

To: Board of Directors
Export Import Bank of the United States

From: John Richter, Chairman, Small Business Committee

CC: Distribution

Date: January 30, 2009

Re: Report on Small Business Activities Fiscal Year 2008

SUMMARY

This report summarizes measurable outcomes and metrics of the Bank's various small business mandates for the fiscal year ending 2008. This report is not intended to advocate any opinion, provide judgment upon, or present an organizational view as to the success of meeting the various small business legislative mandates. The 2009-2011 Small Business Strategic Plan (adopted in June 2008) serves as the Bank's framework for its vision for the support of small business exporters. It provides a basis for detailed planning, sets future benchmarks, performance monitoring, and future reporting.

Throughout Fiscal Year 2008, Ex-Im Bank continued to effectively change its culture to strengthen the relationship with Small Business Exporters, our largest group of customers. This heightened focus on Small Business Exporter needs made it possible for the Bank to better ensure that they are more aware of Ex-Im Bank's range of products and services, along with the benefits of each. However, the Bank must improve "turnaround" time, and clearly articulate its credit standards to small business.

America's Small Business Exporters have more international opportunities than ever before, yet they are also face intensifying international competition. Small Business Exporters are smart, hardworking and tough, but they need all the capacity for trade financing and trade services that Ex-Im Bank and the private sector can jointly make available.

REQUIREMENTS

The Export-Import Bank Charter calls for the establishment of a management committee to be known as the Small Business Committee. 12 U.S.C.A. §635a(h). The duties of this Committee, set forth in 12 U.S.C.A. §635a(h)(2)(B), are to be determined by the President of the Bank and include the following:

(1)

(a) assisting in the development of the Bank's small business strategic plans, including the Bank's plans for carrying out section 2(b)(1)(E)(v) and (x) of the Charter, and measuring and reporting in writing the Bank's progress in achieving the goals set forth in the plans.

The Small Business Committee is pleased to report that the Bank authorized \$3.2 billion, or more than 22% of total authorizations, in direct support of U.S. small businesses as primary exporters in FY 2008. This surpasses its Congressional mandate of 20%. In all, the Bank approved 2,328 small business transactions, a figure which represents 86% of the total number of transactions authorized. The Bank also authorized \$465.8 million to support exports by U.S. businesses known to be minority or woman-owned.* An additional consideration is that the Bank estimates the value of the indirect small business content in the Bank's long-term loan and guarantee authorizations during FY 2008 at more than \$1.1 billion out of a total estimated export value of \$9.9 billion. This represents more than 11% of the total estimated export value of the Bank's long-term financings.

A year-to-year comparison shows a slight decline in number of transactions from FY 2007, from 2,390 to 2,328, or -2.6%. In dollar terms, the small business value went from \$3.4 to \$3.2 billion, or -5.9% (see charts in Attachment A). In addition to the obvious market liquidity issues, competitive intelligence indicates that the primary drivers of the change were private sector displacement in core Bank products, and domestic content requirements in an era of global supply chain procurement.

As a point of reference, U.S. Small Business Administration (SBA) metrics over the same period show more than 110,000 loans approved in 2007, followed by a nearly 30% drop in 2008 and a dollar value decline of 13%. SBA Acting Administrator, Sandy K. Baruah, explained the decrease in the following way, "A perfect storm of tightened credit by commercial lenders, declining creditworthiness, and reduced demand for loans from small business borrowers uncertain about the future has led to a substantial decline in the number of small business loans guaranteed by the U.S. Small Business Administration during FY 2008."

(b) evaluating and reporting in writing to the President of the Bank, at least once a year, with respect to:

(i) the performance of each operating Division of the Bank in serving small business concerns:

* On each application, Ex-Im Bank asks if a business is Woman or Minority owned, but, by law cannot require the information.

(2)

Since the legislative requirement was introduced in 2006, Small Business has refined its strategic planning process considerably. The Small Business Committee (SBC) convenes monthly, with good attendance and participation. The SBC recently completed its 2009-2011 strategic plan. Consistent with previous plans, the operating divisions responsible for implementing the small business mandate have worked diligently to improve and expand the Bank's relationship with U.S. small business exporters, including woman and minority-owned enterprises and those in rural markets. The attached memoranda from each of the responsible divisions illustrate the individual efforts of those divisions and the Bank as a whole (ATTACHMENTS 1-10).

(ii) the impact of processing and underwriting standards on transactions involving direct exports by small business concerns:

In an effort to lessen the administrative burden on small business exporters, functional divisions at the Bank continuously streamline internal systems and processes. For example, in FY08 the Bank automated a number of functions and introduced a new delegated authority program for its medium-term guarantee product. The program is designed to reduce transaction turnaround time and provide additional support for U.S. small-business exports. Ex-Im Bank continues to strive to improve processing time, and, each of the reporting Divisions are acutely aware of this issue, and, its importance to our Small Business Success.

Of course, the current financial crisis has had a significant effect on the small business community and has created a major challenge for small business exporters seeking credit. The Bank has historically extended support to small business during such times of economic crisis and has recently continued with this policy by 1) relaxing requirements for the working capital product, 2) reducing premium rates on short-term insurance and 3) establishing a credit insurance facility for major Korean banks to enable the absorption of U.S. exports.

(iii) the adequacy of staffing and resources of the Small Business Division:

Staffing and resources in the Small Business Division are critical to the Bank's ability to achieve the goals set out in the small business strategic plan. The sales force expands authorizations by marketing core products directly to small business exporters (retail sales). This makes it very much a numbers game.

In FY 2008, the Small Business Division participated in 255 seminars, conferences, focus groups, and trade shows throughout the country and communicated with over 4,000 individual businesses.

