

ENVIRONMENTAL EXPORTS PROGRAM




EXPORT-IMPORT BANK
of the UNITED STATES



The mission of the Export-Import Bank of the United States

(Ex-Im Bank) is to support the financing of U.S. goods and services, turning export opportunities into real transactions and creating more U.S. jobs. As an independent U.S. government agency, we assume credit and country risks the private sector is unable or unwilling to accept. Ex-Im Bank products help guarantee payments, provide crucial buyer financing and offer working capital loan guarantees to meet international sales orders. Our products fill financing gaps, allowing U.S. exporters to break into new markets and increase their export sales. These export sales create jobs in the United States and contribute to a stronger economy.



“Economic growth is key to environmental progress because it is growth that provides the resources for investment in clean technologies ... and it will make possible a new partnership with the developing world to meet our common environmental and economic goals.”

President George W. Bush

Financing U.S. Environmental Exports



EX-IM BANK ESTABLISHED THE ENVIRONMENTAL EXPORTS PROGRAM to increase support of environmentally beneficial goods and services exports. Since the inception of the Environmental Exports Program in 1994, Ex-Im Bank's environmental transactions have grown significantly, with a total portfolio well in excess of \$2 billion, allowing U.S. environmental companies to compete in promising emerging markets. Ex-Im Bank's financing helps mitigate risk for U.S. environmental companies and also offers competitive financing terms to international buyers for the purchase of U.S. environmental goods and services.

Ex-Im Bank continues to work with the U.S. environmental industry, with an active portfolio that includes transactions financing U.S. exports of renewable energy equipment, wastewater treatment projects, air pollution technologies, waste management services, and many other goods and services. Ex-Im Bank support for U.S. environmental companies ultimately fuels U.S. job creation and the innovative research and development that helps the U.S. environmental industry remain at the forefront worldwide.



Ex-Im Bank's Environmental Exports Program Enables Your Business To Grow

Maximum Allowable Repayment Terms up to 15-Years for Renewable Energy, Water Supply and Sanitation Projects

Ex-Im Bank's Environmental Exports Program now offers up to 15-year repayment terms* for U.S. exports of goods and services in most renewable energy sectors and projects related to the supply of water for human use, wastewater treatment and hydroelectric power projects. Other environmentally beneficial projects and exports are eligible for repayment terms up to 10 years. Ex-Im Bank also offers local cost coverage and will cover interest during construction. These extended terms can significantly improve the economics of environmental exports transactions and facilitate more export sales, which in turn benefits U.S. manufacturers and service providers in these industries.

Risk Sharing

Ex-Im Bank helps U.S. companies specializing in environmental technologies and services to reach buyers worldwide. Increasing global focus on sustainable development and rising environmental standards are creating new markets for these technologies. Certain markets carry greater risk. Whether it be a geothermal plant in the Philippines or a water purification system in the Ukraine, consider Ex-Im Bank a dependable partner in sharing that risk.

Ex-Im Bank's Environmental Exports Team

Ex-Im Bank has put in place people and procedures to implement the Environmental Exports Program. All major divisions within Ex-Im Bank are represented in the Environmental Export Team. These individuals possess specific knowledge in environmental industries, facilitating the processing of environmental transactions through the Bank. Ex-Im Bank's Director of Environmental Exports Business Development works directly with environmental exporters, banks and borrowers, while supporting and monitoring environmental deals after they are submitted.

Ex-Im Bank Support for U.S. Environmental Small Businesses

Ex-Im Bank is dedicated to supporting U.S. small businesses. Approximately 80 percent of U.S. environmental companies are small and medium-sized businesses. These environmental small businesses drive the industry's growth. Ex-Im Bank's Environmental Exports Program allows small businesses to access competitive working capital financing and offer "open account" terms to international buyers — opportunities that help small businesses expand into new markets. Ex-Im Bank annually recognizes leading environmental businesses with an award honoring the "U.S. Environmental Small Business of the Year."

*Renewable energy and water project exports will be eligible for repayment terms of up to 15 years under an Organization for Economic Cooperation and Development (OECD) agreement effective on July 1, 2005, and for a trial period of two years.

Ex-Im Bank Products for U.S. Environmental Exports

Pre-Export Financing

Working Capital Loan Guarantees: Lack of working capital is one of the greatest barriers facing U.S. small business trying to produce goods or provide services for export. Despite their creditworthiness, these exporters sometimes find their local bank is reluctant to make working capital financing available to them.

Ex-Im Bank's working capital guarantee enables commercial lenders* to make working capital loans to U.S. environmental exporters for various export-related activities by substantially reducing the risks associated with these loans. The exporter may use the funds to purchase raw materials and finished goods for export; to pay for materials, labor and overhead to produce goods for export; and to cover stand-by letters of credit, bid and performance bonds.

Short- and Medium-Term Financing

Export Credit Insurance: The ability to offer credit terms or financing is often the most critical element in competing for and winning export sales. Increasingly, international buyers expect the U.S. supplier to offer unsecured credit terms such as "open account" rather than demand payment by letter of credit or cash in advance. U.S. environmental exporters can offer better

terms and compete more effectively when backed by Ex-Im Bank financing.

