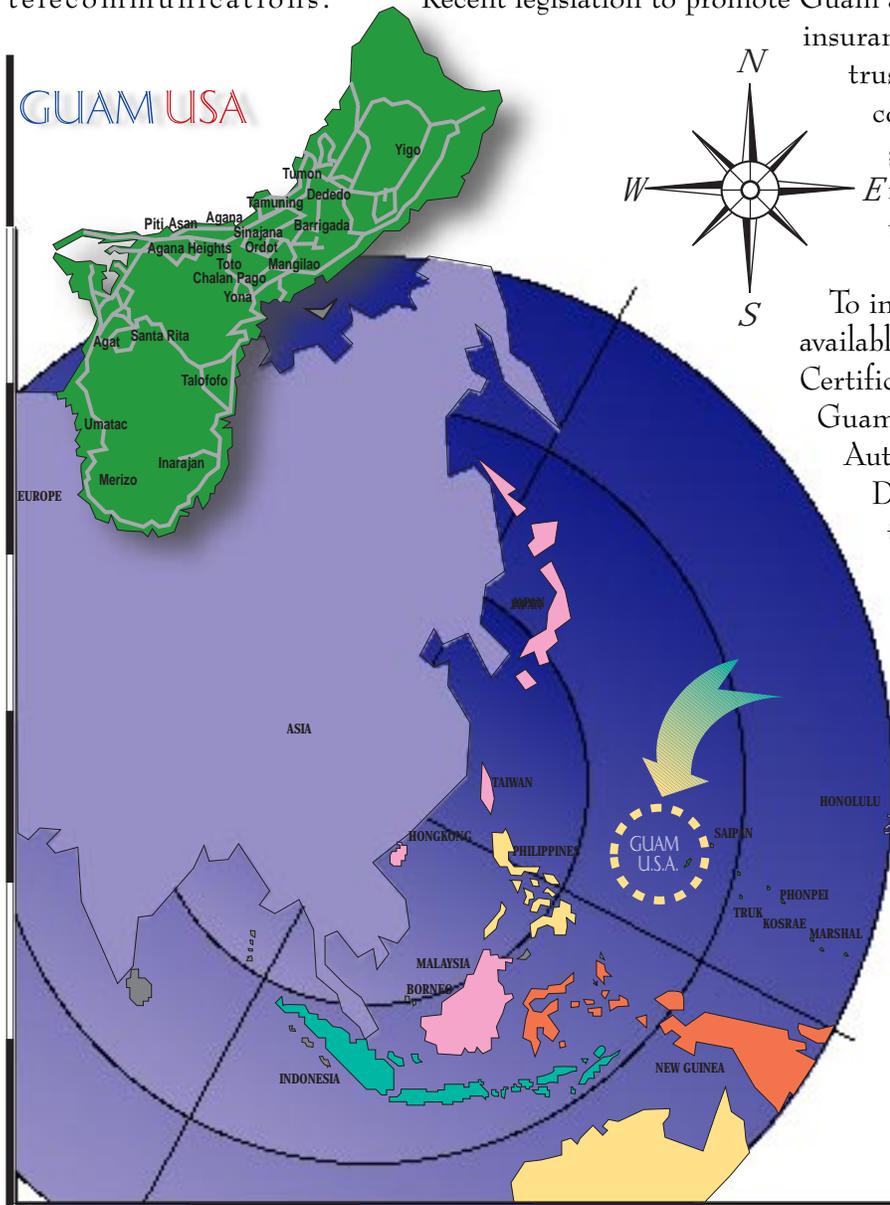


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Governor

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Lieutenant Governor



A MESSAGE FROM THE GOVERNOR AND LT. GOVERNOR OF GUAM

Hafa Adai! Thank you for the interest in the prosperous community many have come to call “America in Asia” – Guam. Ours is a unique island on the western-most frontier of the United States, a culturally-rich society with promising economic propensity and boundless opportunity. We are America’s Pacific marketplace just three hours from Beijing’s emerging industries, Tokyo’s bustling commercial streets and Kuala Lumpur’s financial district.

Investing in Guam means making a safe investment in an island with banking institutions backed by the full faith and credit of the United States, a stable government that promotes economic freedom and U.S. military installations that fortify the island from harm. What makes Guam distinct is that our island, by far, is the closest American community to Asia, Australia, the Western Pacific and Magnificent Micronesia.

Our economic conditions make the island even more attractive. Guam’s vibrant economy is supported with adequate infrastructure to sustain state-of-the-art advancements in operations. The island’s physical plant, roadways, utilities and ports are growing in preparation of major economic expansion as many are discovering why President George W. Bush calls Guam an “American treasure.”

The heart of our economic viability is Guam’s rich and diverse ethnic heritage that accounts for a unique and common culture that promotes global connectivity and fosters growth throughout the international community. With many of our citizens hailing from a number of Asian, Pacific and Latin American countries, our society is culturally connected to many throughout the world. For those who come to call Guam home, our island offers the world’s most progressive and secure opportunities to succeed and make a mark on the world’s economic stage.

We invite you to be a part of our economic expansion ... to invest in an island and an economy that is secure with a skilled workforce, an enviable quality of life, breathtaking natural beauty and opportunities unmatched anywhere in the world.

Sinseru yan Magâhet

FELIX P. CAMACHO □
I Maga’ Lâhen Guahan □
Governor of Guam □

KALEO S. MOYLAN
I Segundo Na Maga’ Lâhen Guahan
Lieutenant Governor of Guam





A modern couple embarking on their life's journey together



*Geography, Topography
& Climate
Political System
Social and Cultural
Climate
Environment
Education
Health Care
Housing
Recreation*





Sunset view of Tumon, Guam's tourist district



Surrounded by water, Guam offers a variety of marine activities

Environment & Quality of Life

GEOGRAPHY, TOPOGRAPHY & CLIMATE

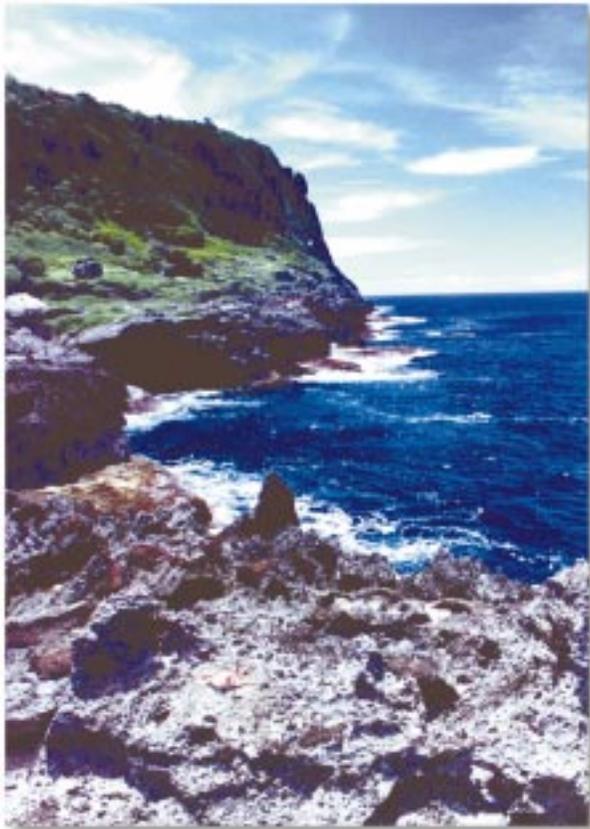
For the adventurous investor looking for new and unexplored investment opportunities Guam, USA, offers unique advantages.

Our island's diverse geographic characteristics and ideal positioning within the Pacific basin, supportive business environment, stable political system, stewardship of the U.S. flag, and hospitable community are major pluses to put at the top of your list when considering investment on Guam.

Guam is the largest and southernmost island of the Marianas Islands chain. Formed through the fiery birth and re-birth of undersea volcanoes millions of years ago, Guam's topography boasts southern mountains and the high limestone northern plateau. Coral reefs are the foundation of a paradise 30 miles long with an overall land area of 212 square miles.

This geographic diversity is the basis for an island whose character ranges from the white sand beaches and limestone jungles of the north to volcanic mountains blanketed by sprawling savannas and tropical rain forests in the south. Our climate is tropical in nature and remains pleasantly warm throughout the year, with temperatures ranging from 75 to 86 degrees Fahrenheit.

Guam was the first Pacific island discovered by the western world. Then, as now, it served as the gateway to Asia, America and the Pacific region around it. Situated about three hours by plane from Tokyo and Manila, four hours from Hong Kong and Taipei, five to six hours from Seoul, Singapore, Bangkok and Australia, and only seven hours from Hawaii, Guam truly is the hub of the Western Pacific.



Hatchery Cove, Fadian Point



POLITICAL SYSTEM

The people of Guam enjoy the benefits of democratic self-government under the Organic Act of Guam, and the protection of rights under the U.S. Constitution.

An unincorporated territory of the United States since 1950, the local government is organized into three branches — legislative, executive and judicial. Our system of checks and balances, the foundation of this form of democratic government, guarantees the protection of the inalienable rights of the people of Guam from intrusion by other individuals, groups and the state.

The legislative branch consists of a unicameral legislature of 15 senators elected for two-year terms. Empowered to make the laws that govern our society, the legislature is responsible for creating laws to protect the community, ensure its health and promote its development. It also provides a check on the other branches of government by its authority to approve or disapprove the policies of the Government of Guam pertaining to the use of funds held in the public trust.

Guam's judicial branch decides issues of constitutionality of local laws and interprets how these laws should be applied. The judiciary consists of two bodies, a Superior Court of Guam and the Supreme Court. The lower court reviews and decides all issues of local law, while the Supreme Court primarily reviews lower-court decisions, providing additional opportunities to maintain the integrity of Guam's political system.

Finally, as the chief of the executive branch, the governor is tasked with implementing Guam's laws through the 73 departments, bureaus, committees and agencies making up the Government of Guam. The governor sets the tone, pace and direction in which the island progresses, especially in areas such as public health and safety, community development, management of Guam's natural resources, and economic development.

In addition to his role as chief executive, the governor provides an additional check for the people on the political system through his veto authority over all laws passed by the legislature.



Investments in Guam enjoy U.S. economic stability and protection under U.S. Law

When considering any type of investment in today's world, the careful investor should examine the political climate for stability and consistency, in order to ensure the security and safety of any investment. Guam's elected local government and United States territorial status offer investors a secure, stable and free political climate.

Military Flag Raising, Pre World War II

SOCIAL AND CULTURAL CLIMATE

Perhaps one of the last real “melting pots” in the world, the cultural melange of Guam’s many ethnic and social communities provide flavor and variety in every aspect of daily life. From the charming local vendors at the picturesque Chamorro Village open market to international students at the University of Guam, the island is alive with a unique feeling created by many varied languages, customs, cuisine and cultures.

Predominant in Guam’s cultural mix are: Chamorros (the indigenous people of Guam - 43%), Filipino (23%), and Caucasian (14 %). The Korean, Chinese, Japanese, other Pacific islanders, European, East Indian, and Australian natives also brighten the island’s cultural landscape.

An average day for anyone living on Guam provides many opportunities to dip into the nuances of foreign influence. Expansive marble hotel lobbies bustling with foreign visitors, locals and visitors sharing a seaside barbecue in a



Cultural dancer at the recent South Pacific Games hosted by Guam

handmade hut, high-powered international negotiations in a boardroom overlooking the Philippine Sea... all happen each and every day on Guam.

In recent years, Guam is seeing a renaissance of the Chamorro culture. The annual Guam Micronesia Island Fair, which brings together the arts, crafts, entertainment and sports from the island/countries of Micronesia and Oceania, has become a popular family event for the tourists as well as local residents. The Maga’lahi Art Awards give recognition to those individuals and organizations that further the arts and culture of Guam. The



Archbishop Anthony Apuron, leader of Guam's largest religious persuasion, the Catholic community, during Christmas Mass celebration.

Guam Council on the Arts and Humanities Agency (KAHA) is also responsible for Guam’s participation in the quadrennial Festival of Pacific Arts, sponsorship of local art shows, implementing legislation to provide local art at public places, the administration of grants and fellowship programs, etc.

Perhaps the most alluring gift Guam has to offer is the gentle spirit of her native people. As fierce warriors and hunters who lived in highly socialized villages in ancient times, the Chamorro people have built a proud heritage based on strong familial ties, a strong sense of sharing, commitment to hard work and religious faith that is still very much alive today.



The Chamorro Village, a place to experience local food, music and culture.

ENVIRONMENT

A clean environment is one of Guam’s most precious resources. During recent years, combined efforts between the local community, government, private businesses, and the U.S. military, have made a difference in providing a clean coastline for the island. Additionally, the annual Guam International Coastal Cleanup provides a long term benefit as a data collection tool, and a practical medium to educate school children on the problem of marine pollution.

The annual Beauty and the Beach Cleanup is another partnership event between the local government agencies and private businesses to clean up the beaches, followed by a time of celebration with food and entertainment for the participants.

