

OFFERING MEMORANDUM

GUAM POWER AUTHORITY
COMMERCIAL PAPER NOTES (TAXABLE)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Note Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, (i) interest on the Notes will not be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and (ii) the Notes, when issued in accordance with the Note Indenture, will be exempt, as to principal and interest, from taxation by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. Note Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS".

The Notes offered hereby are part of an issue of Commercial Paper Notes (Taxable) which may be issued by the Guam Power Authority (the "Authority") from time to time, up to a maximum aggregate principal amount of \$20,000,000 outstanding at any one time, pursuant to the terms of the Amended and Restated Indenture, dated as of August 1, 1998 and amended as of November 1, 2004 (the "Note Indenture"), between the Authority and Bank of Guam, as trustee (the "Trustee"). The Notes will be issued in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000. DTC will act as securities depository for the Notes. Principal of and interest on the Notes are payable by Deutsche Bank Trust Company Americas, as Issuing and Paying Agent (the "Issuing and Paying Agent") directly to DTC, which is obligated to remit such principal and interest payments to DTC participants, for subsequent disbursement to beneficial owners of the Notes. Beneficial owners of the Notes will not receive physical certificates evidencing their ownership interest in the Notes. See APPENDIX D - "INFORMATION REGARDING DTC AND THE BOOK-ENTRY-ONLY SYSTEM."

The Notes are limited obligations payable solely from and secured by a pledge of Revenues (as defined in the Note Indenture), which pledge is subordinate to the pledge of Revenues securing the principal of, premium, if any, and interest on certain revenue bonds of the Authority, as described herein. See "SECURITY FOR THE NOTES". Neither the Government of Guam (the "Government") nor any political subdivision thereof is obligated to pay the principal of or interest on the Notes, and neither the Authority, the Government nor any political subdivision thereof has pledged its faith or credit to the payment of the principal of or interest on the Notes.

The Authority will enter into a Credit Agreement with Cathay Bank (the "Bank"), pursuant to which the Bank will make available a Line of Credit on which the Issuing and Paying Agent, as agent for the Authority, may draw, subject to certain conditions, for the payment when due of principal of and interest on the Notes in the event that Revenues on deposit with the Trustee and other available moneys are insufficient to make such payments. See "THE CREDIT AGREEMENT".



The Federal Home Loan Bank of San Francisco (the "Standby Credit Bank") will provide a confirming credit facility (the "Confirming Credit Facility") on which the Issuing and Paying Agent may draw, subject to certain conditions, for the payment when due of principal of and interest on the Notes in the event that the Bank does not make a required advance under the Line of Credit. See "THE CONFIRMING CREDIT FACILITY".

The payment of the principal of and interest on the Notes when due will be insured by a municipal bond insurance policy issued by Ambac Assurance Corporation. See "THE INSURANCE POLICY".

Ambac

Prospective purchasers of the Notes should conduct their own diligence, review and analysis before making an investment decision.

GOLDMAN, SACHS & CO.

November 4, 2004