(3)

The existing headquarters staff, which includes minority and woman-owned business and trade association outreach (newly created in FY08), operates in the wholesale business development sphere. Outreach efforts are directed towards chambers of commerce and other organizations that serve women and minority entrepreneurs. Similarly, Association Outreach encompasses liaison to industry associations so that the Bank can educate the small business community through their associations. The goal is to foster relationships with the top associations identified as having a good quality nucleus of small business exporters. In both cases, staff refer individual small business exporters with specific transactions to regional offices, or, Bank multipliers, including brokers, lenders, city/state partners and other USG agencies, for subsequent follow-up (wholesale agents).

As stated, significant emphasis is placed on events attended by small business exporters, as well as minority, rural, and woman-owned enterprises. In fact, last year Domestic Business Development participated in 92 events where the audience was primarily made up of minority or woman-owned companies. The full compliment of FTEs in the Small Business Division is in place at this time, and, replacement, when necessary, is a top priority.

Briefly, looking to the future, it is our intention to (1) revitalize and encourage the multipliers, and (2) improve and expand the retail domestic sales force.

(c) establishing criteria for evaluating the performance of staff designated by the President of the Bank as Small Business Specialists, under section 3(g)(1) of the Charter.

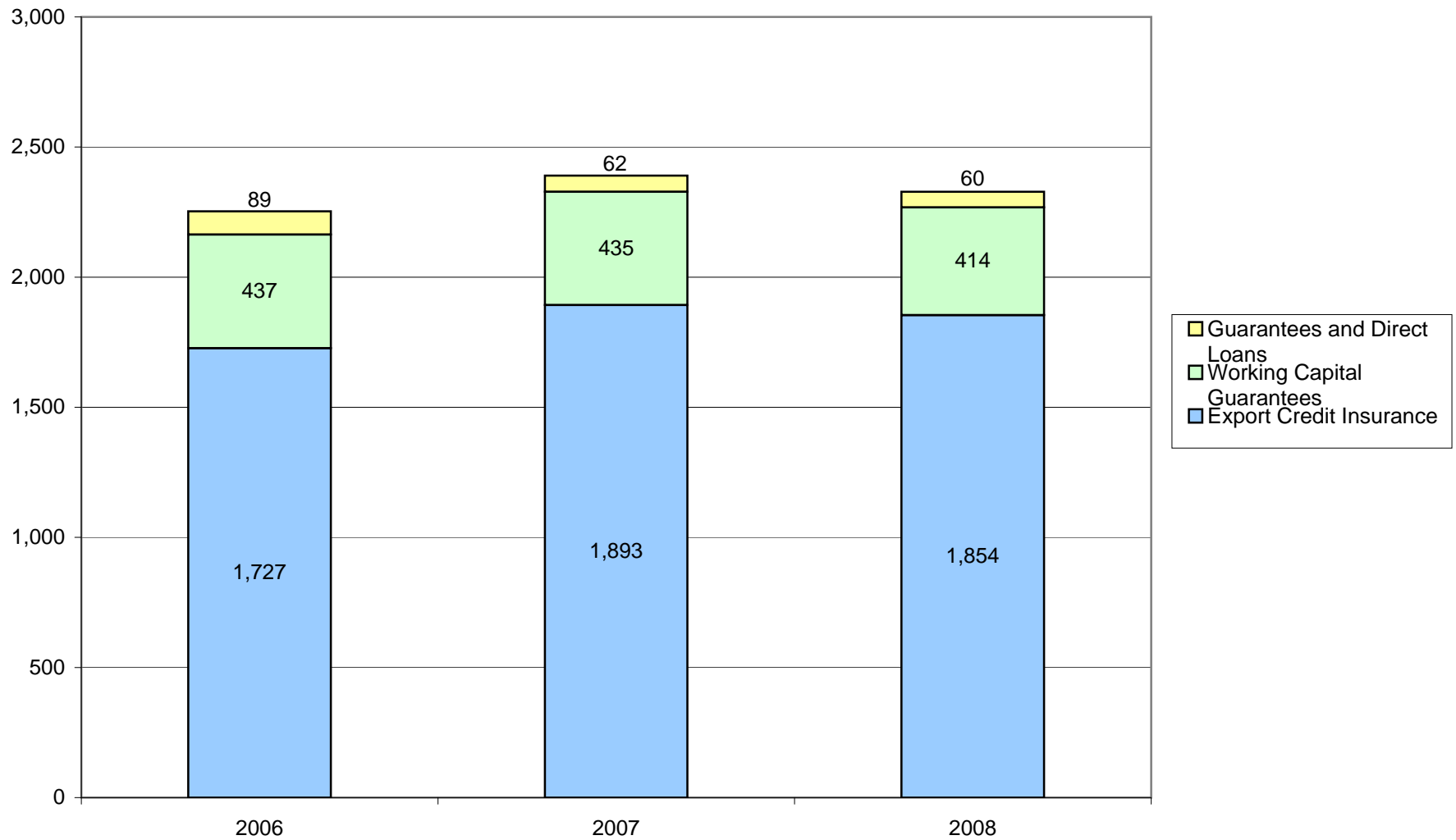
The Bank implemented the annual review of the Small Business specialists prior to the 2007 review cycle. The SVP of Small Business retains a staff log and documents material contributions and other personnel actions on Small Business Specialist staff as seen fit. In consultation with the divisional staff's supervisor, the SVP also provides input.

(d) coordinating the provision of services with other United States Government departments and agencies to small business concerns.

Cooperation and teamwork among the U.S. Department of Commerce (DOC), the Small Business Administration's Office of International Trade and the Bank is very important. Frequently, DOC and the Bank jointly call on prospective small business exporters and work together at International Buyer Program Trade Shows. SBA, DOC and Bank staff also complete Trade Promotion Coordinating Committee training and attend meetings to discuss interagency strategy. The Small Business Division is also working closely with the Small Business Exporters Association, and other organizations supporting small business exports.