Ex-Im Bank's export credit insurance policies protect the U.S. exporter against both the political and commercial risks of a foreign buyer defaulting on payment, allowing them to comfortably extend credit to the buyer. Policies for single or multiple buyers may be obtained for single or repetitive export sales and for leases.

Short-term policies (up to 180 days) under the Environmental Exports Program generally cover 100 percent of the principal for political risks and 95 percent for the commercial risks, as well as a specified amount of interest. Medium-term policies (one to five years) are also available and cover 100 percent of political and commercial risks.

The Ex-Im Bank insurance policy encourages the U.S. supplier to extend "open account" terms to the customer by providing security of repayment regardless of the political or commercial uncertainty in the country of the buyer. The insurance policy also allows the supplier to discount this "receivable" with their local bank.

*Please visit our Web site for a list of Ex-Im Bank delegated authority lenders that can commit our working capital loan guarantee at the time the loan is processed.

POWERLIGHT CORPORATION BERKELEY, CALIFORNIA



PowerLight Corporation, a small business manufacturer and supplier of large-scale solar electric systems, recently used a \$5 million working capital line of credit guaranteed by Ex-Im Bank to cover a performance bond to export its innovative solar tracking technology to Bavaria Solarpark, the world's largest solar photovoltaic project in Bavaria, Germany. Powerlight obtained Ex-Im Bank's working capital financing through an Ex-Im Bank guaranteed lender, Union Bank of California, to help meet strong demand in the worldwide solar market.

"Ex-Im Bank's working capital guarantee was instrumental in helping PowerLight get the project properly financed for a successful operation. We were able to obtain better terms from our lender

with Ex-Im Bank's guarantee," said PowerLight's Chief Financial Officer Jani Janakiraman. "Additionally, Union Bank's expertise with Ex-Im Bank's working capital guarantee program produced a competitive solution to a complex export transaction within the project completion schedule."

SOUTHWEST WINDPOWER FLAGSTAFF, ARIZONA



Southwest Windpower Inc. is a small business manufacturer of battery-charging wind-powered generators in Flagstaff, Ariz.

Southwest Windpower has used Ex-Im Bank's environmental export credit insurance since 1996 to sell its products to small foreign distributors in developing markets, including Brazil, Turkey, India and South Africa, among others. Ex-Im Bank's insurance enables the company to offer its foreign buyers open account terms, which enable buyers to place larger orders.

In the past 16 years, the company has produced more than 60,000 wind generators to produce electricity on telecommunications towers, remote homes and schools, off-shore platforms, and a variety of other applications.

"The results have been tremendous," Andrew Kruse, vice president of Southwest Windpower, said. "More than 50 percent of our revenues came from export sales. Our products are sold in more than 50 countries. Ex-Im Bank is a strategic partner in expanding our export sales."

Medium- and Long-Term Financing

Access to financing for international buyers of U.S. goods and services often determines a sale order for a U.S. supplier. Even creditworthy buyers can find it difficult to obtain credit through traditional financing sources. Ex-Im Bank's Environmental Exports Program allows international buyers to purchase U.S. environmental goods and services at attractive terms and competitive rates.

Loan Guarantees

Ex-Im Bank's loan guarantees help private and public sector international buyers obtain competitive financing for the purchase of U.S. goods and services. Guarantees cover 100 percent of principal and accrued interest against both political and commercial risks of nonpayment. With an Ex-Im Bank loan guarantee, the interest rate provided by the private lender is typically more affordable to the buyer.

The total level of Ex-Im Bank support is generally 85 percent of the value of all eligible goods and services in the U.S. supply contract. Ex-Im Bank requires the

buyer to make a cash payment to the exporter equal to at least 15 percent of the U.S. supply contract. The 15 percent cash payment can be borrowed either from the lender or the exporter at market terms or can be from the buyer's own funds.

To qualify for Ex-Im Bank's financing, borrowers must meet certain credit standards, depending on the size of the transaction, the nature of the buyer, and the useful life and end use of the goods and services being financed. If a buyer does not meet these standards, guarantors and other credit enhancements may be used to qualify.

Ex-Im Bank's Environmental Exports Program offers the following enhanced terms and conditions for the purchase of qualified U.S. environmental goods and services:

- **Maximum allowable repayment terms permissible under the OECD guidelines**
- **Capitalization of interest during construction**
- **Local cost coverage equal to 15 percent of the U.S. contract price**

Project and Structured Finance

Environmental Projects

Limited recourse project and structured financing are two options for environmental projects when traditional sources of repayment are unavailable or insufficient. Although more complicated than ordinary corporate credits, these financing structures may allow some small or recently established companies to finance export purchases that are larger than their financial statements would normally support. Ex-Im Bank can respond flexibly and effectively to these challenges to make environmental deals happen.

