



CHAIRMAN'S MESSAGE

The Export-Import Bank of the United States is at the threshold of its 70th anniversary, and it is an exciting time. Today's global trade environment is both complex and challenging, yet enormously promising. Today's Ex-Im Bank operates to help U.S. companies remain competitive and successful in the global economy. The private sector has the means and the expertise to finance exports to mature markets, but government support can be crucial to opening and expanding riskier developing markets. That is where Ex-Im Bank comes in.

Supporting U.S. Jobs

Ex-Im Bank is in the business of helping U.S. companies to create and sustain American jobs by supporting their exports to developing markets. Ex-Im Bank fills a critical trade finance gap by providing loan guarantees, export credit insurance and direct loans for U.S. exports in markets where commercial bank financing is unavailable or insufficient.

We also level the playing field to keep U.S. companies competitive in global markets by matching the government support provided to foreign competitors. In fiscal year 2003, we supported more than \$14 billion of U.S. exports worldwide.

We have three basic criteria: 1) to promote U.S. employment; 2) to complement, but not compete with, private sector sources of trade financing; and 3) to have a reasonable assurance of repayment for every transaction.

Although Ex-Im Bank is active in more than 80 countries and open for business in 70 others, the U.S. government's Trade Promotion Coordinating Committee has targeted for early project development certain strategic markets – China, Russia, Mexico, Brazil, Turkey and South Africa. These markets offer some of the greatest opportunities for U.S. exporters. However, Ex-Im Bank stands ready to finance any transaction that we consider to be creditworthy virtually anywhere in the world.

Key Priorities

Everything that we are doing, we aim to do better. We are focusing on three key priorities: putting our customers first, improving our cycle time, and expanding our support for new knowledge-based and services sectors of the economy.

Putting Customers First – President Bush has set forth three guiding principles for government – namely, that it should be citizen-centered, results-oriented and market-driven. For Ex-Im Bank, putting customers first means ensuring that every customer receives quick answers and clear responses. Relationship managers have been assigned to assist customers that do a high volume of business through Ex-Im Bank in order to ensure consistent processing.

Our Web site is now easier to use, with improved access to information, applications and contacts at Ex-Im Bank.

Improving Cycle Time – Ex-Im Bank is particularly focused on improving our transaction processing (cycle) time in order to help our customers offer timely financing to their buyers. As any exporter knows, timeliness can mean everything when you are competing for international sales.

To improve cycle time, Ex-Im Bank is simplifying applications, including applications for our financing products that most benefit small business exporters. We are also modernizing other systems and procedures.

Expanding Support for Knowledge-based and Services Exports – At Ex-Im Bank, we are keenly aware of the importance of expanding our support for new knowledge-based, high technology and services industries. We are working with exporter and financial groups to determine how we can best increase export financing for these industries.

In each of the past eight years, we have supported between \$1 billion and \$2 billion per year of U.S. services and high-tech exports. These exports were mainly large satellite and other telecommunications projects, but we anticipate that exports of information technology, engineering and other services will require an increasing amount of our support in the future.

Initiatives in FY 2003

In fiscal year 2003, Ex-Im Bank implemented a number of initiatives to increase support for small business and high-tech industries, as well as for our core customers in manufacturing industries. We made progress in international negotiations to achieve common environmental approaches. We also worked to help U.S. exporters realize potential opportunities in the reconstruction of Iraq.

Iraq – There are three pillars to the successful reconstruction of Iraq – physical security, political stability and economic growth. In order to assist in fostering physical security and political stability in Iraq, we must help the Iraqis to realize their wealth more quickly. Ex-Im Bank is seeking ways to help increase trade financing flows to Iraq.

We have already launched a \$500 million trade facility with the new Trade Bank of Iraq. Under this program, we will insure letters of credit issued through the Trade Bank for up to one year for U.S. exports that contribute to Iraq's reconstruction. These Iraqi imports will be funded through the Development Fund for Iraq by current Iraqi oil export revenues.

Fast Track Working Capital Guarantee Processing – To help small and medium-sized U.S. businesses obtain larger working capital loans in less time, we have approved a new "Fast Track" application processing system. Experienced asset-based lenders will be able to provide up to \$25 million per borrower in Ex-Im Bank-guaranteed working capital loans under this expedited processing system. By working through some of our most experienced lenders, we are also leveraging our resources to provide better service to U.S. exporters.

Transportation Security Exports Program – Security technologies and services are another dimension of the new economy and vitally important for trade. In FY 2003, we launched the Transportation Security Exports Program to provide enhanced financing for U.S. exports that serve a wide variety of security-related functions, including screening and identification of cargo, baggage and passengers; data collection and analysis; and communications.

Cape Town Convention Offer – Ex-Im Bank is working with other countries and international organizations to promote the Cape Town Convention, an international treaty to facilitate cross-border, asset-based financing of large commercial aircraft, helicopters and related equipment. As



an incentive to encourage other countries to sign and ratify this treaty, in FY 2003 we began offering a reduced exposure fee to any airline in a country that has signed and ratified the treaty, and passed implementing legislation.

OECD Common Environmental Approaches – By the end of fiscal year 2003, the U.S. government and all of its counterpart members of the Organization for Economic Cooperation and Development (OECD) had agreed on common approaches for evaluating environmental impacts of projects financed by export credit agencies. Major progress was made on two important issues, standards and transparency.

This agreement is a victory for cooperation among OECD nations, a victory for the environment, and a victory for U.S. exporters, who will now have a more level playing field on which to compete for international projects.

Meeting the Challenges

I would like to emphasize that Ex-Im Bank is committed to meeting the challenges of today's economy and to anticipating the export opportunities and obstacles that U.S. companies will have in the future.

Ex-Im Bank has a dedicated, professional staff providing service to U.S. companies and excellent value to U.S. taxpayers. I am proud to be associated with this team, and my fellow board members and I are committed to helping this institution serve our customers even better.

At Ex-Im Bank, we intend to keep putting the customer first, reducing the cost and time of doing business with us, and supporting the knowledge and service-based U.S. economy of the 21st century, while continuing our strong support for America's manufacturing sector. With these priorities, Ex-Im Bank will continue to help strengthen the U.S. economy and sustain U.S. jobs for years to come.

Sincerely,

Philip Merrill
President and Chairman



Ex-Im Bank Board of Directors, FY 2003

From left: Philip Merrill, *president and chairman*; April H. Foley and J. Joseph Grandmaison, *board members*.



Ex-Im Bank Senior Management, FY 2003

From left, seated: James H. Lambright, *executive vice president*; Philip Merrill, *president and chairman*; Peter Saba, *chief operating officer, senior vice president, Legal Affairs, and general counsel*.

From left, standing: Lorrie A. Secrest, *senior vice president, Communications*; James K. Hess, *senior vice president and chief financial officer*; John A. McAdams, *senior vice president, Credit and Risk Management*; James C. Cruse, *senior vice president, Policy*; Jeffrey L. Miller, *senior vice president, Export Finance*; and Michael Cushing, *senior vice president, Resource Management*.