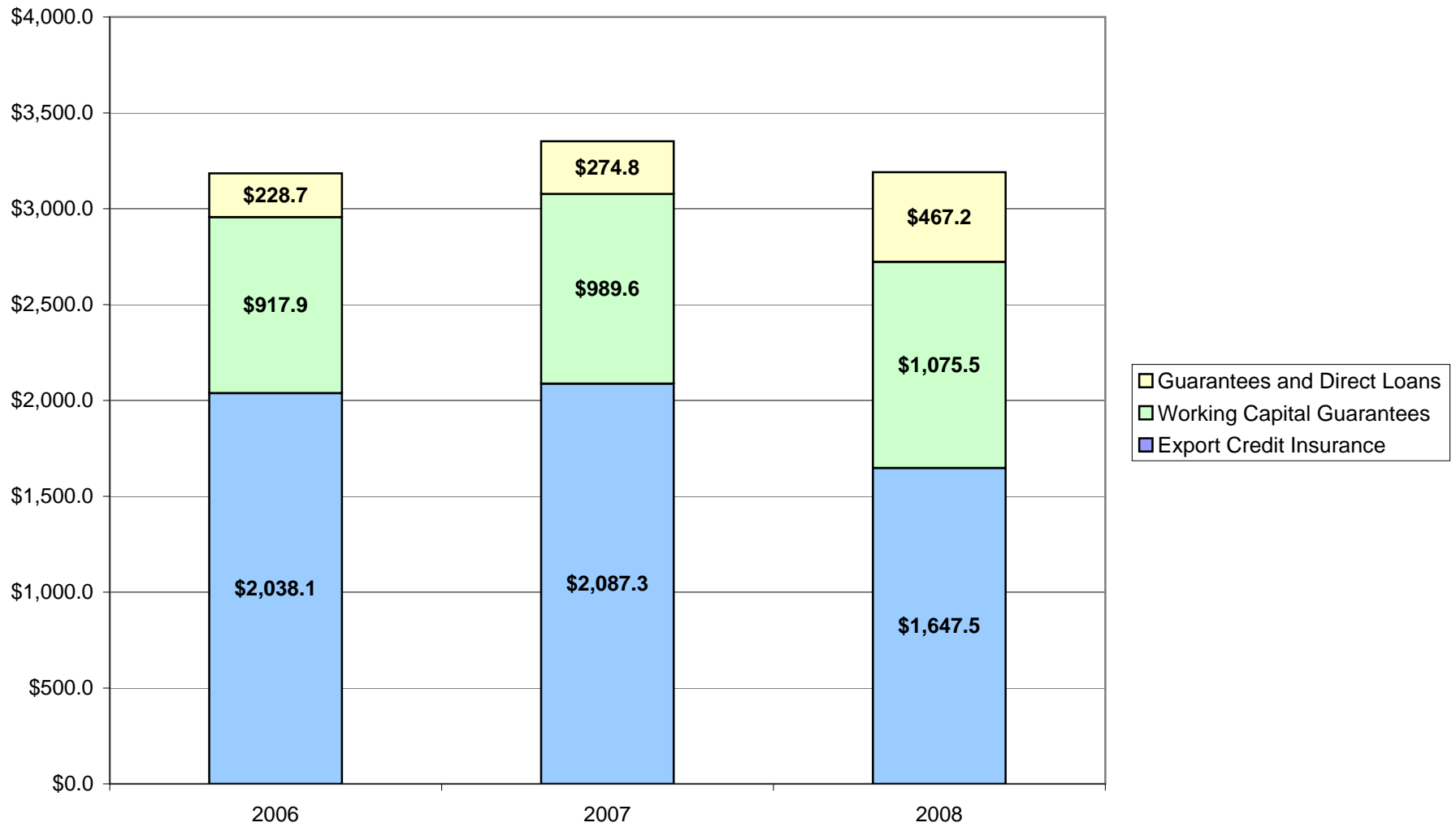
While not required in this report, a brief view of FY09 goals by Division is available on each of the ATTACHMENTS.

Attachment A: Total Number of Small Business Transactions



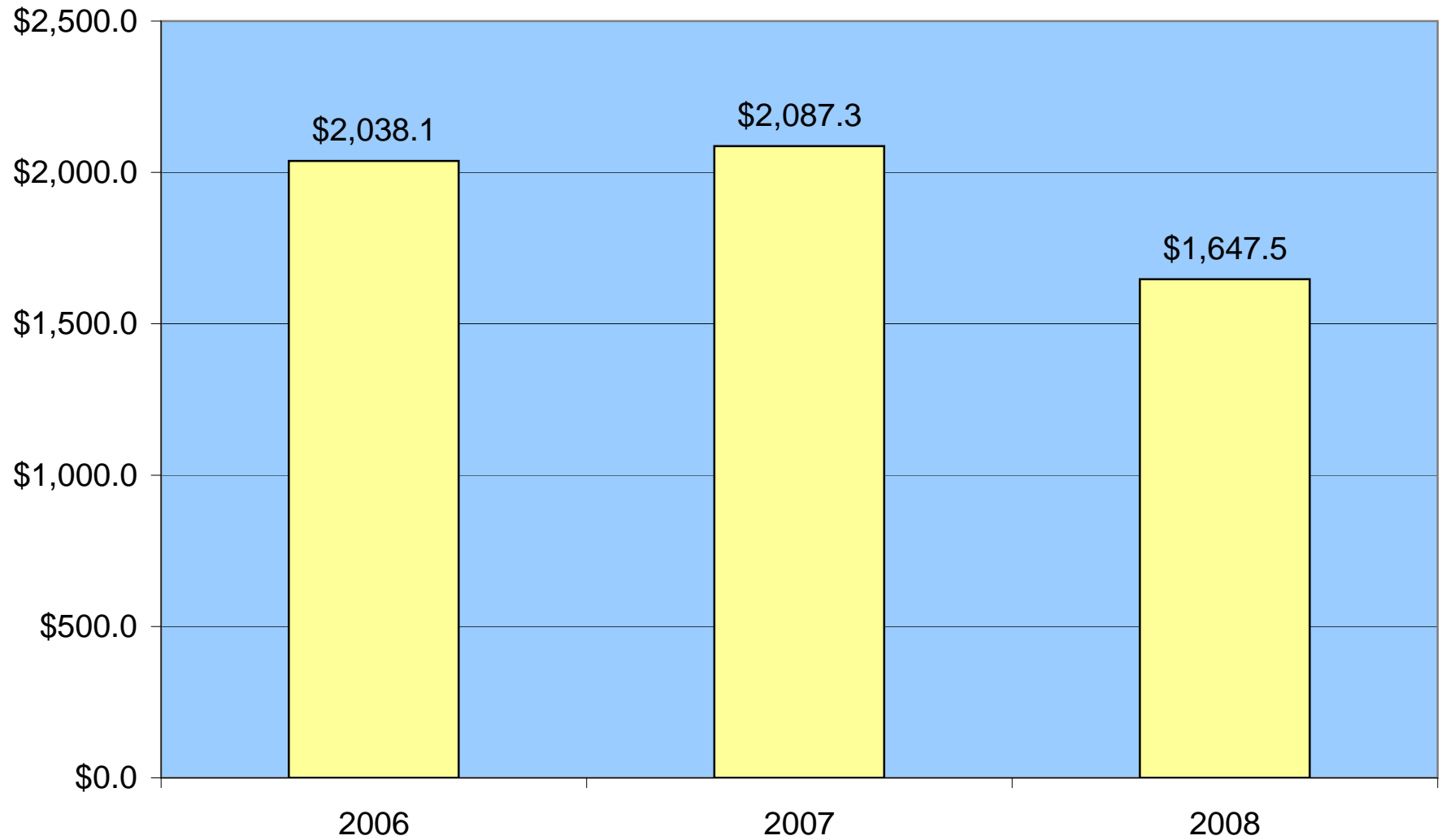
Source: Ex-Im Bank Operations Division 12/15/08

