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*Attorney General*



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*Chief Deputy Attorney General*

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## OFFICE OF THE ATTORNEY GENERAL

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February 7, 2013

Barclays Capital Inc.  
Seattle, Washington

Citigroup Global Markets Inc.  
Seattle, Washington

**Re: Government of Guam Business Privilege Tax Bonds, Series 2013C  
(AG Opinion Ref: GEDA 13-0017)**

Ladies and Gentlemen:

This letter is addressed to you as the Underwriters pursuant to Section K4(h) of the Bond Purchase Agreement, dated January 31, 2013 (the "Bond Purchase Agreement"), by and between Barclays Capital Inc., as representative of itself; and Citigroup Global Markets Inc. (together the "Underwriters"), and the Government of Guam (the "Government"), providing for the purchase of all of the Government of Guam Business Privilege Tax Bonds, Series 2013C, in the original aggregate principal amount of \$22,640,000.00 (the "2013C Bonds"), at an aggregate purchase price of \$25,368,667.14 (the "Purchase Price"), representing the principal amount of the 2013C Bonds, plus an original issue premium of \$2,957,922.80 and less an underwriters' discount of \$229,255.66. The 2013C Bonds are being issued pursuant to Section 1512.3 of Title 5 of the Guam Code Annotated (the "Bond Act, as amended") and an Indenture dated as of December 1, 2011 (the "Master Indenture"), as supplemented, including as supplemented by a Third Supplemental Indenture, dated as of January 1, 2013 (the "Third Supplemental Indenture" and, together with the Master Indenture and prior supplements, the "Indenture"), each by and among the Government, Bank of Guam as trustee (the "Trustee") and U. S. Bank National Association, as co-trustee and paying agent and registrar (the "Co-Trustee"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture.

We have reviewed the Bond Act, as amended, the Bond Purchase Agreement, the Continuing Disclosure Certificate of the Government dated the date hereof (the "Continuing Disclosure Certificate"), the Master Indenture, the Third Supplemental Indenture, the Preliminary Official Statement dated January 23, 2013 relating to the 2013C Bonds, as supplemented by a Supplement (the "POS Supplement") dated January 31, 2013 (together, the "Preliminary Official Statement"), the Official Statement dated January 31, 2013 relating to the 2013C Bonds (the "Official Statement"), the Letter of Escrow Instructions dated the date hereof from the Government to U.S. Bank National Association, as escrow agent (the "Escrow Letter"),

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certifications of the Government, the Trustee, the Co-Trustee, the Paying Agent and others, and opinions of counsel to the Trustee and to the Co-Trustee and Paying Agent, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein (such documents are collectively referred to herein as the "Documents"). We have assumed the genuineness of all signatures (other than those of the Government) on each of the Documents and signatures presented to us (whether as originals or as copies), and the due and legal execution and delivery thereof by, and validity against, any parties other than the Government. We have made no inquiries to establish or verify facts material to this opinion, but have assumed the accuracy of the factual matters represented, warranted or certified in the Documents, and of the legal conclusions contained in the opinions referred to above.

The opinions expressed in this letter are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of Guam. We call attention to the fact that the rights and obligations under the 2013C Bonds, the Indenture, the Escrow Letter and the Continuing Disclosure Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the Government. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Documents, and we express no opinion as to the availability of equitable remedies to persons seeking to enforce the obligations of the Government.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

(1) The Government is on the Closing Date an unincorporated territory of the United States of America and has full legal right, power and authority to enter into the Bond Purchase Agreement, the Escrow Letter and the Continuing Disclosure Certificate, and to perform its obligations under the Bond Purchase Agreement, the Escrow Letter, the Master Indenture, the Third Supplemental Indenture, and the Continuing Disclosure Certificate, to authorize, issue and sell the 2013C Bonds, to collect and enforce the collection of Business Privilege Tax Revenues, and to carry out and consummate all transactions required of the Government as contemplated by the Bond Purchase Agreement, the Master Indenture, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure Certificate;

(2) The Bond Purchase Agreement, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure Certificate have been duly approved and authorized by the Government and each has been duly executed and delivered, and the Bond Purchase Agreement, the

Master Indenture, the Escrow Letter and the Continuing Disclosure Certificate are each in full force and effect as of the Closing Date;

(3) The Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the Government enforceable in accordance with its terms;

(4) The execution of the Bond Purchase Agreement, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure Certificate, and the consummation of the transactions contemplated thereby and by the Master Indenture, and the compliance with the provisions thereof and of the Master Indenture, will not conflict with or constitute on the part of the Government a breach of or a default under any existing law, administrative regulation, court order or consent decree of the Government or any department, division, agency or instrumentality of the United States to which the Government is subject, or any agreement, resolution or instrument to which the Government is a party or may otherwise be subject;

(5) The pledge of Business Tax Revenues pursuant to the Bond Act, as amended, and the Indenture creates a valid first priority lien in favor of the Trustee for the benefit of the Bondholders;

(6) All approvals, consents or orders of any governmental authority, board, agency or commission having jurisdiction the obtaining of which would constitute a condition precedent to the performance by the Government of its obligations under the Bond Purchase Agreement, the Master Indenture, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure Certificate, or the 2013C Bonds and which can reasonably be obtained by the time of Closing have been obtained;

(7) Other than as disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation or proceeding, pending (with service of process having been received by the Government or otherwise known to us) or, to our knowledge, threatened (either in Guam, state or federal courts):

(a) to restrain or enjoin the execution or delivery of the 2013C Bonds or the general collection of Business Privilege Tax Revenues;

(b) in any way contesting or affecting the existence of the Government or, except as described below, the title of any official of the Government to such person's office;

(c) to restrain or to enjoin the issuance, sale or delivery of the 2013C Bonds, or the collection of revenues of the Government pledged or to be pledged to pay the principal of and interest or premium, if any, on the 2013C Bonds, or the pledge thereof; or

(d) in any way contesting or affecting the validity or enforceability of the 2013C Bonds, the Bond Purchase Agreement, the Master Indenture, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure

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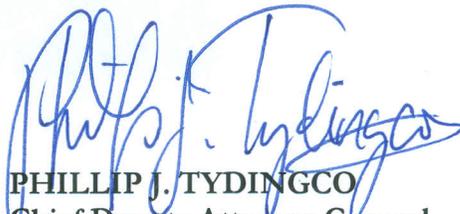
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Certificate, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Government or its authority with respect to the 2013C Bonds, the Bond Purchase Agreement, the Master Indenture, the Third Supplemental Indenture, the Escrow Letter and the Continuing Disclosure Certificate;

(8) As of the date of the Official Statement and as of the Closing Date, the statements contained in the Official Statement under the captions "INTRODUCTION," "LITIGATION" and "CONTINUING DISCLOSURE" are accurate in all material respects; and

(9) We have no reason to believe that either the Preliminary Official Statement, as of the date of the Supplement and as of the date hereof, or the Official Statement, as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial statements and other financial and statistical data included in the Preliminary Official Statement and the Official Statement and the Appendices thereto, as to which no view is expressed).

This letter is delivered to you as Underwriters of the Bonds, is solely for your benefit as such Underwriters, and is not to be used, circulated, quoted or otherwise referred to or relied upon by you for any other purpose. This letter is not intended to, and may not, be relied upon by holders of the Bonds or any other party to whom it is not specifically addressed.



**PHILLIP J. TYDINGCO**  
Chief Deputy Attorney General