Limited Recourse Project Finance

In limited recourse project finance, repayment is assured through the project's future cash flows and highly structured financial and security arrangements. While the complexity of project finance can give rise to advisory and other transaction costs that are too great for small deals, Ex-Im Bank can minimize these costs. For projects of less than \$30 million, Ex-Im Bank foregoes the retention of financial advisors and can work creatively to manage transaction costs on small deals. For example, an Ex-Im Bank loan provided all the debt for the Ormat Leyte Geothermal Project in the Philippines. While the Project's total cost of \$68 million was significantly less than that of Ex-Im Bank's average project finance transaction, Ex-Im Bank succeeded in minimizing, to the extent practical, the cost and time needed to close the transaction.

Structured Finance

Another solution is structured finance. A hybrid of corporate and project finance, structured finance involves recourse to a company's balance sheet as in corporate finance and certain special credit enhancement features used in project finance such as special purpose accounts, loan covenants, collateral security, insurance requirements and letters of credit. By tailoring the use of potentially complicated features of project finance to just what is needed for a particular deal, the time to close and transaction costs are a fraction of those of limited recourse finance.

Ex-Im Bank's staff officers will work diligently to find the right solution for each transaction.



ORMAT LEYTE GEOTHERMAL PLANT, LEYTE, PHILIPPINES - ORMAT TECHNOLOGIES INC.



Broad Range of Eligible Exports

A broad range of export transactions are eligible to take advantage of the benefits of Ex-Im Bank's Environmental Exports Program, including goods and services exports to be used in environmentally beneficial projects, including:

- Air, water and soil pollution cleanup
- Ecology or forestry management
- Renewable or alternative energy projects, including photovoltaic, wind, hybrid, biomass, fuel cells, waste-to-energy, hydroelectric, coal gasification and geothermal
- Projects specifically undertaken to bring existing plants or facilities into conformity with current local and/or Ex-Im Bank environmental guidelines
- Wastewater, sewage or waste treatment projects
- Toxic waste or substance-cleanup projects
- Drinking-water treatment facilities

The following types of U.S. exports are generally considered eligible:

- Instruments to measure or monitor air or water quality
- Emission or effluent pollution control equipment
- Equipment for waste collection and disposal systems
- Services to upgrade environmental regulations
- Environmental assessments, ecological studies, environmental engineering and training services
- Ecological monitoring equipment
- Hazardous and toxic material handling devices
- Water purification devices and wastewater treatment systems
- Certain energy efficiency enhancement devices and services to improve energy efficiency

How to Apply for Ex-Im Bank Financing



Ex-Im Bank not only can satisfy your particular business needs but also can simplify the process to make export opportunities happen. Numerous public and private sector finance professionals are very familiar with Ex-Im Bank products and play a major role in facilitating transactions independently and in conjunction with Ex-Im Bank. These partners, lenders and insurance brokers can handle the details and help to process your transactions more quickly.

For U.S. Exporters

Ex-Im Bank has a nationwide network of trade finance specialists to guide you through the application process and answer your questions professionally and quickly. These specialists include Ex-Im Bank business development officers (call 800 or 202.565.3946 and press 2 to reach a specialist in your region) and many product-trained partners, including those working at the city and state level as well as trade-finance lenders and export-credit-insurance brokers (see the “Partners” section of www.exim.gov).

For International Buyers

Ex-Im Bank has trained and approved lenders worldwide to assist you in applying for our medium- and long-term products (see the “Lenders” subsection of the “Partners” section of www.exim.gov).

Application

The Letter of Interest (LI) or the Final Commitment (AP) Application/Preliminary Commitment (PC) application can be used to apply for medium- and long-term guarantees and loans. Before applying, the exporter must be facing competition supported by foreign export credit agencies or be unable to obtain financing from the private sector in the amount and/or on terms adequate to win the export sale. In most cases, either the LI or AP will be appropriate.

Letter of Interest (LI)

If the contract has not been awarded, then a lender, an exporter, or an international borrower may request a nonbinding letter of interest (LI) containing Ex-Im Bank terms for the specific transaction. The LI is processed within seven working days, is valid for six months and can be renewed.

Final Commitment (AP)

If the contract has been awarded and there is a lender ready to finance the transaction with Ex-Im Bank’s support, an application for a final commitment (AP) may be submitted.

Preliminary Commitment (PC)

If the contract has not yet been awarded, Ex-Im Bank may provide a preliminary commitment (PC) to fulfill borrowers needs and present required information to the applicant for the competitive bidding process.

Applications and appropriate forms can be found at www.exim.gov. Be sure to check the box on your application for environmental exports benefits.



“Ex-Im Bank financing helps U.S. environmental companies compete in promising, emerging markets. Our financing solutions support high-quality jobs in the U.S. while enabling international buyers to partner with U.S. companies to address global environmental needs.”

Linda Mysliwy Conlin
Member of the Board of Directors
Export-Import Bank of the United States



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Wind turbine cover photo courtesy
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WHEN THE U.S. EXPORTS
AMERICA WORKS

EXPORT-IMPORT BANK *of the* UNITED STATES