The Guam Chamber of Commerce administers the “Chalan Mami” or “Our Street” program, whereby businesses have a mechanism to adopt and pay for the cleanup on a stretch of road, and at the same time provide fundraising opportunities for non-profit organizations.

Family Portrait, Riding a Carabao, Pre-World War II



University of Guam

marketing, automotive technology, food and beverage operations, hotel operations, travel agency management, tour operations management, waterworks technology and the apprenticeship training program for construction and hotel industries.

GCC also offers a variety of community service and special programs including English as a second language, adult basic education, general education development preparation and testing, and an adult high school diploma program. The college runs a comprehensive vocational high school program on its campus and offers vocational classes in all of Guam's public high schools.

University of Guam (UOG): Founded as the Territorial College of Guam in 1952, this institution was granted its charter as the University of Guam in 1968. It is a land-grant institution accredited by the Western Association of Schools and Colleges.

EDUCATION

There are 37 public schools, 19 private schools (several of which include pre-K through high school), a community college and a four-year accredited university on Guam that are patterned after school systems in the continental United States. Public schools are accredited by the Western Association of Schools and Colleges.

Post Secondary Level

Guam Community College (GCC): Established in 1977 and accredited by the Western Association of Schools and Colleges, GCC offers more than 40 courses of study.

By recognizing its role in the economic prosperity of the community and staying abreast of business trends, the college responds to the predominant training needs of the region by developing new and innovative educational programs.

Programs at the college are intended to meet the many educational needs and interests of the community and include: accounting, supervision and management, information systems, computer science, construction trades, architectural engineering technology, civil engineering technology, criminal justice, electro-mechanical trades, horticulture, early childhood education, cosmetology, sign language interpreting,

The student body is made up of representatives from more than 40 countries in the Asia-Pacific Region and around the world. Enrollment in the five colleges, as well as specialized classes under the Center for Continuing Education and Outreach Program, is now more than 7,000 students and continues to grow.

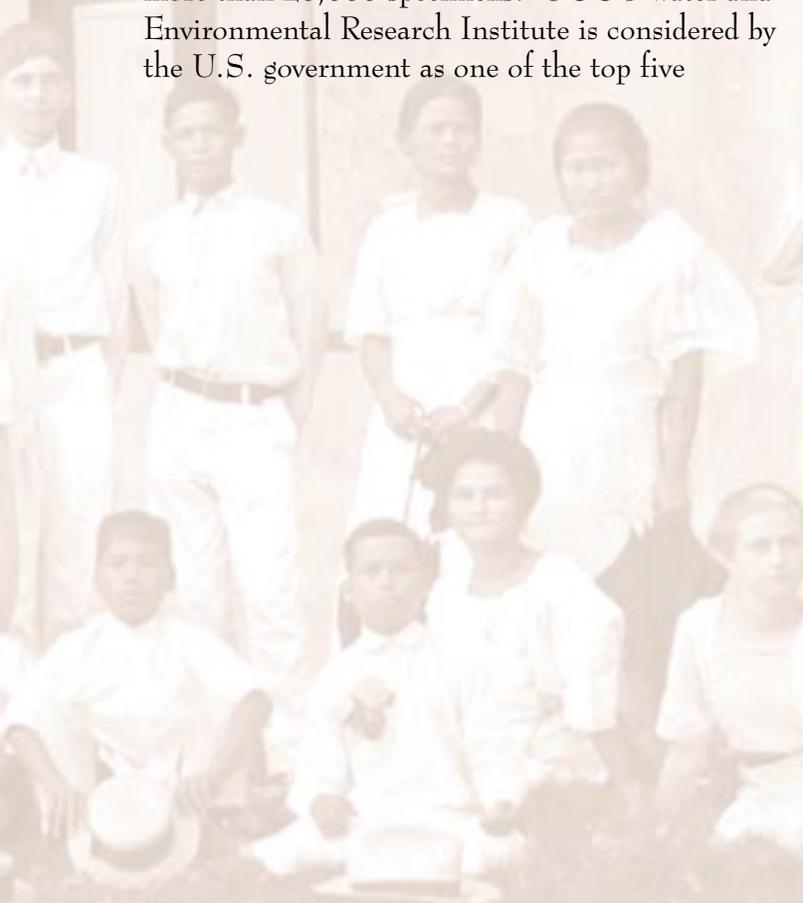
The University's English Language Institute offers courses in English as a second language throughout the year, the primary purpose of which is to prepare non-English speakers to attend American universities.

There are five research units operating on campus. The Richard F. Taitano Micronesian Area Research Center houses the island's best source of photographs and thousands of documents from the Spanish era, and other regional sources. The Marine Laboratory is recognized internationally and holds a collection of more than 20,000 specimens. UOG's Water and Environmental Research Institute is considered by the U.S. government as one of the top five

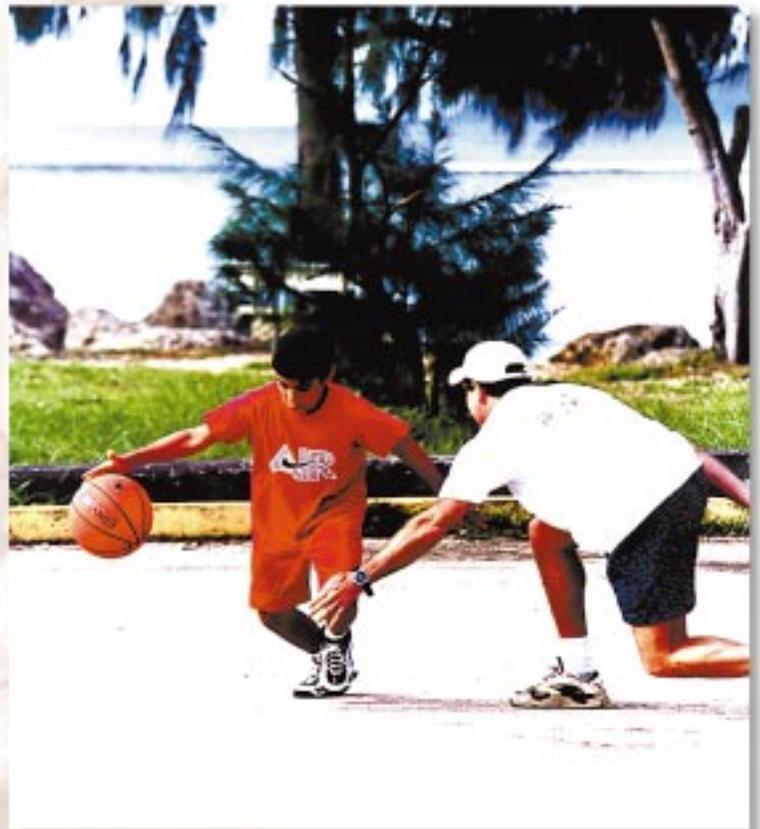
programs in the nation for work in this field. Finally, the Micronesian Language Institute is dedicated to the research, teaching and service of the indigenous languages of the region.

The University has established relations with institutions of higher learning to provide a forum for shared learning in Taiwan, China, Japan and Korea. UOG was the venue for the first-ever executive seminar for the Dun-Bu Insurance Co. of Korea, and the first-ever real estate seminar for executives from the Misawa Home Corp. in Tokyo. Students from Japan wishing to obtain U.S. Certified Public Accounts certifications come to UOG for the examinations. UOG also has a Master's program in Pohnpei and Saipan.

In addition, the university's spacious recreational complex (the University of Guam Fieldhouse) provides an excellent facility for indoor concerts, sports competitions, trade shows and other special events.



Students ~ Pre-World War II



Island youth enjoying outdoor recreational facilities

HEALTH CARE

Guam's health care system includes two major hospitals, a widespread clinic network, a broad selection of general and specializing physicians, and well-run medical evacuation operations to Hawaii, the U.S. mainland and the Philippines.

Guam's two hospital facilities are the Naval Regional Medical Center and the Guam Memorial Hospital. While the Naval hospital provides services to veterans, active-duty personnel and military dependents, Guam Memorial Hospital provides health care for the remainder of the general public. The Guam Memorial Hospital is a publicly-owned facility operated as part of the Government of Guam system.

The public hospital has a 192 bed capacity; 159 acute care beds and 33 long-term care beds. The hospital also has 16 newborn bassinets that accommodate more than 3,000 births per year. All customary acute care services (adult and pediatric medical services, neonatal, pediatric and adult intensive care services) and skilled nursing care are provided. Guam Memorial Hospital is capable of providing for the basic and specialized health needs of our community and the region.



Guam's public hospital serving all of Micronesia's medical needs



Guam's Cancer Institute mitigates the need for cancer patients to seek off-island treatment

The hospital provides a host of diagnostic and therapeutic services to both inpatients and outpatients, including:

- laboratory and blood bank services
- dietary services
- radiology; nuclear medicine and CT scan diagnostic services
- pharmaceutical services
- respiratory care and cardiopulmonary services
- hemodialysis
- physical, occupational, recreational and speech therapy
- pastoral care services
- social services
- patient education
- 24-hour emergency operation
- cardiac catheterization lab
- angiography suite

Guam has ten specialty and emergency care clinic systems, and as of May 2000, approximately 170 licensed physicians, 62 dentists, 532 registered nurses, 140 practical nurses, and 42 individual, marriage and family therapists. More than 28 pharmacies are available for prescription drug needs.

Recent additions to specialized healthcare facilities are the Cancer Institute of Guam and the

Guam Radiology Consultants. They provide the latest state-of-the art technology and specialty cancer treatment, with American Board of Radiology certified physicians and ASRT certified radiation therapists. At the time of this publication, the Cancer Institute of Guam provides the only painless ultrasound prostate biopsy in the Western Pacific.

Just opened in 2000 and located one mile from the Guam Memorial Hospital is “Sagua Mañagu” or “Birthing Bay,” the first privately owned and operated birthing center on Guam. The center is a spacious homelike facility, with seven labor/delivery/recovery rooms each fully equipped with amenities and accommodations for expectant mothers and families, such as kitchen facilities, large private bathrooms, TV & VCR, rocking chair, and rest areas for visitors.



World-class biological/chemical lab services at DLS/BioPath Guam

HOUSING

Guam offers a wide variety of housing options, from ocean view villas and executive homes with top-of-the-line amenities to cozy condominiums, duplexes and homes well-suited for new and growing families. The 2000 Census recorded about 45,000 houses and apartments on island, an increase of about 15,000 from the 1990 Census.

Housing for purchase or lease on Guam is readily available. Construction costs range from \$72 to \$90 or more per square foot (depending on quality) giving an average three-bedroom house price of approximately \$145,000 to \$156,000. Mortgage loan funds are readily available from institutional lenders.

The rental market indices show two-bedroom units renting from \$500 to \$700 per month and three-bedroom units renting from \$700 to \$1,000 and up, depending on location and amenities.



Housing unit available in an upscale Guam neighborhood



Pre-World War II Village Construction

RECREATION

Guam is a virtual tropical playground with recreational activities to suit every taste. In addition to a variety of international cuisines offered at local eateries and numerous formal dining establishments, Guam's dazzling hotel district features regular exhibitions, shows, concerts, carnivals and special events.

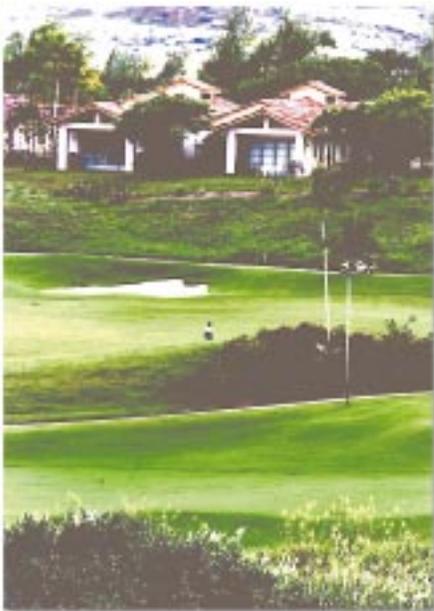
Each of Guam's villages hold a traditional "fiesta" celebration each year in honor of their patron saints. Fiestas are open to all, and feature outdoor feasts, music, dancing, and a chance to visit with friends and family.

For individual and family recreation, a long list

of "things to do" can quickly fill an active social and recreational calendar:

- golfing
- parasailing
- jet skiing
- snorkeling and diving
- beach resorts
- water parks
- dinner cruises
- nature/hiking
- dinner shows
- night market
- deep sea fishing
- shopping
- sightseeing
- theme restaurants
- aquarium
- dolphin watching
- underwater observation
- museum
- health spas
- gun shooting
- dog racing
- helicopter tours

In addition, many sports leagues play year-round throughout the island and offer team sports for all ages in softball, baseball, basketball, football, soccer, tennis, swimming, canoeing, kayaking and more!



Golf is a popular past-time for both residents and visitors alike



Shopping in Tumon Tourist District



Optional Diving/Fishing Tour Boat moored in Piti, Guam



One of the world's largest Kmart outlets at 100,00 square feet

CITY MARKET.

