

Alicia G. Limtiaco  
Attorney General



Alberto Tolentino  
Chief Deputy Attorney General

**OFFICE OF THE ATTORNEY GENERAL**

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May 15, 2008

Bank of Guam  
P.O. Box BW  
Hagåtña, Guam 96932

Arriola, Cowan & Arriola  
P.O. Box X  
Hagåtña, Guam 96932

**Re: Assignment by Government of Guam of \$10,000,000.00  
Teleguam Holdings, LLC Note Payable to Government of  
Guam, and Guaranty of the Government of Guam**

Ladies and Gentlemen:

This opinion is furnished in connection with an Assignment by the Government of Guam of a certain Promissory Note dated December 31, 2004, in the principal sum of Ten Million Dollars (\$10,000,000.00), made by Teleguam Holdings, LLC, a Delaware Limited Liability Company, ("the Note") to the Class of Petitioners under Rios, et al. v. Camacho, et al., Superior Court of Guam, Civil Case No. SP0206-93 ("the COLA Class"), and a further Assignment of the Note by the COLA Class to the Bank of Guam. The Note was given under an Asset Purchase Agreement ("the Asset Purchase Agreement") by and among the Guam Telephone Authority, an autonomous agency of the Government of Guam, and the Government of Guam and Teleguam Holdings, LLC, dated August 31, 2004 ("the Asset Purchase Agreement").

In connection with this opinion and in reference to the foregoing transaction, we have examined the following documents and instruments:

1. the Promissory Note made by Teleguam Holdings, LLC to the Government of Guam;
2. the Asset Purchase Agreement under which the Note was given;
3. a Note Purchase Agreement between the Government of Guam, the Class of Petitioners under Rios, et al. v. Camacho, et al., Superior Court of Guam, Civil Case No. SP0206-93 ("COLA Class"), and the Bank of Guam ("the Note Purchase Agreement"). A copy of the undersigned Note Purchase Agreement which was approved as to form is attached hereto as Exhibit A.
4. a document titled "Conditional Assignments of Teleguam Holdings, LLC Promissory Note" signed by the Governor on February 5, 2008, assigning a promissory issued by Teleguam Holdings, LLC I favor of the Government of Guam and further assigning said promissory note to the Bank of Guam ("Assignment");

5. a Guaranty of the Government of Guam to the Bank of Guam of payment of the note dated March 12, 2008.

We have additionally examined the laws of Guam as they relate to the assignment of the Note to the Bank of Guam and the record of action by the Government of Guam with respect thereto and based upon the foregoing, we are of the opinion that:

1. The Government of Guam has the authority to make the Assignment of the Note to the COLA Class, subject to the further assignment by the COLA Class of the Note to the Bank of Guam and to make, execute and deliver the Note Purchase Agreement, the Assignment of the Note, and the Guaranty of the Note, and to perform its obligations under the Note Purchase Agreement, the Assignment of the Note, and the Guaranty.
2. The Note Purchase Agreement, the Assignment and the Guaranty have been duly and validly executed and delivered by the Government of Guam and each constitutes the binding and enforceable obligation of the Government of Guam in accordance with their respective terms.
3. The Director of Administration has statutory authority to make the Guaranty on behalf of the Government of Guam. The Guaranty is a general obligation of the Government of Guam and is subject to the full faith and credit of the Government of Guam.
4. Principal and interest paid to the Bank of Guam upon the Note following assignment to the Bank of Guam including a discount in the purchase price paid by the Bank of Guam to the principal amount of the Note are exempt from taxation by the Government of Guam, except for Guam Territorial Income Tax.
5. Michael F. Phillips, Esq., of Phillips and Bordallo, P.C., is the attorney for the COLA Class in Rios, et al. v. Camacho, et al., Superior Court of Guam, Civil Case No. SP0206-93 and upon information and belief, is duly authorized to enter into the Note Purchase Agreement to accept on behalf of the COLA Class the Assignment of the Note by the COLA Class, and to further assign the Note on behalf of the COLA Class to the Bank of Guam.



ALICIA G. LIMTIACO  
Attorney General

# CONDITIONAL ASSIGNMENTS OF TELEGUAM HOLDINGS, LLC PROMISSORY NOTE

## First Assignment

Subject to the terms set forth below, pursuant to Public Law No. 29-04 and for value received, the GOVERNMENT OF GUAM assigns all of its right, title and interest in and to that certain promissory note issued by TELEGUAM HOLDINGS, LLC in favor of the GOVERNMENT OF GUAM dated December 31, 2004, maturing on January 1, 2013, in the face amount of TEN MILLION DOLLARS (\$10,000,000.00) (the "Promissory Note") to the class of Petitioners in *Rios v. Camacho*, Superior Court of Guam Case No. SP0206-93 (the "First Assignment") in partial satisfaction of the judgment entered on November 21, 2006. The members of the class of Petitioners are set forth with more particularity in Attachment A hereto which is incorporated herein as if set forth in full. No Guam taxes shall be applicable to the Promissory Note except the Guam Territorial Income Tax. A purchaser of the Promissory Note assigned herein shall pay no government of Guam taxes on any discount of the sale price of the Note and interest earned on the Note, except the Guam Territorial Income Tax as applicable.