Attachment A: Amount of Small Business Transactions (in millions)

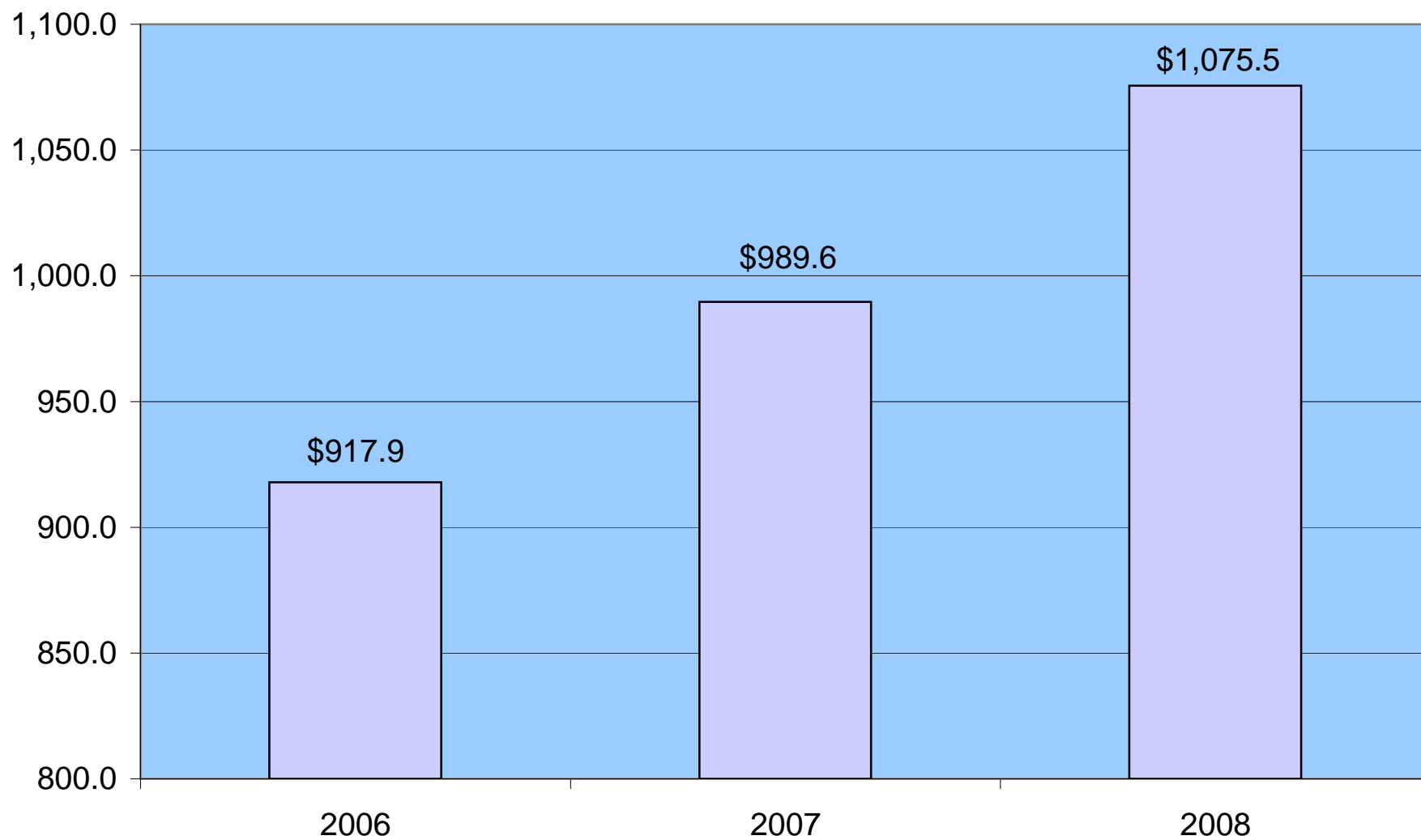


Source: Ex-Im Bank Operations Division 12/15/08