*America in Asia
Business Climate
Infrastructure
Population & Labor
Guam's Tax Structure
Starting a Business
Business Structure
Cost of Doing Business
Benefits for Choosing Guam as a Domicile*



*A wide variety of European products
available at the DFS Guam Galleria*



*Keystones in the Pleasure Island Tourist area, Outrigger
Guam and Hard Rock Cafe*

Investment Advantages

AMERICA IN ASIA

As the United States' westernmost territory, Guam is "Where America's Day Begins."

As a member of the American family, Guam is able to offer visitors a stable and secure environment. Federal law provides local self-government on Guam, U.S. citizenship for her people, and application of the U.S. Constitution to the island.

While maintaining its relationship with the United States, Guam also enjoys its strategic location as the gateway to Asia. It is 1,500 miles east of the Philippines, 1,500 miles southeast of Japan, and 3,100 miles northeast of Australia. This proximity makes travel to Guam quick and convenient.

Guam, a major gateway to Micronesia and the Far East.

Guam is serviced by several international, regional and inter-island carriers, including Continental Micronesia, Japan Airlines, Northwest Airlines, All Nippon Airways, Air Nauru, Asiana



Passenger plane at Guam International Airport

Airlines, China Airlines, Freedom Air and Pacific Island Aviation.

Under the Guam only visa waiver program, visitors from 16 countries are able to visit Guam for up to 15 days without a US visa. Please see Guam's Visa Waiver Program on page 35.

These airlines connect Guam via direct air service to major destinations in the United States, Asia and the Pacific. Flying time to Guam is about seven hours from Honolulu, and three to four hours from Tokyo, Manila, Taipei and Hong Kong. Average airline seat capacity is close to 2.3 million seats, with further increased seat capacity anticipated from all major origins.

BUSINESS CLIMATE

In addition to an enticing climate and prime location, Guam USA offers a strong business environment in which to develop and grow a successful company.

The proof of Guam's viability as a thriving commercial center is evidenced by the many U.S. and international companies who have already made Guam their home and the successful local companies who contribute to the strength of the



Japanese Tourists about to enjoy a steak meal

business community. Major players include names of world renowned hotels such as Hilton, Hyatt, Nikko, Westin, Sherwood, Outrigger, Marriott, and the Holiday Inn; international financial institutions like Bank of Hawaii and Hongkong Bank (HSBC), and international retailers such as Duty Free, K-Mart, Liberty House, Chanel, Gucci, Louis Vuitton, United Colors of Benneton, and Esprit. Restaurant chains including Sizzler, Pizza Hut, Denny's, Jolly Bee, Burger King, McDonald's, Wendy's, Lone Star, and Tony Roma's can be found throughout the island. Tumon's tourist district is also the home of Sam Choy's, TGI Friday's, Hard Rock Cafe and the Planet Hollywood Restaurant. Gloria Jean's, Starbucks Coffee, and TCBY have also made their way to the island. Guam invites you to discover the lucrative results companies such as these derive through their operations on Guam.



Container loading at the Commercial Port of Guam

INFRASTRUCTURE

Seaport Facilities

The Commercial Port of Guam is the largest and safest deep-water port between Hawaii and Asia. It's location at the transshipment and transportation center of the Pacific Basin makes Guam the ideal hub for any business.

The Commercial Port serves vessels from around the world. In FY1999, approximately 350 foreign-flagged cargo vessels and 1,919 foreign-flagged fishing vessels called on Guam's port. The majority of these fishing vessels were Japanese and Taiwanese long-liners serving Asian sashimi markets, taking advantage of the efficiency and ease of access provided by Guam's highway system and the Guam International Air Terminal.

While many Asian seaports are overcrowded with limited potential for growth, Guam is in the ideal position for expanding its present port facilities through capital investment and the acquisition of excess federal lands.

In order to help Guam meet its responsibilities as a transshipment hub, the Port Authority of Guam has developed a master plan that will expand

Community Water Well, Pre World War II

the current port footprint to include new deep-water cargo piers, upgraded fisheries facilities, expanded container lay-down areas, and industrial park and cruise-ship facilities.

The Commercial Port currently maintains three containerized cargo berths with depths of 38 feet. To service these berths, the port utilizes three 40-ton gantry cranes. For larger cargo items, a 150-ton heavy lift crane is used. Three fuel piers are available within the harbor, two for commercial use and one for the Navy. To support its cargo activities, the port maintains a 26.5-acre container yard. In FY1999, more than 1.9 million revenue tons of cargo were moved through the port.

In addition to its current and expansion plans, the port has identified a waterfront location with a draft of 60 feet—an ideal candidate for installation of a deep-water pier with the most modern cargo equipment.

Plans are underway to expand the fisheries facilities to include the development of warehouses, ice plants, an auction house, net repair facilities



Guam International Air Terminal

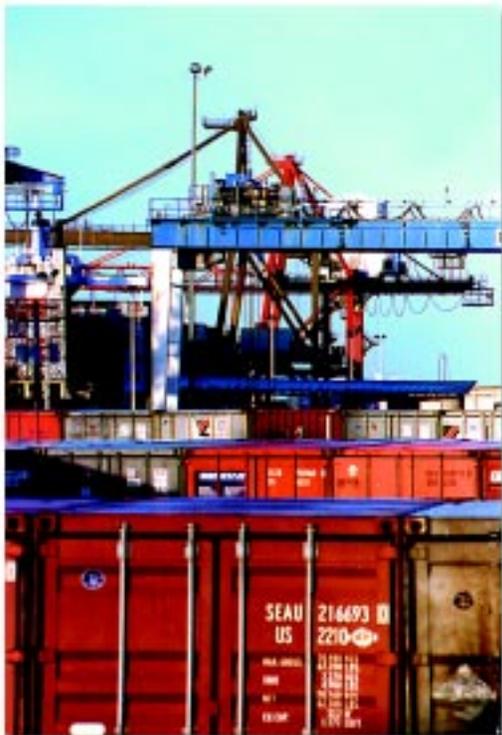
and other support services for the fishing industry. In addition, modern passenger cruise ship facilities are also planned.

Airport Facility

Guam's other port of entry is the Antonio B. Won Pat Guam International Air Terminal, which services more than eight international air carriers. More than 270 flights per week connect Guam to all major cities in the Pacific and Asia. In addition, the airport services nine air cargo carriers which moved more than 33,167 metric tons of cargo in 1999.

The terminal, built in 1982, experienced an increase in passenger traffic, peaking in 1995 at 1,653,327 passengers. In 1999, the airport handled approximately 1.3 million passengers. To meet Guam's current and projected needs, the island invested more than \$240 million in an ambitious expansion and renovation program that tripled the airport's total area.

The net effect of this expansion increased passenger processing from its previous capacity of 1,500 passengers per hour to 5,000 passengers per hour, easily accommodating the growing arrival numbers.



Guam's port facility is the region's deepest and serves as the hub of Micronesia

In addition to the terminal expansion project, the conversion of the Naval Air Station, Agana, airfield facilities marked a major milestone for Guam and created a wealth of aviation-related opportunities. Among other facilities, the prime properties include:

- 207,212 sq. ft. of aircraft hangar space
- 92,120 sq. ft. of additional cargo and commuter terminal facilities
- 92,800 sq. ft. of warehouse space
- 67,006 sq. ft. of office space

The Airport Authority continues with capital improvement projects such as the extension of runways and upgrade of the Commuter Terminal Building to enhance its capacity and safety. Extended runways will provide the opportunity to expand air service to accommodate long haul trans-Pacific flights to the U.S. mainland for passenger and cargo aircraft.

The Guam International Airport Authority (GIAA) now oversees approximately 1,500 acres of land formerly held by the federal government. GIAA has successfully entered into sublease agreements with aviation-related commercial tenants such as the commuter service Freedom Air, and Continental Micronesia for which Guam serves as a regional hub.

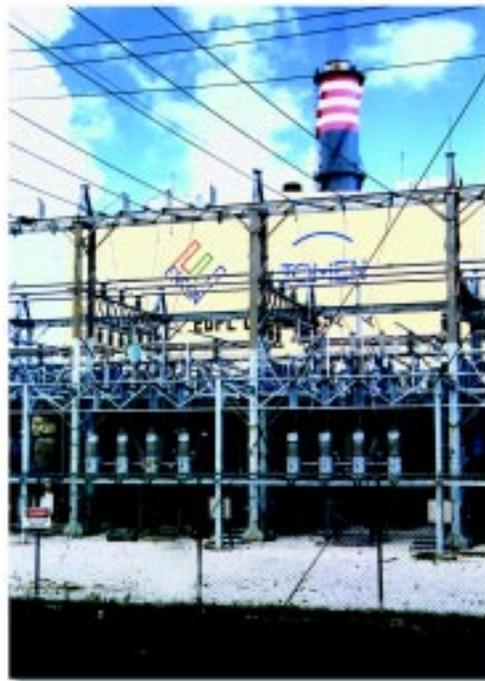
Power

Guam's public power system is managed by the Guam Power Authority (GPA), one of more than 2,000 public utilities in the United States. As a result of investments made in the creation of new generation facilities and the refurbishment of existing assets, Guam's current power generation capacity stands at 502 megawatts and provides power to more than 43,000 customers.

In addition to capital investments designed to expand the island's power assets, GPA has also implemented unique incentives to promote

efficient use of power. One of these programs is the Guam Energy Sense incentive which offers up rebates through credits for power consumption, to commercial users who purchase and install energy efficient equipment. The energy-wise equipment also helps reduce utility bills and conserve power.

In order to build system reliability and accommodate growth on Guam, GPA has entered into twenty-year agreements with three Independent Power Producers to enhance generation capacities, increasing the island's generation by 120 megawatts.



A public-private partnership supplies a large percentage of Guam's electrical needs

Highway System

Guam's modern system consists of a network of 961 miles (some with seven-lanes) of highways running from northern to southern Guam, supported by secondary highways and two-lane roads, connecting all points on the island. Guam continues to improve its highway infrastructure by consistently maintaining roads and highways, monitoring traffic patterns to identify and plan for future expansion of the system based on needs

assessments. Funding for Guam's highway projects during 1995-1998 totaled approximately \$155,925,019.

Two of the more significant projects just completed are Phase I of the Tumon Bay Beautification Project which upgraded all the infrastructure on the Pleasure Island section of San Vitores Road, the tourism center of Guam, and the completion of Guam's first Underpass/Overpass structure located near the Guam International Airport.

Telecommunications

Guam possesses the most advanced telecommunications infrastructure and systems in this region. The island sits at the nexus of the Pacific's underwater fiber optics cabling network, making Guam a telecommunications hub for numerous international providers.

The Guam Telephone Authority, or "GTA" as it is known locally, was created as an autonomous agency of the Government of Guam twenty-six years ago. With island wide fiber-optic trunking, GTA is currently the only local telephone service provider. GTA's system is implicitly redundant and provides alternate routing should damage occur to any part of the fiber-optic loop. Its services are at par with other U.S. areas and much cheaper than other similar sized service areas.

As Guam is included in the North American Numbering Plan, long distance rates to the U.S. mainland now average between 5 cents and 30 cents per minute, depending on the time and day of the week. Due to increasing competition and the entrance of pre-paid calling cards, international rates are also much cheaper. Currently there are 7 companies that offer long distance service, and 2 main carriers of cellular service. Incentive plans are offered by some companies which provide consolidated services for land lines, mobile and the Internet. Half a dozen companies offer Internet access to local residents, with rates according to the

amount of usage, varying from \$5 to \$30 a month.

Guam's unique advantage is its connectivity in terms of fiberoptic cable and satellite. It's particular position on the globe allows data packets to make a single hop to be fiber-connected to the other part of the world. Guam's political and economic stability also provide an attractive environment for setting up call centers, sales centers and telecommunication gateways.

The educational system in Guam, from the public schools to the University, and innovative private enterprises are taking proactive steps to prepare an educated and tech-savvy workforce for the immediate and distant future.

All these initiatives are designed to further Guam's status as a full service telecommunications hub in the Pacific. While the island's advanced local telecommunications system provides the basis for international giants like MCI and AT&T to operate here already, there is plenty of room for expansion in this industry. With the rapid movement of major American companies into the Pacific Rim areas (especially Vietnam, Malaysia, Indonesia, Philippines and China), Guam is the prime location for major firms who rely heavily on advanced telecommunications.



U.S. national bank representation: Citibank with partner, Solomon Smith Barney

Banking and Financial Services

There are more than 16 international and local banks, subsidiaries of “Big Eight” accounting firms, two international insurance fronting companies, a strong network of local insurance agents and stock brokers, and a substantive number of legal firms experienced in doing business with Asia. The Guam Department of Revenue & Taxation oversees the licensing and regulating of all these institutions. All national and local banks and savings & loans associations are insured by the Federal Deposit Insurance Corporation (FDIC).