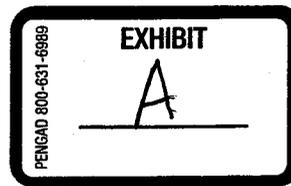
Immediately and in conjunction with the First Assignment, the Petitioners shall assign all right, title and interest in the Promissory Note to the BANK OF GUAM (the "Second Assignment"). **NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE PARTIES ACKNOWLEDGE THAT THE VALIDITY OF THE FIRST ASSIGNMENT IS CONDITIONED UPON THE EXECUTION OF THE SECOND ASSIGNMENT WITHIN TWO DAYS OF THE EXECUTION OF THE FIRST ASSIGNMENT AND THAT ANY FAILURE BY THE PETITIONERS TO CONSUMMATE THE SECOND ASSIGNMENT WITHIN THAT TIME SHALL RENDER THE FIRST ASSIGNMENT NULL, VOID AND WITHOUT EFFECT AND ALL RIGHT, TITLE AND INTEREST IN THE PROMISSORY NOTE SHALL BE RETAINED BY THE GOVERNMENT OF GUAM.**

## Second Assignment

For value received, the Petitioners in *Rios v. Camacho*, Superior Court of Guam Case No. SP0206-93, assign all of their right, title and interest in and to the Promissory Note to the BANK OF GUAM. No Guam taxes shall be applicable to the Promissory Note except the Guam Territorial Income Tax. A purchaser of the Promissory Note assigned herein shall pay no government of Guam taxes on any discount of the sale price of the Note and interest earned on the Note, except the Guam Territorial Income Tax as applicable.

[SIGNATURE PAGE FOLLOWS]

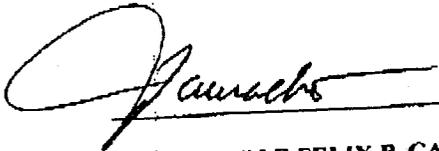
ASSIGNMENT OF Promissory Note



This "CONDITIONAL ASSIGNMENTS OF TELEGUAM HOLDINGS, LLC PROMISSORY NOTE" and the First Assignment and Second Assignment contemplated hereunder are effective as of the date of the final signature below.

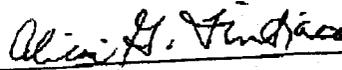
OFFICE OF THE GOVERNOR

OFFICE OF THE ATTORNEY GENERAL  
APPROVED AS TO FORM



HONORABLE FELIX P. CAMACHO  
Governor of Guam

Date 5 FEB 2008

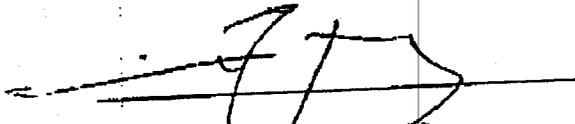


ALICIA G. LIMTIACO  
Attorney General

Date 2/29/08

ON BEHALF OF THE PETITIONERS

BANK OF GUAM



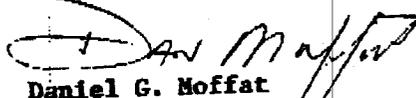
MICHAEL F. PHILLIPS, ESQ.  
COLA Class Counsel

Date \_\_\_\_\_

Date 2/29/08

SUBJECT TO THE CONDITIONS SET FORTH ABOVE, TELEGUAM HOLDINGS, LLC consents to the assignment of all right, title, and interest of the GOVERNMENT OF GUAM in and to the Promissory Note to the group denominated as the class of Petitioners who are the beneficiaries of a judgment entered on November 21, 2006 in the case of *Rios v. Camacho*, Superior Court of Guam Case No. SP0206-93, and to the assignment of all right, title and interest of such Petitioners in and to the Promissory Note to the BANK OF GUAM. The consent to assignment herein does not waive the requirement for consent to future assignments of the Promissory Note. Any future assignment of the Note shall require the written consent of Payor and Payee pursuant to the terms of the Promissory Note.

TELEGUAM HOLDINGS LLC  
624 North Marine Drive  
Tamuning, Guam 96913



Daniel G. Moffat  
AUTHORIZED REPRESENTATIVE

Date \_\_\_\_\_

ASSIGNMENT OF Promissory Note