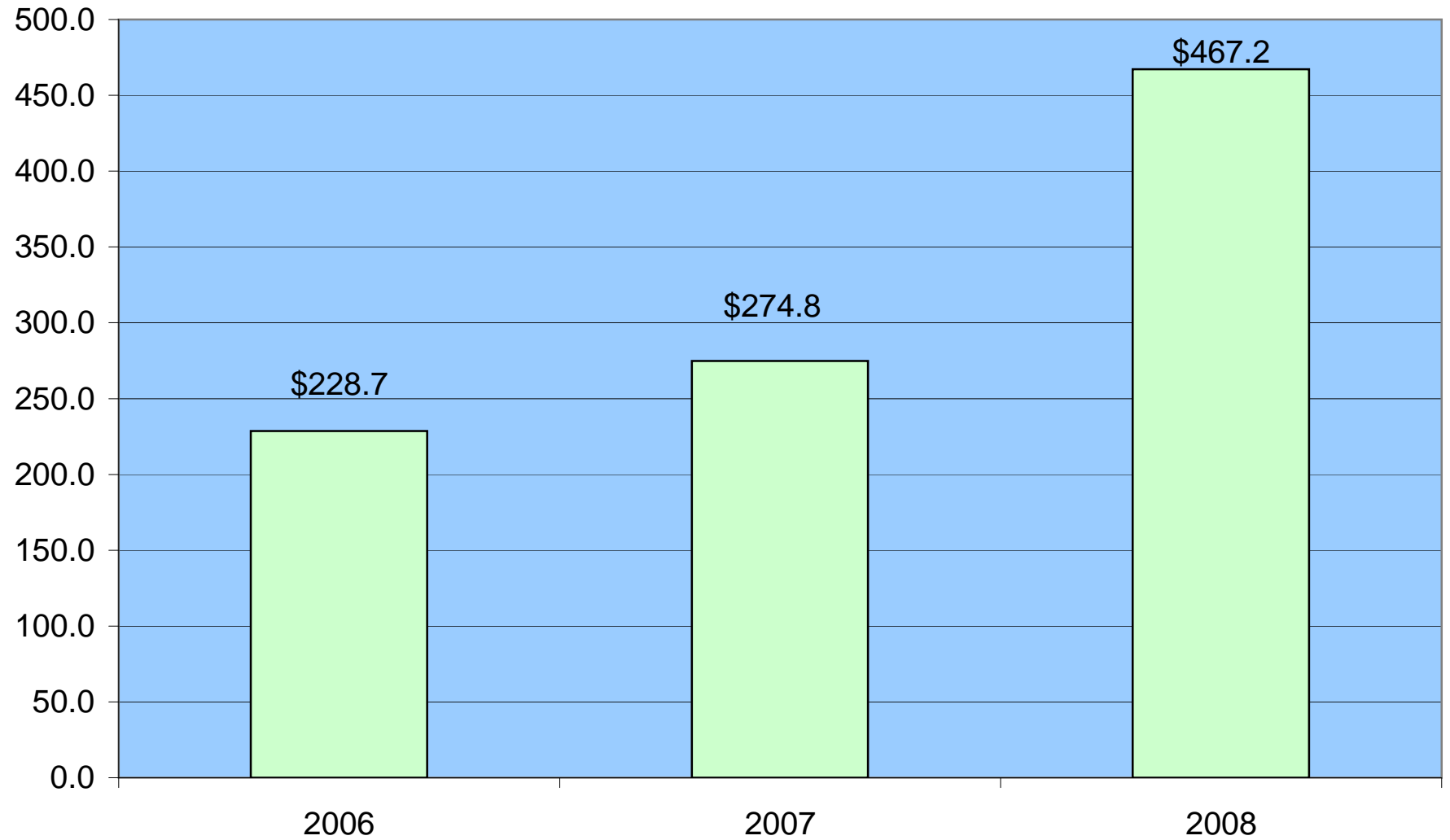
Export Credit Insurance (in millions)



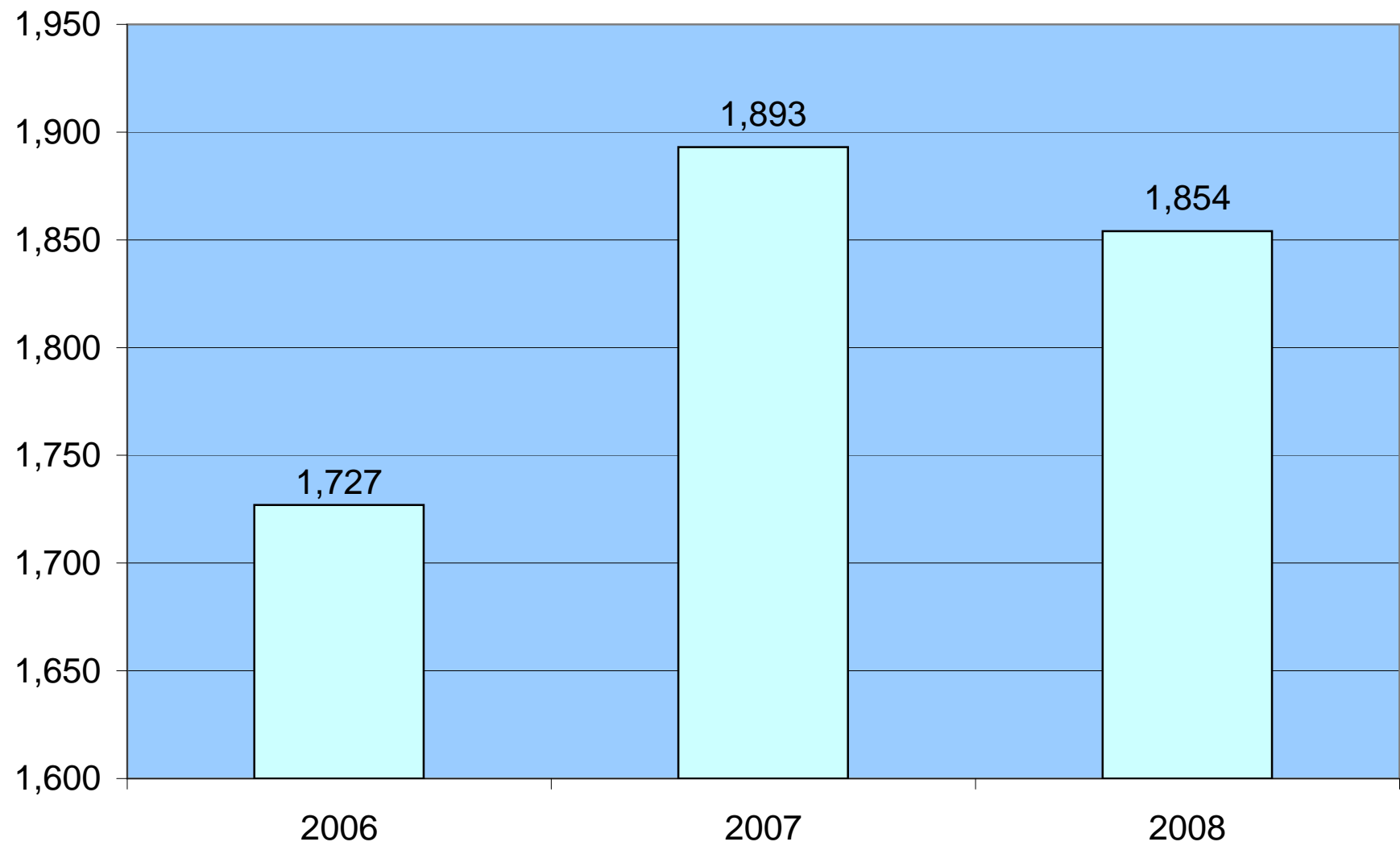
Working Capital Guarantees (in millions)