All of the conveniences of modern banking are available to conduct financial transactions with virtually every corner of the globe. A number of banks and credit unions are now offering insurance to their customers. Several banks are also offering investment services and opening or strengthening their trust departments as a result of recent legislation that has attracted Guam-based trusts to be established on island.

POPULATION AND LABOR

Guam has a population of 159,827 (1998 estimate based on the latest available census in 1990) inclusive of the military.

Guam’s labor laws are patterned after those of the U.S. and regulated by the Guam Department of Labor. The Governor of Guam is vested with the authority to issue temporary labor certifications on Guam if, after testing the local labor market, it is found that: qualified U.S. citizens or permanent residents are not available to perform the required services and that employment of a non-immigrant alien will not adversely affect the wages and working conditions of U.S. resident workers who are similarly employed on Guam. This temporary certification is issued by the Guam Department of Labor for a period of one year or less. Extensions may be granted for a period not to exceed three consecutive years. Minimum wage is set by the prevailing U.S. rates.

Employment By Industry June 2000

Agriculture	350
Construction	4,500
Manufacturing	1,590
Transportation	5,110
Whole Trade	1,900
Retail Trade	12,040
Finance, Insurance & Real Estate	2,540
Services	15,500
Federal Gov't	3,610
Territorial Gov't	12,070
Total:	59,210

Average Hourly Wages

Business Sector	Average Earnings per Hour	Average Hours Paid/Week
Agriculture	8.11	41.50
Construction	11.81	35.30
Manufacturing	11.98	37.70
Transportation	13.78	34.70
Wholesale Trade	13.77	40.00
Retail Trade	8.77	32.40
Finance, Insurance & Real Estate	13.36	37.80
Services	8.45	35.70

Source: Guam Department of Labor (June 2000)

The diverse cultural composition of Guam’s population provides a unique human resource for the specialized language, cultural and skilled needs of any regional operation.

GUAM'S TAX STRUCTURE

General

U.S. citizens file only one tax return to that jurisdiction (Guam or U.S.) in which they reside on the last day of the tax year. Pursuant to Section 32 of the Organic Act, Guam uses the income tax laws enforced in the United States. Income taxes applicable in Guam are determined by applying the U.S. tax law (Internal Revenue Code) and substituting the word "Guam" for the words "United States." The Department of Revenue and Taxation through its Taxpayer Assistance and Processing Branch issues official pamphlets with detailed income tax information and provides assistance to taxpayers.

Personal Income Tax

U.S. citizens residing in Guam on the last day of the year, unless exempt, are required to file a tax return (Guam Form 1040) with the Government of Guam reporting all world-wide income. Their personal income taxes must be paid into the Treasury of Guam.

Corporate Income Tax

Guam corporations unless exempt, are subject to income tax on their income from all sources. Other corporations doing business in Guam incur income tax liabilities to Guam for all Guam source income. Most Guam sourced income of alien corporations are subject to tax at the same rates as for U.S. corporations if "effectively connected" with the conduct of a Guam trade or business.

Local Tax

Guam has the usual range of local taxes found in the U.S. mainland, such as gasoline, real property, gross receipts, admissions, hotel, occupancy, etc. However, there is only one legal taxing authority. There are no separate municipal, county or district



Obtaining a business license and other related clearances is quick and easy at Guam's One-Stop Service Center

taxes. Other than admissions, use and hotel occupancy taxes, there is no general sales tax imposed directly on the consumer.

Gross Receipts Tax

Unless exempt by law, all persons (individual, professions, partnerships, corporations, etc.) doing business or performing services in Guam are subject to a 4% monthly privilege tax on their gross receipts or gross income. Banks and other lending institutions report their income on an annual basis and are taxed at the rate of 4% on their net income. In general, retailers must report



Entrepreneurial success: Armstrong Ranch

quarterly and pay the tax required on the gross proceeds of sales on a monthly basis. Wholesale sales, although generally exempt from Gross Receipts Tax, need to be reported quarterly. Petroleum and alcoholic beverages manufactured on Guam are exempt.

Use Tax

All personal property imported into Guam for use or consumption by the person importing it is subject to a 4% tax on the landed cost, payable upon importation. The tax does not apply to property having previous substantial use by the person bringing it into Guam or to certain other property specifically exempt. No tax is imposed when the total value of all property imported by any one person in any one calendar month is \$1,000 or less, not to exceed \$5,000 in any calendar year. Purchase of personal property in Guam from a person not liable for the gross receipts tax is also subject to the 4% use tax. A Use Tax return is due quarterly.

Real Property Tax

A real property tax is levied upon land and/or improvements and is significantly lower than similar taxes encountered in the United States.

The rates are: one half of one percent of the assessed value of the land and one percent of the assessed value of the improvements on the land. The assessed value is 35% of the appraised value. Typically a tax of \$600 in California would be equivalent to a tax of \$90 in Guam.

Other Taxes

Guam has an Alcoholic Beverage Tax, Tobacco Tax, Liquid Fuel Tax, Admission Tax, Amusement Tax, Recreation Tax, Facilities Tax, Hotel Occupancy Tax and Vehicle Transfer Tax.

STARTING A BUSINESS

General Information

On Guam, as in all states of the United States, there are many laws, rules and regulations governing business activities. Guam has adopted the provisions of the Uniform Commercial Code. Most of the laws and procedures encountered in transacting business on Guam are similar to those in the United States.

Registration Of A Business

All corporations, partnerships, joint ventures, and associations must register with the Business License Branch of the Department of Revenue and Taxation, located in Tiyan. Their mailing address is: Bldg. 13-2, Mariner Avenue, Tiyan, Guam 96913. Registration must take place prior to the issuance of any business license. All trade names or DBA's (doing business as) to be used in conjunction with a business (whether proprietary, partnership, corporate, or other forms) must be registered with the same branch.

Licensing A Business

The Government of Guam requires all businesses to have a license, whether a corporation, partnership, sole proprietor, or other form. To ensure that efficient and adequate assistance and support are made available to all prospective businesses, the Government of Guam has established the One Stop Building and Business License



Entrepreneurial success: Trademark Signs

Service Center, at 855 W. Marine Drive, where application forms may be picked up and the applicant will be advised of the required clearances depending on the type of license to be obtained. Licenses are renewable every June. General qualifications are: applicant must be at least 18 years of age, owe no taxes and be of good moral character. Questions regarding the various processes & fee schedules involved regarding permitting and licensing should be sent to:

One Stop Service Center
P.O. Box 2950
Hagåtña, Guam 96910
Telephone (671) 475-4530/31
Fax: (671) 472-2128.

For additional information, please visit:
<http://www.gov.gu/government.html>

BUSINESS STRUCTURE

The Civil Code of Guam governs all corporations, whether profit or non-profit, stock or non-stock. The basic types of corporations authorized to transact business on Guam are as follows:

Domestic Corporation

Domestic corporations are those formed in Guam by the voluntary association of three or more persons in the manner prescribed for any lawful purpose. Articles of Incorporation must be filed with the Business License Branch, setting forth the name, purpose, place of the principal office in Guam, term (not to exceed 50 years), names and residences of incorporators, the number of its directors (not less than 3 nor more than 7), amount of capital stock, etc. The Articles must be accompanied by the statement of the corporation's treasurer showing that at least 20% of the entire capital stock has been subscribed and at least 25% of that subscription has been paid. The secretary or treasurer of a domestic corporation must be a resident of Guam. Foreign Sales Corporations are

considered domestic as defined in Sec. 922(a) of the Internal Revenue Code and Sec. 278 of the Civil Code of Guam.

Limited Liability Corporations & Limited Liability Partnerships

P.L. 23-65 and P.L. 23-125 allow Guam to recognize Limited Liability Partnerships (LLP's) and Limited Liability Corporations (LLC's) business structures that deliver the key advantages of "pass-through taxation" and limited liability for its owners and permit them to operate with less formality. Professionals still remain liable for their professional performance. Pursuant to P.L. 24-103, LLP's and LLC's are eligible to apply for benefits under the GEDA Qualifying Certificate program.



International Banking Options

Foreign Corporations

All off-island corporations are considered foreign. A foreign corporation must obtain a Foreign Corporation License and a Certificate of Registration before being permitted to transact business on Guam. The managing agent of the corporation must file a notarized statement including the name, purpose, location of home office, capital stock, net assets, resident agent of

Guam, accompanied by a certified copy of the Articles of Incorporation and a certificate that the corporation has been established according to the laws of the place of incorporation. A Certificate of Good Standing, usually prepared by the Secretary of State must also be furnished. In the case of other foreign (alien) corporations, it must be issued by a U.S. Consul.

SPECIFIC BUSINESS ACTIVITIES

Certain laws, rules, and procedures have been established for specific professions, businesses and trades. Standards are established by various boards, administrators, commissions, etc. as specified by various sections of the Government Code of Guam.

Alcoholic Beverage Control

The sale, import or manufacture of alcoholic beverages in Guam is subject to the Alcoholic Beverage Control Act. The Alcoholic Beverage Control Board is authorized to issue licenses for wholesale, retail and manufacture of alcohol, and to agents, clubs, etc. Individuals or partners applying for a license must have resided in Guam for at least one year at the time of application. If the applicant is a corporation, the majority of the members of the Board of Directors must be Guam residents for at least one year.

Attorneys

The District Court of Guam may admit persons who have been certified by the committee of examiners of the Judicial Council to practice law. In addition to passing the Guam Bar Exam, applicants must meet residency and educational requirements. The Attorneys Act specifies regulations on duties, discipline, disbarment, etc.

Banking

Applications by new banks are made to the Commissioner of Banking (Director of Revenue and Taxation). Banks incorporated in a foreign country may maintain a branch office in Guam, but shall not conduct a domestic banking business.



Headquarters of the Bank of Guam

Building

The Building Law provides detailed standards and requirements for the location, design, construction, repair, use, occupancy, removal, etc. of building and structures. It is administered by the Director of Public Works. All buildings must follow the Uniform Building Code, National Electrical Code and Uniform Plumbing Code, which are the acceptable standards used on the U.S. mainland.

Certified Public Accountancy

Annual permits to practice as Certified Public Accountants are issued by the Director of Revenue and Taxation to holders of certificates which are granted by the Territorial Board of Public Accountancy to persons who have passed the examination and met the other requirements of the Territorial Board of Public Accountancy.

Contractor

Application for a Contractor's License shall be made with the Guam Contractors Licensing Board. Applicants must meet statutory requirements, pass an examination and obtain clearance from the Departments of Revenue and

Taxation, Land Management, Labor, and Public Works.

Consumer Credit

The Uniform Consumer Credit Code governs credit transactions such as retail installment sales, consumer credit, small loans and usury. It is administered by the Savings and Loans Commissioner (Director of Revenue and Taxation) and is applicable to all businesses extending credit to customers.

Cosmetology

The Cosmetology Law requires registration and licensing of cosmetologists, electrologists, manicurists and cosmetology instructors. A Board of Cosmetology administers the rules and regulations prescribed by this law.



Entrepreneurial success: House of Flair

Engineers, Architects, Land Surveyors

Application for registration is made to the Board of Engineering and Architectural Examiners (Department of Public Works). The Board issues a certificate of registration, renewable annually, to applicants who meet all the requirements. Firms may obtain a permit for a regular business license after registration of members.

Insurance Underwriters

An individual, partnership or corporation desiring to transact business in Guam as an insurer must first be admitted and may transact only those classes of insurance specifically authorized in the Certificate of Authority issued by the Commissioner of Insurance. Applications are filed with the Commissioner of Insurance at the Guam Department of Revenue & Taxation.

Savings And Loan

The Savings and Loan Commissioner (Director of Revenue and Tax) administers and enforces the Savings and Loan Association Act. Savings and loan associations require a certificate of approval from the Commissioner and a business license.

Securities

Application for registration as a broker-dealer, agent, or investment advisor is made to the securities administrator (Director of Revenue and Taxation). Securities sold in Guam must be registered unless specifically exempt.

Trade Practices

The Trade Practices and Consumer Protection Law defines and prohibits unfair methods of competition and unfair or deceptive practices such as false advertising, false origin of goods, misrepresentation, etc. It applies to all businesses in trade and commerce.

Trust Companies

Application is filed with the Commissioner of Banking at the Guam Department of Revenue and Taxation, pursuant to the Guam Trust Companies Act.

Others

Other local laws and requirements of interest to certain businesses include Zoning, Subdivision, Vehicle Code, Workmen's Compensation, Fair Labor Standards, etc. Establishing a new business in Guam or maintaining and expanding an established business require compliance with applicable laws and requirements (including payment of applicable fees).

COST OF DOING BUSINESS

Average Power Rates

For residential services, the monthly service charge is \$5.21. The first 500 kilowatt hours are \$.03354 each per month, and over 500 kilowatt hours the rate increases to \$.07950 each.

For General Service, power rates run \$.18916 per kilowatt hour for the first 200 used each month, and \$.17198 thereafter.

For Large Power Service (demand in excess of 200 kilowatts per day) the cost ranges between \$.17917 and \$.22797 per kilowatt hour.

Average Water & Sewer Rates

Water Rates are based on meter sizes, and are as follows:

Base rate of \$6 plus:	
For Residential	\$2.40 per 1,000 gallons
For Commercial	\$3.00 per 1,000 gallons
For Irrigation	\$1.00 per 1,000 gallons
For Livestock	\$1.00 per 1,000 gallons

Sewer rates are as follows:

Residential \$20

Commercial rates are calculated by multiplying \$0.80 by total water consumption billed at the rate per 1,000 gallons.

Additional information may be obtained by contacting Guam Waterworks Authority at: jhjohn@ite.net

Telephone Rates

Residential: Installation per line	\$35 per jack
Monthly fee for basic service	\$18.50
Commercial: Installation per line	\$60 per jack
Monthly fee for basic service	\$43.00

Facsimile installation is the same as for a regular phone line. Custom calling features are also available at additional cost.

Detailed and current information regarding services and fees may be obtained by contacting: gta@kuentos.guam.net

Average Long Distance Rates

Rates for direct dial and operator-assisted calls vary between 5 cents and 30 cents per minute, depending on the time and day of the week and the destination called. Pre-paid calling cards offer rates as low as 3 cents per minute to the U.S. mainland, and at comparable savings to other destinations around the globe.

Internet Rates vary from \$5 to \$30 per month, depending on the amount of usage.

Approximate Fuel Costs

Fuel Type	Full Service	Self Service
High Octane		
Unleaded	\$2.18	\$1.97
Regular		
Unleaded	\$2.08	\$1.86
Diesel	—	\$1.86

Volume discounts can be negotiated, and incentive programs for customer loyalty provide a variety of choices for the consumer.

Postal Services and Rates

The U.S. Postal Service is the main air and surface parcel carrier on island with numerous satellite offices. Guam is within the domestic area of the U.S. postal system, so standard U.S. domestic fees apply. A one oz. letter requires 33 cents to mail to a U.S. destination. International rates apply to other destinations around the world. (Private courier services are also available for off-island deliveries.)

Air Freight Rates depend upon the origin and destination of the shipment. Prices are very competitive and may be negotiable and vary according to the type of commodity. Generally, the rates for outbound packages to the U.S. are considerably cheaper than inbound packages. Most courier companies are open for business 6 days a week. Overnight service is available to Asia, and packages to the U.S. normally take 2-3 days.



Ladera Tower, Village of Mangilao

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Fisheries
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*Coconut Oil Mill and Soap Factory,
Pre World War II*



Governor Carl T.C. Cutierrez on a trade mission to Ireland

Investment Opportunities

TOURISM: GUAM'S NUMBER ONE INDUSTRY

Early Years and Current Trends

Guam's visitor industry has grown dramatically since its inception more than 30 years ago to become the most significant sector today of the island's economy.

Despite its relatively brief history, tourism clearly is Guam's number one industry, accounting for up to 60% of the government's annual revenues and providing more than 20,000 direct and indirect jobs. With local government and industry leaders aiming for 2 million visitors by the year 2005, tourism on Guam will remain the cornerstone of the island's economy, with ever-increasing opportunities to meet our visitors' needs.

In the first year of tourism on Guam (1967), approximately 6,600 visitors came to experience this island paradise. Since then, Guam's tourism industry has grown with great magnitude and importance in this U.S. territory, with rising statistics attesting to the industry's success.

In 1994 Guam joined the elite club of tourism destinations in the region when it recorded for the first time ever, more than 1 million visitors selecting Guam as their destination of choice. In 1995 visitor arrival growth, as compared with the previous year was registered at 25%, climbing steadily to almost 1.4 million tourists in 1997, when a fatal Korean Air Line crash suddenly brought to a halt the momentum of Guam's 2nd strongest market. The economic uncertainties in the region also impacted Guam.

Despite these external factors, Guam made a dramatic rebound with an intense rebuilding period after Supertyphoon Paka in December 1997. To mitigate downside effects, the

Benefits for Choosing Guam As A Domicile – Tourism

- Guam's visitor industry infrastructure is well in place. Additions to accommodate expected growth are under development.
- The Guam Hotel and Restaurant Association provides an effective forum to foster synergy between the public and private sector dedicated to making Guam a world class entertainment center.
- The name brand products in duty free stores, numerous national and international chain stores, and K-Mart's largest store on Guam add diversity to the shopping experience
- The local government strongly supports the island's visitor industry and acknowledges its vital importance to the territory.
- Visitor Industry Education Council, a private non-profit organization, established in 1988, to foster community understanding and support for the visitor industry.
- International Tourism Center at the University of Guam to prepare students for a career in International Tourism and hotel Management.
- Hospitality Institute at the Guam Community College providing practical training and associate degrees and certificates in tourism and related fields.
- Guam's visitor arrivals have exceeded the one million level for six consecutive years and continues to grow. Major factors for travel to Guam include the island's beautiful beaches and close proximity to Asia.





Professional sports teams from Asia choose Guam as their site for spring training

government and private sectors joined to augment promotional efforts in Japan, Korea, and other target markets. With the gradual recovery of Guam's major markets, the lifeline of the island's economy managed to survive with more than a million visitors in each of the following years, and visitor arrivals have steadily increased since June 1999 to 738,594 during the first seven months in 2000.

The hotel room inventory saw a significant increase in the last two years with the opening of the Outrigger Guam Resort, Pacific Islands Club expansion, Royal Orchid, Guam Garden Villa, Hotel Accion, and The New Century Hotel. To accommodate Guam's goal of 2 million visitors by the year 2005, the Governor's Vision 2005 Task Force aims to increase airline seat capacity from an annual 2.5 million to 3.6 million.



Japanese tourist enjoying Guam's most popular optional tour, parasailing

Although the weakened Asian economies brought a dip in visitor arrivals throughout the region, the hotel occupancy rate in Guam bottomed at around 59% in December 1997, and has climbed to an average of 70% despite a 25% increase in the island's hotel room inventory. Currently, available hotel rooms number at around 10,000 and the average room rates range from \$40 - \$195 per night. There are a variety of hotel establishments on Guam, ranging from exclusive five-star level resorts to mid-range facilities to family-style accommodations.

Guam's Markets

Visitors from Japan historically have dominated the island's market mix, with the latest figures showing that 83% of visitors to Guam came from that country.

Guam's market share of Japanese outbound travelers for 1999 was 5.77%, with a projection of 6.51% for 2000, according to Japan's Ministry of Justice. The robust recovery of the visitor arrivals from Korea can be attributed to Guam's aggressive marketing efforts to rebuild the market, the nation's economic recovery and strengthening of the Korean won. Korea National Tourist Organization reports that Korean outbound travelers increased by 42% in 1999. Guam's

market share was 1.37% during the 1st quarter of 2000.

The Guam Visitors Bureau continues to maintain an aggressive marketing campaign in Japan, Korea and Taiwan. In all, more than

Visitor Arrivals By Country 1996 ~ 1999

	1996	1997	1998	1999	% change over 1998
Japan	1,028,673	1,113,012	975,402	957,738	-1.8%
Korea	194,585	119,118	20,268	47,299	133.4%
Taiwan	20,909	22,453	20,545	41,444	101.7%
U.S. Mainland	31,121	34,245	33,227	32,456	-2.3%
Hawaii	4,274	9,071	8,648	8,723	0.9%
CNMI	31,039	29,091	25,794	23,163	-10.2%
Micronesia	4,437	-	-	-	-
Palau	3,201	4,906	3,714	3,709	-0.1%
FSM	10,935	15,094	14,870	11,779	-20.8%
RMI	636	1,134	958	1,039	8.5%
Philippines	3,950	6,831	6,517	6,233	-4.4%
Australia	1,002	1,522	1,524	1,897	24.5%
Canada	441	771	540	619	14.6%
Europe	1,278	1,786	1,890	1,628	-13.9%
Hong Kong	7,000	8,320	7,906	8,943	13.1%
Nauru	226	924	379	530	39.8%
Thailand	147	140	171	155	-9.4%
China, PRC	782	996	1,074	1,100	2.4%
Vietnam	39	56	53	35	-34.0%
Other	7,686	3,740	5,375	7,027	30.7%
Total Air	1,352,361	1,373,210	1,128,855	1,155,517	2.4%

Source: Guam Visitors Bureau

90% of all visitors hail from Asia, with the balance comprised of visitors from the United States, neighboring islands or other areas.

The island's marketing focus includes incorporating the senior citizens of Japan's population as it is the fastest growing segment with greater disposable income. Activities and special programs are also offered to attract family travelers. Another target market is the incentive traveler and regional conferences.

Other than as a golfing mecca, Guam's reputation as a honeymoon destination has stimulated the recent growth of the wedding industry. There are 3 major wedding companies on island working with at least 7 hotels with wedding facilities, to provide the couples with everything from a standard wedding service to a

complete wedding package including gown and tuxedo rental, limousine and escort services.

Recent changes in international affairs have heightened the strategic importance of Guam in the Asia Pacific region. In 1999, Guam was the location for Operation Tandem Thrust, a joint military exercise bringing 12,000 men and women from countries such as Australia, Japan, South Korea, Singapore, Canada and the United States. Through the joint efforts of the Guam Chamber of Commerce, the U.S. military, government and community leaders, Guam is again playing an increasingly major role as training grounds and a rest & relaxation port for the armed forces of the U.S.

Guam Visitors Bureau

The Guam Visitors Bureau (GVB) is the island's tourism development and promotion organization. Formally created in 1970, the bureau's mission is to promote and develop Guam as a safe and satisfying destination for visitors, while providing opportunities for the benefit of the people of Guam. As a governmental entity, GVB is defined as a public, non-profit membership corporation that receives 80% of its funding from the government and the remaining 20% from



Guam Visitors Bureau Headquarters in Tumon, Guam

membership dues and in-kind contributions. The bureau's organizational setup fosters the important and thriving working relationship between the island's public and private sectors for tourism's success.

Short-term, well-defined fiscal year marketing plans consisting of advertising and promotional activities for Japan, Korea, Taiwan, Hong Kong, the Philippines and North America help guide the bureau in accomplishing its marketing goals.

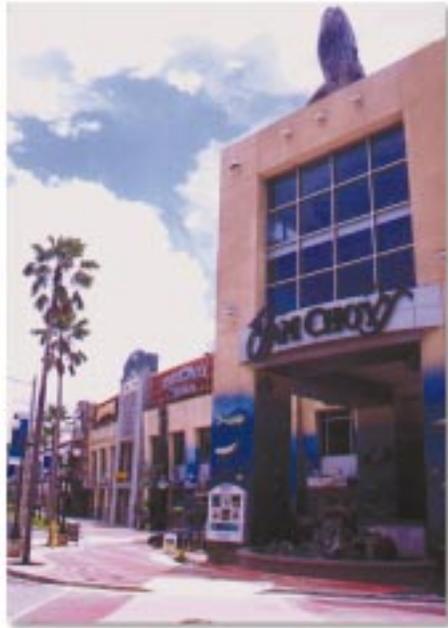
Operating on a fiscal year basis, GVB's most recent budget is \$15 million, with close to \$10 million allocated for marketing programs as appropriated by the Guam Legislature. Additionally, a separate annual appropriation to GVB is made for investments to the island's visitor industry, beautification and landscaping efforts, and other special projects.

The Tourist Attraction Fund (TAF) consists of funds derived from hotel occupancy taxes, currently assessed at 11% of the room rate. The TAF has been identified for funding direct or related tourism projects, such as streetlight improvements, additional beautification efforts, and tourism education programs.

Extensive research studies conducted by GVB on Guam's major markets provide a wealth of information on visitor demographics, behavior, satisfaction and expenditures, which greatly assist in the island's overall marketing efforts. Public and private sector industry leaders now rely extensively on the exit surveys conducted by GVB's research department.

Guam's Visa Waiver Program

The implementation of Guam-only visa waivers



GameWorks, Underwater World and Sam Choy's Restaurant – keystones in the Pleasure Island zone

by the United States federal government allows for more convenient travel to the territory. The program provides for visa-free entry to Guam for a period of up to 15 days for business or pleasure. First introduced in 1988, with subsequent additions in 1990 and 1993, countries eligible for the program include Japan, Korea, Taiwan, Australia, Brunei, Burma, Indonesia, Malaysia, Nauru, New Zealand, Papua New Guinea, Singapore, Solomon Islands, United Kingdom (including Hong Kong*), Vanuatu and Western Samoa.

* HK British Citizen (BC) and British National Overseas (BNO) passport bearers only

Optional Tours

Guam's visitor attractions encompass a wide range of activities. While "beautiful seas", "relaxation", and "shopping" remain at the top of the list in surveys determining travel motivation, a variety of optional tours are available, including golfing, jet skiing, scuba diving, parasailing, beach resorts, night market, nature hiking, and island sight-seeing. Guam's year-round tropical weather sets the perfect stage for these activities. For visitors with a penchant for enjoying Guam's waters without getting wet, deep sea fishing, dolphin watching, underwater submersibles and an underwater observatory and the world's largest walk-through tunnel aquarium of Underwater World at Pleasure Island top the list.