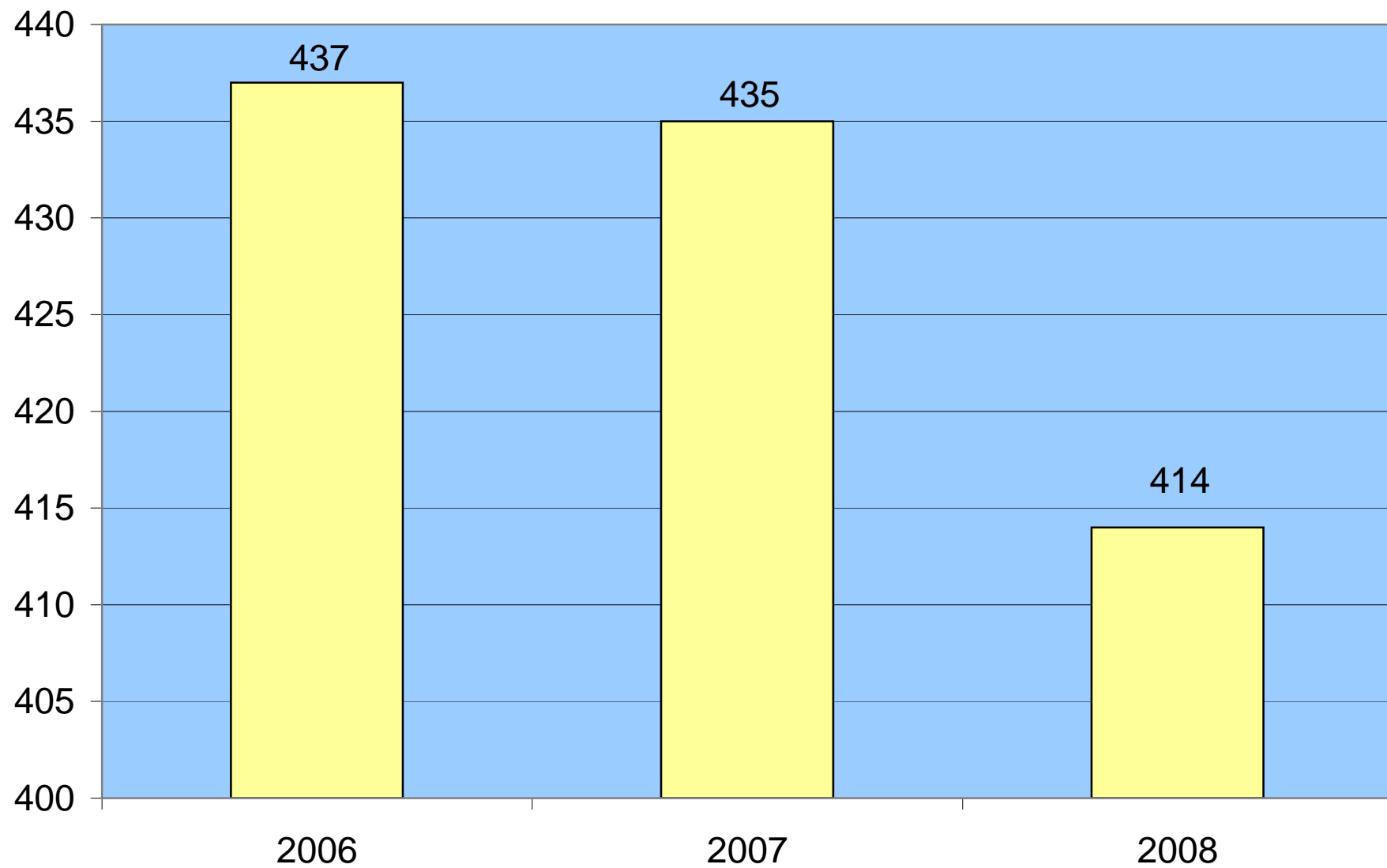
Guarantees and Direct Loans (in millions)



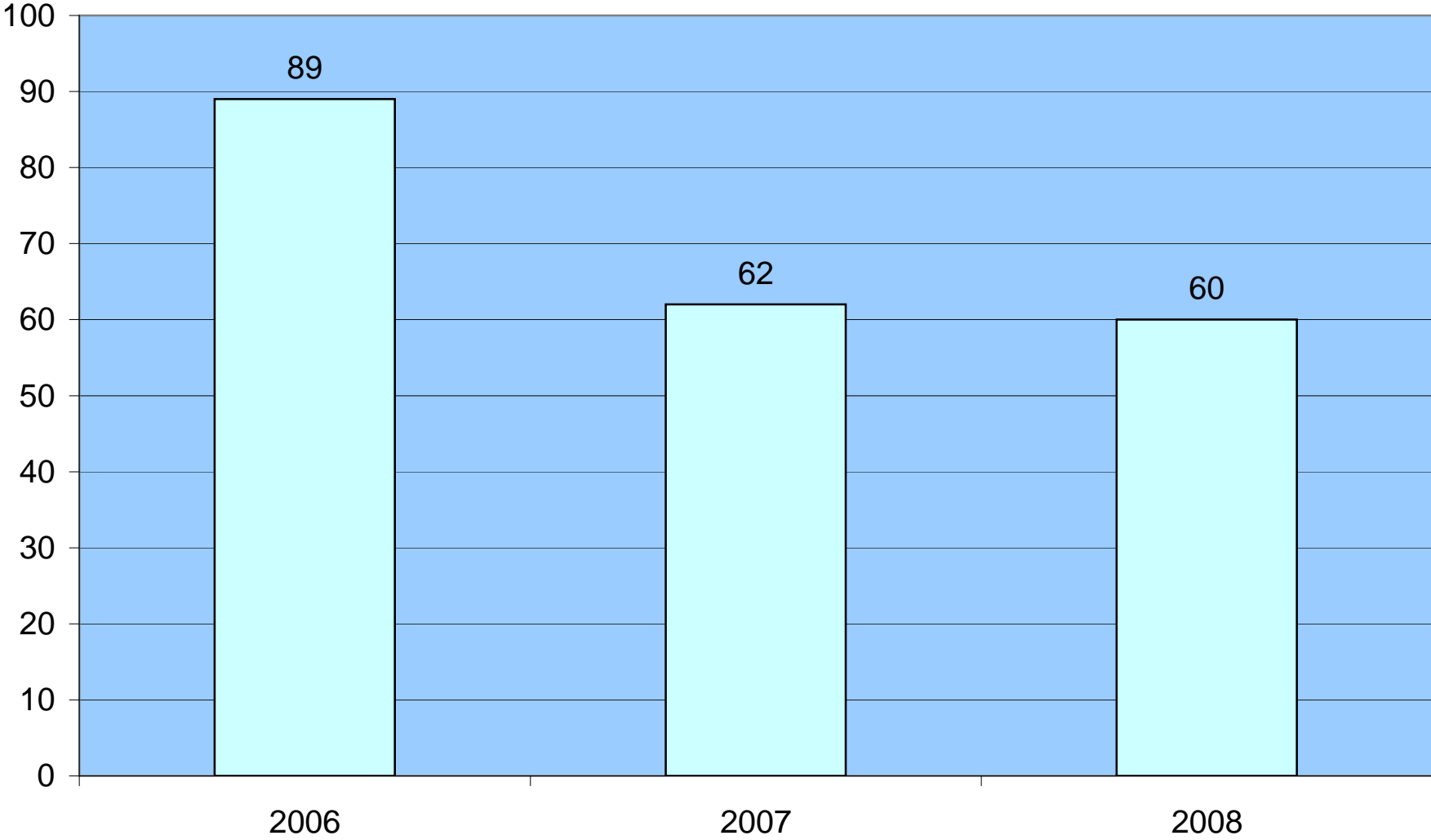
Number of Export Credit Insurance Transactions