Guam features year-round world-class blue water fishing

Guam boasts a total of ten premier golf courses, a growing number of water parks, world class theme restaurants, dinner shows and cruises.

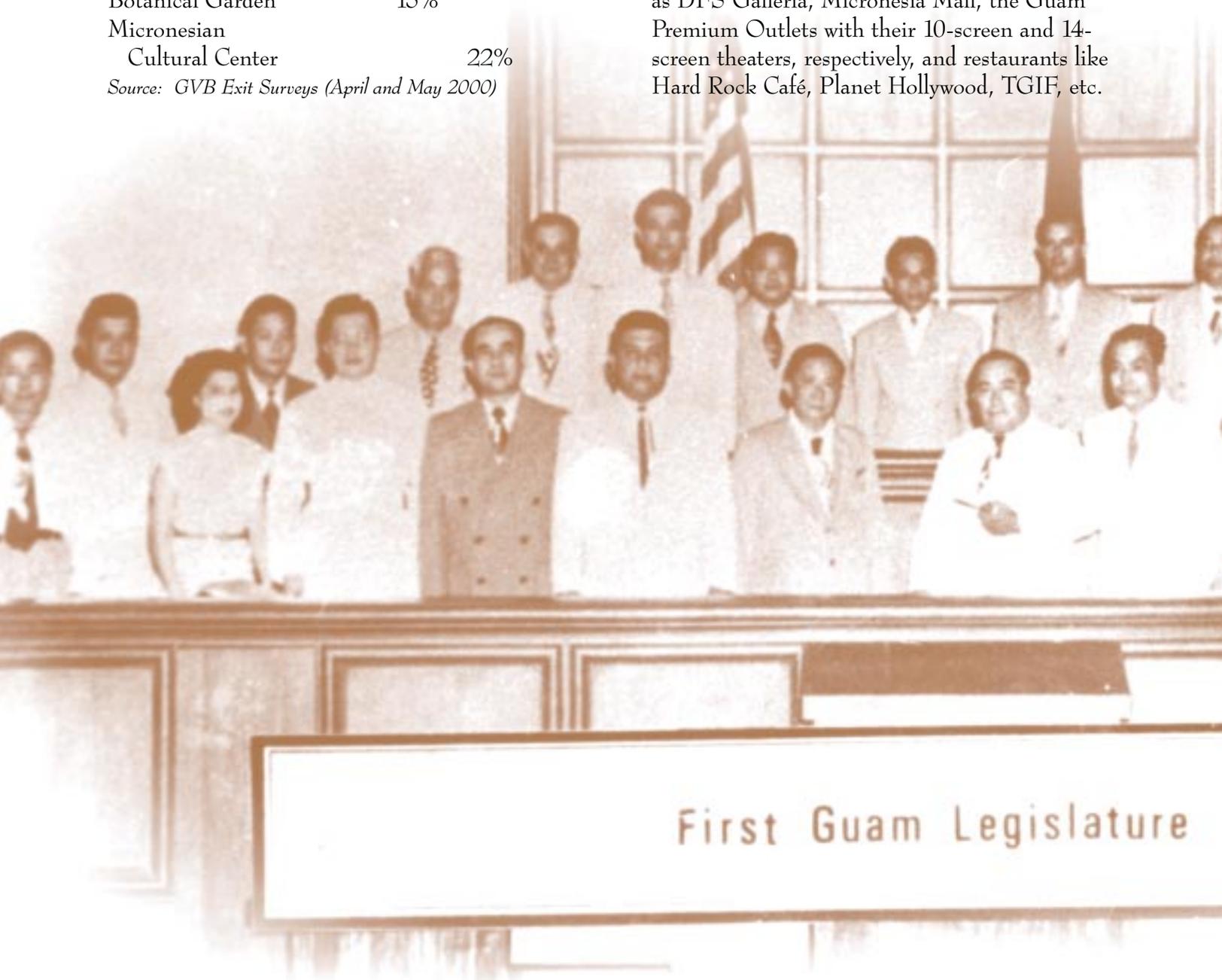
For investors considering the tourism market on Guam, it may be helpful to note that the top four attractions visitors from Japan, Korea, and Taiwan would most like to see are:

	Japan	Korea	Taiwan
Theme Park	60%	35%	45%
Archaeological Site Visit	23%		37%
Village Fiesta	21%	29%	36%
Nature/Hiking Trail	13%	37%	
Botanical Garden		15%	
Micronesian Cultural Center			22%

Source: GVB Exit Surveys (April and May 2000)

Several informational notes on these attractions may be considered:

- The Underwater World, several underwater submersibles and an underwater observatory are the results of the preferences indicated by the island’s visitors.
- July 2, 1999 marked the grand opening of Pleasure Island, a complex of internationally renown entertainment facilities in the heart of Tumon, designed to market Guam.
- The development of “retailtainment” (integration of retail and entertainment) became the theme of major retail establishments, such as DFS Galleria, Micronesia Mall, the Guam Premium Outlets with their 10-screen and 14-screen theaters, respectively, and restaurants like Hard Rock Café, Planet Hollywood, TGIF, etc.



Vision 2005

Bolstered by a strong partnership between the public and private sectors and marked by continuous growth, Guam's tourism industry aims for 2 million visitors by the year 2005.

In order to accommodate this increase, Guam is aggressively pursuing hotels and resort developments and additional tourist attractions that are culturally sensitive and environmentally sound.

Although the majority of hotels are located on Tumon Bay, the heart of tourism activity, pristine areas in other parts of the island have been identified for viable ecotourist hotels and resorts and attractions that would respect the traditions and cultures of the people, preserve the environment, while educating and welcoming visitors. A theme amusement park and convention center (with conference and cultural and performing arts facilities) are high in priority to create new markets for Guam.



Guam's first captive insurance company insures the risks of Dick Pacific

FINANCIAL SERVICES

Foreign Sales Corporation

With the enactment of the U.S. Tax Reform Act of 1984, Guam was the first eligible jurisdiction to provide financial incentives for the establishment of a Foreign Sales Corporation, (FSC), through a Guam law known as the Export Incentive Act. The federal law allows a U.S. exporter with an FSC to receive a 30% to 35% reduction on its federal income tax, provided the goods exported have a minimum of 50% U.S. content. Guam FSCs may be exempt from the Territorial Income Tax on the following income: (1) foreign trade income; (2) investment income; (3) carrying charges; and (4) gross income derived from sources outside of Guam. To the extent that any of this income should become non-exempt, a Guam FSC may apply for a special Qualifying Certificate to expire December 31, 2026 which would allow for the rebate of all such income taxes paid to the government of Guam. FSCs are foreign incorporated subsidiaries of U.S. parent corporations engaged in export transactions which qualify them for partial U.S. tax exemptions, provided they maintain certain processes.

FSCs can be formed by manufacturers or export groups, such as export trading companies, and other non-manufacturers. An FSC can function as a principal, buying and selling for its own account, or as a commission agent. It can be related to a manufacturing parent company or an independent merchant or broker.

Companies such as Boeing, Chevron, Hallmark, Mobil, Tektronix, and Weyerhaeuser are among the 146 currently licensed FSCs in Guam.

Insurance

Several laws have been passed to encourage the location of insurance underwriters on Guam, to further expand the finance and investment sectors of the island economy towards making Guam a center for financial investment domicile.

Spurred by increasing inquiries from underwriters throughout the world about Guam's potential as an insurance center, our government and private sectors joined forces to actively pursue incentives for this industry. Under current law, insurance issuers, including reinsurers, commercial insurers, or captive insurers whose headquarters are located in Guam, may enjoy the following benefits:

- 100% abatement of gross receipts taxes on insurance premiums and other revenues;
- Rebate of all income taxes resulting from the operation of an insurance underwriting entity.
- 100% rebate of income tax withheld from shareholders on dividends from the insurance underwriting business.

What is a Captive?

Captive insurance refers to a subsidiary corporation established to provide insurance to the parent company and its affiliates not primarily engaged in the business of insurance. A captive may be a single-parent shareholder (pure captive), or a group of shareholders with similar captive



Governor Carl T. C. Gutierrez and GEDA Administrator, Ed Untalan, sign the first Guam-based Trust Qualifying Certificate

risks (group captives). As the name implies, all or a significant portion of the risks written are “captive,” related in some way to the risks of shareholders, or third-party risks which the shareholders control.

This approach provides an option for many corporations and groups who wish to take financial control and manage risks by underwriting their own insurance rather than paying premiums to third-party insurers. A captive may underwrite U.S. risks, foreign risks, or both. The coverage may include workers' compensation, property, liability, employee benefits or malpractice.

Why Form a Captive?

There are numerous advantages to forming a captive, however a company should conduct a feasibility study to determine whether a captive is the best means for the company to achieve its risk management objectives and other goals.

Captives are formed to provide necessary coverage at acceptable prices and for various good economic reasons that include the following:

- Tailored coverage to a company's specific needs
- Reduction of operating costs

- Improved cash flow
- Accumulated investment income to fund losses
- Increased coverage and capacity for risks uninsurable in conventional markets
- Direct access to wholesale reinsurance markets

Guam's Captive Insurance Law

Guam's captive insurance law was created through the enactment of the Captive Insurance Companies Law in Chapter 23, Title 22, Guam Code Annotated. This law was amended in 1997 in order to make easier the formation of a captive in Guam and to create the environment conducive to captive companies. Public Law 23-109 authorizes the Guam Economic Development Authority (GEDA) to offer tax incentives to the insurance industry through its Qualifying Certificate program. A qualifying certificate is a contract issued by the Governor of Guam on the recommendation of GEDA and grants abatements and rebates of all Guam taxes for periods not to exceed twenty (20) years; provided, that the entity remains in good standing under the laws of Guam and GEDA's rules and regulations. Beneficiaries may apply for an extension of the certificate for an additional twenty (20) years.

The major provisions of the Amended Captive Insurance Law are as follows:

- The law redefines captive insurance and affiliated companies.
- No captive insurance company may directly insure any risks arising in Guam.
- Pure captives are required a minimum of \$50,000 capital and \$100,000 of surplus.
- Group captive companies incorporated as a stock insurer are required \$100,000 capital and \$150,000 surplus.
- Incorporated industrial insured captives are required \$150,000 capital and \$200,000 surplus.
- Capital must be in the form of cash deposited in a member bank of the Federal Reserve System licensed to do business in Guam and approved by the

Commissioner.

- Surplus may be in the form of cash or an irrevocable letter of credit (LOC). The form of the LOC, or any other form of surplus, must be approved by the Insurance Commissioner.
- All information pertaining to Guam captive insurance companies are deemed proprietary and confidential.

The Licensing Process

The initial step in forming a captive in Guam involves an introductory meeting of the applicant and a representative of the Insurance Branch to discuss the captive insurance application process.

Once the application has been completed entirely as instructed by the Insurance Branch with payment of a non-refundable application fee of \$200, it can then be submitted. The application will then be forwarded to an independent risk consultant for review, and within 28 calendar days, the applicant will receive

Benefits For Choosing Guam As A Domicile – Insurance

- 100% tax rebates for commercial and captive insurers and reinsurers
- 100% abatement of all gross receipts taxes on all insurance underwriting income
- Established financial services community with FDIC Guarantee
- Guam does not require an annual board of directors meeting in the domicile
- There is no requirement for proof of necessity
- Insurance risks are generally allowed (writing direct Guam risks is prohibited)
- Reinsurance business is allowed in Guam
- Start up costs include a minimal application fee of \$200 and a \$2500 licensing fee
- Foreign tax credit eligibility in certain cases for U.S. companies
- Details of captive insurance companies on Guam are kept confidential

notification from the Insurance Commissioner. Once the application has been approved and the company has been incorporated and funded, the applicant has 30 days following approval to submit the license fee to the Insurance Branch.

It is strongly suggested that companies seeking to form captives in Guam solicit professional assistance of risk consultants, and supporting professionals who are knowledgeable and familiar with Guam's captive insurance law and the application process in order to facilitate a successful application.

Applications for a Special QC for a captive insurance company or a Guam-based trust receive priority processing, provided all required documents are submitted. More detailed information is available in GEDA's publications booklets on QC's for Insurance and Guam-based Trusts.

Guam Captive Insurance Association

The Guam Captive Insurance Association Corporation (GCIA) was formally organized in 1997. GCIA was formed to support, promote, foster, and market Guam as an attractive and competitive captive insurance domicile; to assist and advise the Insurance Commissioner regarding matters affecting captive insurance companies in Guam; and to support Guam's captive insurance industry with respect to legislative, regulatory and other matters which affect formation or operation of captive insurance companies.

Membership

Membership in GCIA is open to all captive insurance companies licensed in Guam and to all individuals and entities with a bona fide interest consistent with the positive promotion, development and maintenance of captive insurance in Guam. Annual dues are \$500 per Corporate member and are not prorated. Two current members of GCIA are needed to sponsor prospective members.

In addition to Guam's Insurance Commissioner

(an ex-officio member), plus captives licensed in Guam, GCIA members include captive managers, brokers, financial institutions, accounting firms, legal firms, actuary/risk consultants, insurance companies, and claims administrators, all of whom are either directly involved in captives and/or support the development of a quality captive environment in Guam.

Membership Benefits

- Opportunity to participate in Guam/GCIA promotional events
- Organization/Name listing in captive insurance literature for prospective captive companies
- Annual update of captive insurers
- Opportunity to participate in GCIA's recommendations to the Guam Legislature and other regulatory bodies
- Participation in educational workshops
- Notices of GCIA meetings
- Each member will have one vote in GCIA



Association Committees

Membership/Education Committee: Members in this Committee are responsible for matters relating to membership requirements, fees, and ongoing education.

Legislation/Tax/Accounting Committee: This Committee shall propose and/or review legislative, regulatory, and administrative bills, proposals, and other initiatives which affect the formation and maintenance of captive insurance companies in Guam, and to make recommendations to the GCIA Board regarding same. When appropriate and necessary, the committee shall assist in the drafting of legislative, regulatory and other administrative initiatives which would improve the climate for the formation and maintenance of captives domiciled in Guam.

Marketing Committee: Members in this Committee are responsible for matters relating to marketing Guam as a captive domicile.

Conference Committee: This Committee is responsible for planning, organizing, and overseeing annual insurance related conferences to be held in Guam and sponsored in-part by the corporation.

Benefits For Choosing Guam As A Domicile Guam-based Trusts

- 100% rebate of income tax paid to the government of Guam.
- 100% rebate of taxes withheld from payments to non-resident beneficiaries of a Guam-based trust.
- For trusts originating from the U.S., Guam-based trusts are considered U.S. domestic trust pursuant to Treasury Regulation §301.7701-7(c)(4)(ii)(D)
- For trusts originating from foreign sources, Guam offers the stability of the U.S. flag, court system, and dollar-based economy
- Guam is not a “tax haven” because taxes are paid prior to their rebate; there is transparency in money transactions; Guam’s financial services system, in particular local banks, are regulated by both federal and local law.

Guam-based Trusts

Recent laws also authorize similar tax incentives for Guam-based trusts. These incentives are available through the Qualifying Certificate Program of the Guam Economic Development Authority. Beneficiaries enjoy rebates for a period of twenty years, which may be extended for an additional twenty years if in good standing under the laws of Guam and under the rules and regulations of the Authority.

The major provisions of Guam’s trust legislation are:

- 100% rebate of all income tax paid by a Guam-based trust on all its earning from either inside or outside of Guam, provided administration of the trust is in Guam.
- 100% rebate of income tax withheld from the non-resident beneficiaries of a Guam-based trust on the payments or distributions made to such beneficiaries from such a Guam-based trust.



Summary

Guam seeks to follow a Bermuda-type model for the development of its financial services industry. Just as Bermuda has become a financial capitol in the Atlantic over the last fifteen years with its financial services industry employing more than 17,000 and generating more than \$18 billion per year, Guam is now poised to serve as the financial hub of the Pacific for companies seeking a domicile where they can enjoy attractive tax benefits on worldwide income.

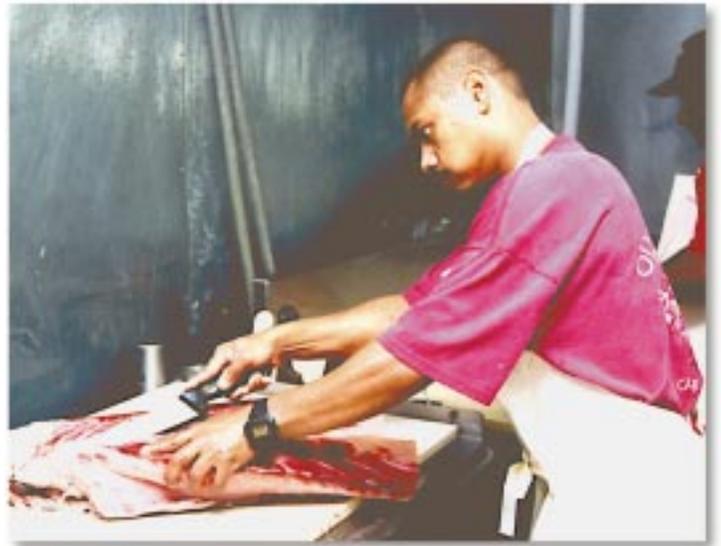
A prosperous international insurance market and trust industry on Guam will also drive additional growth which broadens the island's economic base. Support services like accounting, legal and courier, office supply, and telecommunications are just a few business sectors which grow in connection with the insurance and trust industries. In addition, the deposit of collected premiums and trust corpora in local banks and financial services institutions will significantly broaden the availability of capital, and can stimulate additional investment through convenient, local financing in areas such as hotels, residential homes, and other vitally needed facilities.

For the keen insurance investor, Guam offers the opportunity to operate aggressively in worldwide markets without local taxes, while enjoying the advantages of the stability of U.S. soil, location in a modern island paradise community, state-of-the-art communications, and access to American courts, schools, and health care.

FISHERIES

Transshipment Facilities and Ocean Resources

Fisheries is a leading money-producing industry on Guam, bringing in around \$150 million of direct expenditures in 1999. Approximately 9,900 tons of fish valued at more than \$99 million were processed through Guam, providing jobs for more



Value added processing done at Guam's Fishermen's Cooperative

than 200 island residents. According to the Western Pacific Regional Fishery Management Council, the port in Guam ranked among the top 10 in the United States ports in terms of the value of fish landing on Guam, at approximately \$90 million in 1999.

Prior to 1986 Guam's large-scale offshore fisheries consisted mainly of purse-seiner tuna transshipment. Currently, most of the purse-seiners home porting in Guam are from Korea & Taiwan. Most of the cargo is shipped or transshipped to canneries in Bangkok, Thailand and Korea, with five agents providing services such as fueling provision, equipment and net repairs to



these vessels.

Foreign longline fisheries on Guam grew from five vessels in late 1986 to 328 vessels in 1990. During FY1999, longliners made more than 1,661 port calls to the island. Longline transshipment fisheries on Guam consist mainly of Japanese and Taiwanese vessels.

Longline vessels, which fish mainly in the waters of the Federated States of Micronesia, offload their catch (consisting mainly of yellowfin and big-eye tuna) at the commercial port on Guam, where the fish is processed for transshipment by air to Japan for the sashimi markets. Tuna portions that do not meet the required standards are frozen for container transshipment to canneries or processed locally. Several spin-off industries have resulted from processing non-sashimi-grade tuna, including tuna jerky products, tuna loins and other value-added products. Tests in



M.V. Stella-Maris replenishing her stores at Hotel Wharf

the export markets in the U.S. mainland and Europe show very good reception to the quality of commercial tuna available out of Guam.

The primary destination of the tuna transshipped is bound for Narita since refrigerated trucking is available to all parts of Japan, but additional markets are found in the cities of Osaka and Nagoya in Japan.

There are currently 13 local agents handling fishing vessels at the port. These agents organize and facilitate procedures involving entry into the commercial port, customs and immigration clearances; purchasing of fuel, water and ship's chandlery; and payments for port call services. These agents also handle the dockside off-loading, inspection, packaging and shipping of the fish.

Lower fuel costs, rest and recreation facilities for ships' crew, medical facilities, modern communications provisioning, equipment and ship repair services are among the factors that attract vessels to Guam. The availability of live bait fish also will increase Guam's attractiveness as a base port for fishing vessels. Bait fish is a particularly



Tumon Beach, Post World War II

marketable item because large tuna fleets are finding that live bait, usually milkfish, is three to five times more effective in increasing the catch rate than dead bait. Obtaining live bait on Guam would save three to four weeks in fishing time, which translates into a savings in ship operating expenses.

Some of Guam's transshipping agents provide live milkfish bait to the tuna longline vessels they service. Live bait farming activities make up a major component of the \$2 - \$5 million annual local production.

Guam continues to experience growth unmatched by any island or community of its size and population. The success of Guam's fishing industry is proof of Guam's maritime advantages; our natural deep-water seaport and modern airport facilities, our advanced transshipment facilities like modern highways and state-of-the-art storage facilities and the managed resources of the Pacific Ocean are tried and true advantages. Add to these planned improvements and expansion of Guam's port facilities and you have the foundation for lucrative investment opportunities in the maritime industry.

Another major component of Guam's fishery industry is sport-fishing and subsistence fleet, with approximately 300 fishing boats. Approximately 15% of these cater to the tourist market, employing close to 150 residents. Catch from the rest of these boats provide most of the fresh seafood for the resident market and support a \$1.3 million fishermen's cooperative.

Aquaculture

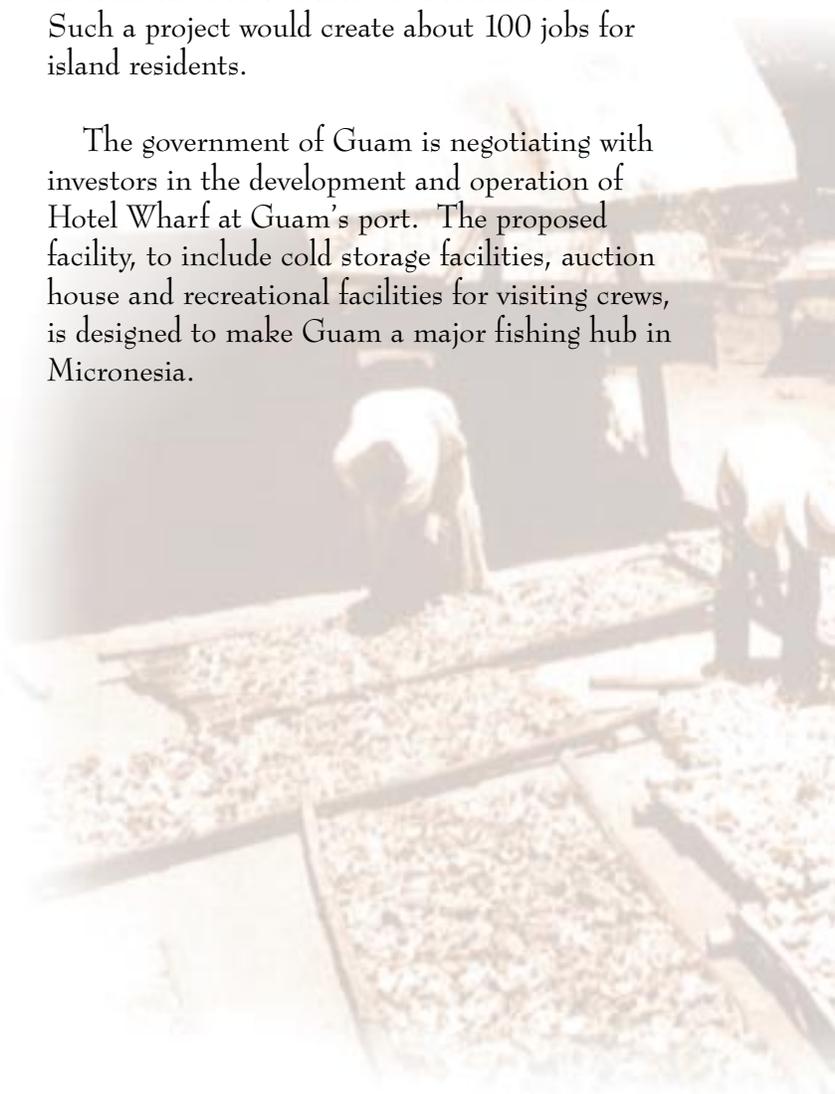
Currently Guam imports \$7 million worth of seafood annually, to supplement the \$2 to \$5 million annual local production. The main species grown on Guam are both fresh and saltwater shrimp, milk fish, tilapia, catfish, eels, and

ornamental (aquarium) fish. There is great potential if current imports can be substituted with local production.

The University of Guam College of Agriculture and Live Sciences and the Guam Department of Agriculture support the efforts of the farmers by providing specialized training and technical assistance.

There are currently over 100 acres of fish farms in operation on Guam. Because of the island's proximity to the Japanese market, a European fish farm group has seen the viability of growing seafood on Guam and is proposing a \$30 million investment to start a salt water salmon farm. Such a project would create about 100 jobs for island residents.

The government of Guam is negotiating with investors in the development and operation of Hotel Wharf at Guam's port. The proposed facility, to include cold storage facilities, auction house and recreational facilities for visiting crews, is designed to make Guam a major fishing hub in Micronesia.



TELECOMMUNICATIONS

Privatization of Guam Telephone Authority (GTA)

The Guam Telephone Authority (GTA) is Guam's exclusive local exchange carrier, with about 40% of the local cellular telephone market. As a result of the Telecommunications Act of 1996 that deregulated the telecommunications industry, GTA is now seeking proposals for privatization. According to a Coopers and Lybrand study, GTA is assessed at a value of \$20 to \$60 million.

New and Emerging Technologies

The introduction of digital technology has impacted Guam. Currently there are five companies licensed to introduce Personal Communication Service (PCS) to customers on island. The wireless phone market will see the Global System for Mobile Communications (GSM), which also offers global roaming and Single Inline Memory (SIM) card technology. As SIM computer chips are interchangeable among the GSM phones, these chips can be used in different handsets all around the globe. Two-way

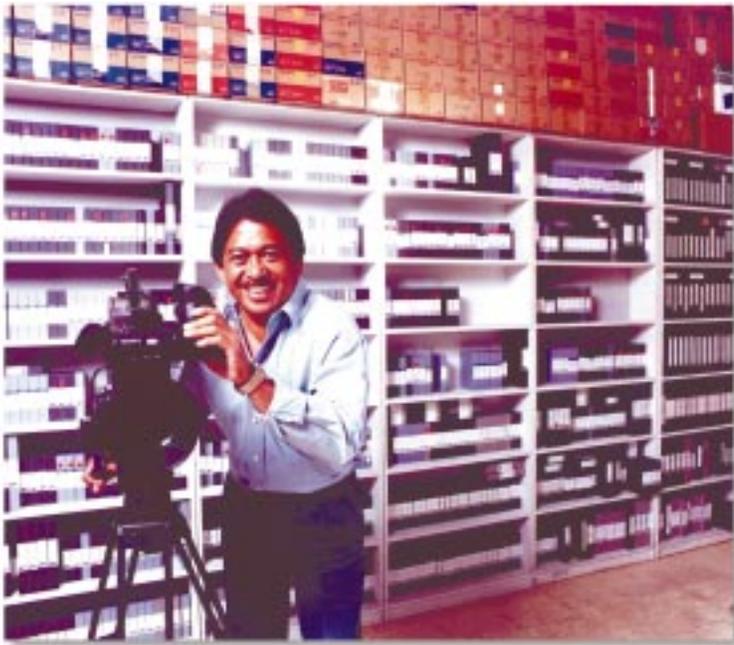


Guam is an ideal location for satellite farms because of our location in the middle of the equatorial foot print

radio systems will also be turned into a digital system, with a new technology known as Integrated Dispatch Enhanced Network (iDEN).

The merger of a cable TV company with an Internet provider will be offering cable modem Internet service to Guam customers, so that accessing the Internet will be as simple as turning on a television set. Digital technology will also facilitate the convergence of data and voice. One company with 71 IP (Internet Protocol) gateways throughout the world, including Guam, is working on a combination of the Internet and voice (VoIP), making Guam the Asia Pacific centerpoint of their managed VoIP network.

Call centers on Guam could take advantage of the island's location for warehousing goods for transshipment into Asia in e-commerce by reducing the delivery time required.



Entrepreneurial Success – Shooting Star Productions

LAND OPPORTUNITIES

Excess Federal Lands

Nestled in the middle of Guam is a military base the U.S. Navy used during the first half of the 20th century. As part of the Base Realignment and Closure decision of the U.S. Congress in 1993, the U.S. Navy terminated its operation in the Naval Air Station in Agana. To counterbalance the significant economic impact on Guam caused by the closing of the former Naval Air Station, now known as "Tiyan," GEDA has developed a re-use plan aimed to provide opportunities to stimulate Guam's economy, creating long-term employment and maximizing financial returns to the investor as well as to the original Tiyan landowners.

FILM INDUSTRY

Vision 2005 has identified film festivals as a desirable attraction to showcase the film productions of our neighboring countries. U.S. Hollywood-based and Japanese film producing companies have both expressed interest in Guam as a potential site for shooting a full length film. Another Hollywood-based production group is proposing to bring the most technically advanced equipment to establish a sound studio on Guam with a post production facility. Their plans are to make Guam a center point where film groups can rent or purchase this equipment for their regional film production.

In September 2000, the U.S. Navy conveyed a total of 1,800+ acres of excess federal lands via quitclaim deeds to the Government of Guam, the single largest land transfer since 1950. Plans for the property deeded to GEDA for economic development purposes include a free trade zone (89 acres), commercial plaza (49 acres), government center (66 acres), and industrial park (31 acres).



One of the many buildings and properties recently deeded to Guam by the U.S. military

Located atop the Tiyan Bluff in central Guam, the Tiyan Economic Development Zone is situated within the most heavily populated areas and within a two mile radius of the majority of the island's business and tourist destinations. It is close to the international airport, Guam's main post office, and the main thoroughfares that traverse the island. Commercial, industrial and warehouse facilities and land in the area are adequately serviced by water, sewer, and supportive infrastructure.

Projected growth will occur as a result of increased local demand, development of the islands in Micronesia and expansion of the Asia-Pacific markets. GEDA will be recruiting qualified investors through the issuance of requests for proposals for the development and economic use of these facilities. To receive such requests for proposals, interested parties may contact GEDA at the addresses shown below:

Guam Economic Development Authority
Suite 511, ITC Building
590 S. Marine Drive
Tamuning, Guam 96911
Tel: (671) 647-4332 Fax: (671) 649-4146
Email: investguam@geda.guam.net

The local government is fully committed to promoting the viability of businesses and welcomes foreign investment. A public-private partnership to develop the Tiyan Economic Development Zone will foster profitability while allowing the Government of Guam to achieve its developmental, employment and modernization goals.



Some of the pristine land still available for development

Private Lands for Development

There are privately owned lands that are available for sale, lease or development under a joint venture. More information regarding these properties can be obtained by contacting the Guam Board of Realtors at <http://www.guamrealtors.com>. GEDA's website at <http://www.investGuam.com> also contains a Land Information System (LIS) describing government and privately-owned properties for development.



One of Guam's first hotels ~ Guam Hotel Okura

Tax incentives

- ~ Qualifying Certificate Program*
- ~ Special Qualifying Certificate for Insurance Companies*
- ~ Special Qualifying Certificate for Guam-based Trusts*

Trade Incentives

- ~ Headnote 3(a)*
- ~ Generalized System of Preferences*
- ~ Other Incentives*
- ~ Guam Product Seal*

Financial Assistance Programs

Investor Services

- ~ Customized Government-to-Business Services*
- ~ Land Information System*
- ~ Guam Investor Guest Book*
- ~ World Wide Web*



The most recent new-comer to Guam's shopping scene ~ Ross. Dress for Less



Ongoing construction of Guam's Federal Courthouse

Investment Incentives

Rear Admiral Charles A. Pownall, USN, placing a scroll into the cornerstone of the Guam Congress Building, 1947

TAX INCENTIVES

Firms licensed to do business on Guam pay a territorial income tax based on sections of the U.S. Internal Revenue Code applicable to Guam; however, they do not pay federal income taxes.

Interest earned by a bank through the operation of an off-shore lending facility in Guam is not treated as a Guam source income for tax purposes.

Qualifying Certificate Program

The Government of Guam, through the Guam Economic Development Authority, is authorized by law to allow tax rebates to qualified investors. Qualifying Certificates for tax incentives are granted on the basis of investment commitment as well as the potential for creating new employment and expanding the base of the island's industry. These incentives are aimed primarily at manufacturers, insurance companies, trusts, commercial fishing companies, corporate headquarters, specialized medical facilities, high technology, agricultural and tourism development firms.

Qualified firms may be granted up to 100% income tax rebates for a maximum of 20 years; 100% abatement on real property tax for a maximum of 10 years; up to 75% rebate on corporate dividend tax for a maximum of 5 years; and abatement on gross receipts tax on petroleum and alcoholic beverages made in Guam for a maximum of 10 years.

Public Laws 23-135 and 24-266 allow developers of qualified hotels and tourist facilities to provide funds needed to “jump

start” the construction of affordable housing on Guam, in exchange for enlarged tax benefits.

These two laws also provide a two-year period (extendible for another two years at the discretion of the GEDA Board) whereby eligible developers of hotels and tourist facilities may apply for these benefits under GEDA's Qualifying Certificate program. These expanded benefits include:

- Exemption of Gross Receipts Taxes for suppliers of building materials & supplies, contractors for labor/supervision furnished for a qualified project.
- Exemption of Use Tax by the owner of the hotel/tourist facilities.
- Rebate of Rental Income, up to 50% for the first 5 years and up to 25% for the next 5 years, to the lessor of land, buildings, machinery/equipment to QC holder for hotel/tourist facilities.
- Rebate of Capital Gains, up to 50%, to the seller of land and other real property to hotel/tourist facility of affordable housing developer.



The Qualifying Certificate Program helped many of the hotels on Tumon Bay get started

TRADE INCENTIVES

Special Qualifying Certificates for Insurance Companies

Insurance issuers – whether reinsurers, commercial insurers or captive insurers – whose headquarters are located in Guam, may enjoy the following benefits:

- 100% abatement of gross receipts tax on insurance premiums.
- 100% rebate of income taxes resulting from the operation of an insurance underwriting entity.
- 100% rebate of income tax withheld from shareholders of an insurance underwriting business on the dividends from such business.

Special Qualifying Certificate for Guam-based Trusts

Guam-based trusts may receive the following benefits:

- 100% rebate of income tax paid to the government of Guam.
- 100% rebate of taxes withheld from payments to non-resident beneficiaries of a Guam-based trust.

These incentives are made available through the Qualifying Certificate program of the Guam Economic Development Authority. Beneficiaries of the qualifying certificate may enjoy the abatements or rebates for a period of up to 20 years, which may be renewed for additional periods of 20 years so long as they remain in good standing under the laws of Guam and under the rules and regulations of the Authority.

Headnote 3(A)

The General Headnote 3(a) program of the Tariff Schedules of the United States (TSUS) allows duty-free entry into the U.S. Customs Territory for those items manufactured or assembled in Guam that meet certain requirements that enable Guam to be considered the “country of origin.” Manufacturers may import foreign raw materials or component parts, to which at least 30% (in some cases, 50%) of the value of the finished product must be added on Guam. These items must undergo a “substantial transformation” in order to benefit from the duty free provision of this program. It is advisable for an exporter to obtain a binding ruling as to whether the specific article meets the criteria for a duty-free (in certain cases, quota free) entry in the U.S. Customs Territory, by writing to the director, classification and value division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229.

Generalized System of Preferences

Another trade incentive program allows products manufactured in Guam to be imported by participating nations at a reduced tariff rate. Guam is the beneficiary of the following countries: Japan, Australia and the European Common Market nations. Requirements of each participant vary, so interested exporters should contact the appropriate trade office of the particular country of destination.

OTHER INCENTIVES

Guam Product Seal

To help promote products made on Guam for the tourism industry and to enhance export potential, Public Law 18-42 created the Guam Product Seal to identify products manufactured on Guam. To be eligible, a manufacturer must:

- Possess a valid Guam business license
- Substantially transform the material(s) so that the final product is converted into “a different and distinguishable commercial use or character” when completed
- Must add value of at least 50 percent of the production cost on Guam

Financial Assistance Programs

GEDA administers several loan programs to assist local businesses with financing for startup and expansion. The Guam Development Fund Act (GDFA) provides financing in areas of agriculture, aquaculture, manufacturing, tourism, commercial support industries and any other industry that GEDA's board of directors determines will improve the island's economy. The Agricultural Development Fund offers low interest loans to bonafide commercial farmers and agricultural related businesses. The Chamorro Heritage Foundation Program provides loans or grants for activities that preserve, develop and enhance the Chamorro culture and heritage of the indigenous people of Guam.

For loans under the GDFA, applicants must demonstrate that they have sought and were declined financial assistance under reasonable terms and conditions from at least three private lenders on island. Following are other prerequisites applicants must meet: 1) If a sole proprietorship, the owner must be a resident of Guam and either a U.S. citizen or permanent resident alien; 2) If a partnership or corporation, the entity must be registered with the Government of Guam's Department of Revenue and Taxation; 3) All applicants must be licensed to do business on Guam.

INVESTOR SERVICES

Customized Government-to-business Services

For qualified projects, the Guam Economic Development Authority provides individually designed assistance to the serious prospective investor. Friendly and competent services by industry specialists range from initial consultations, in person or by mail, to arranging meetings with pertinent authorities and facilitation during the licensing process.

Land information system

The Guam Economic Development Authority maintains an inventory of government and private lands that are available for development. The information can be accessed via the Internet at <http://geda.guam.org:591>. Interested investors may obtain additional information by contacting GEDA by telephone at (671) 647-4332; by facsimile at (671) 649-4146; by email at investGuam@geda.guam.net. The Land Information System is provided as a public service by the Guam Economic Development Authority.

Guam Investor Guest Book

A new component of GEDA's website at <http://www.investguam.com> is the Investor Guest Book, designed to facilitate contact between investors and entrepreneurs seeking investment capital for Guam-based projects. Those who wish to post investment opportunities for Guam-based projects may do so on-line at <http://www.investguam.com> or by filling out the Investor Guest Book form directly with the Authority.

World Wide Web

For updated information on current developments, please visit GEDA's webpage at www.investGuam.com. We also welcome your comments, suggestions and individual inquiries.



Streets of Agaña, c1910



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