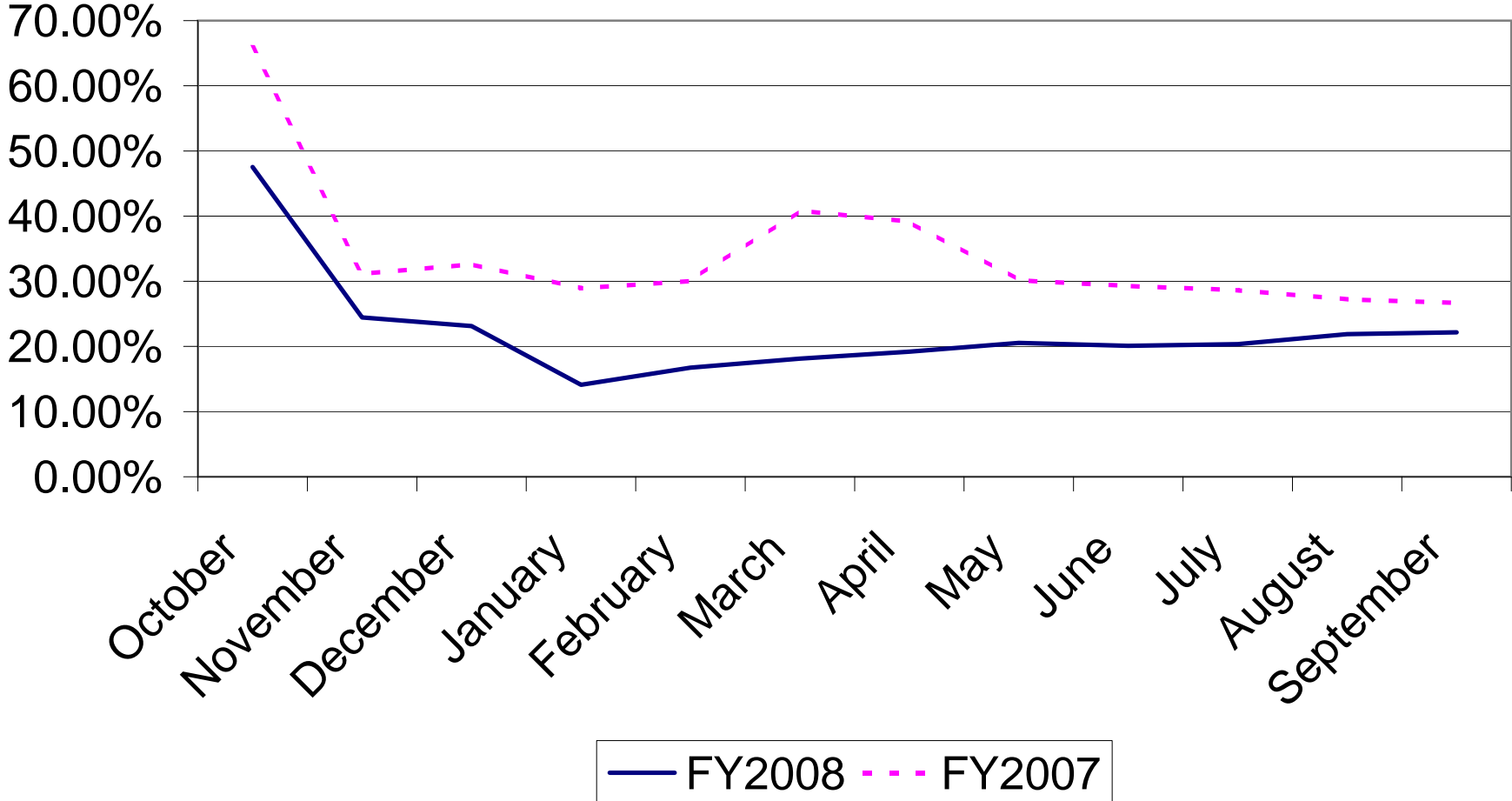
Number of Working Capital Guarantees



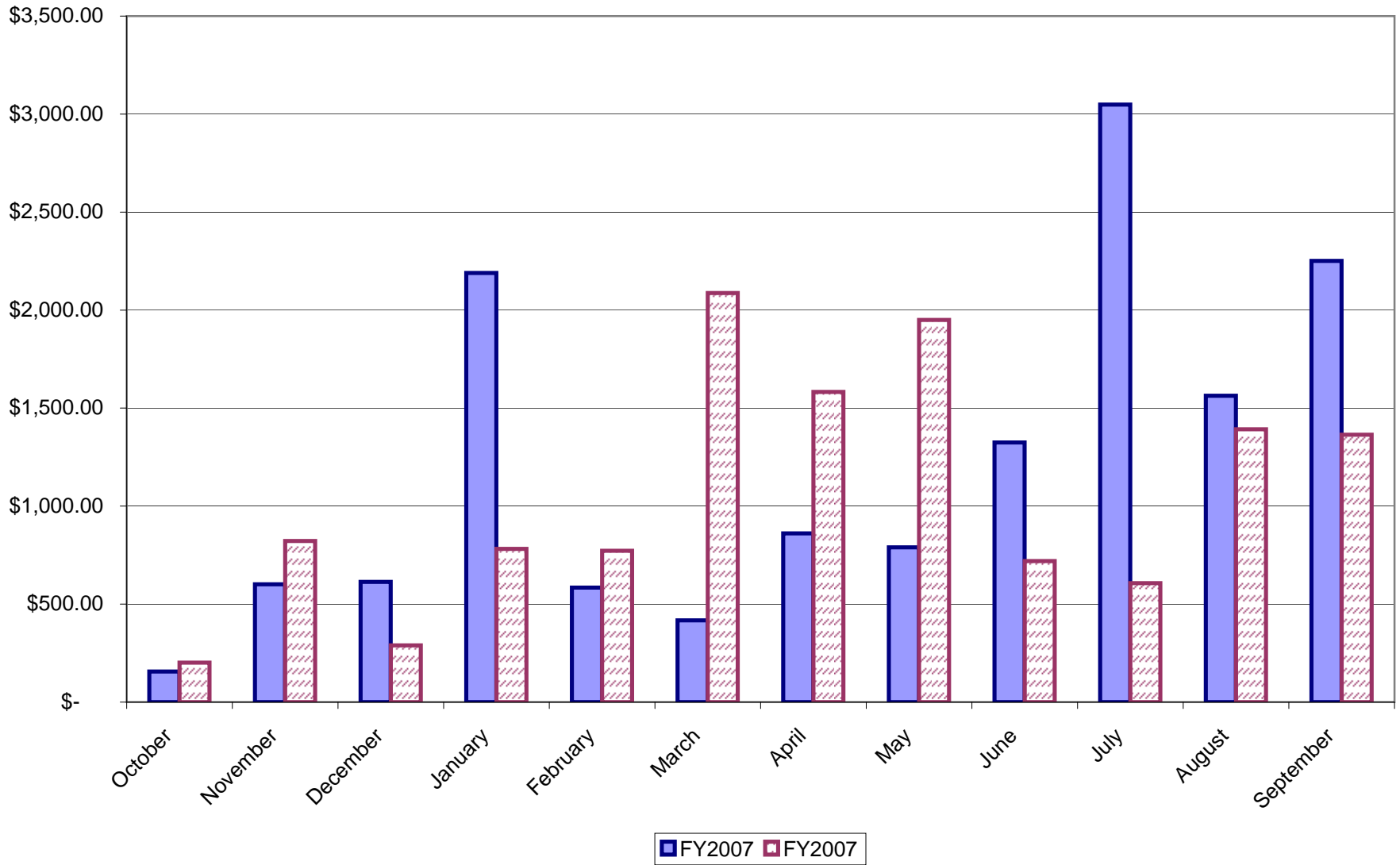
Number of Guarantees and Direct Loans



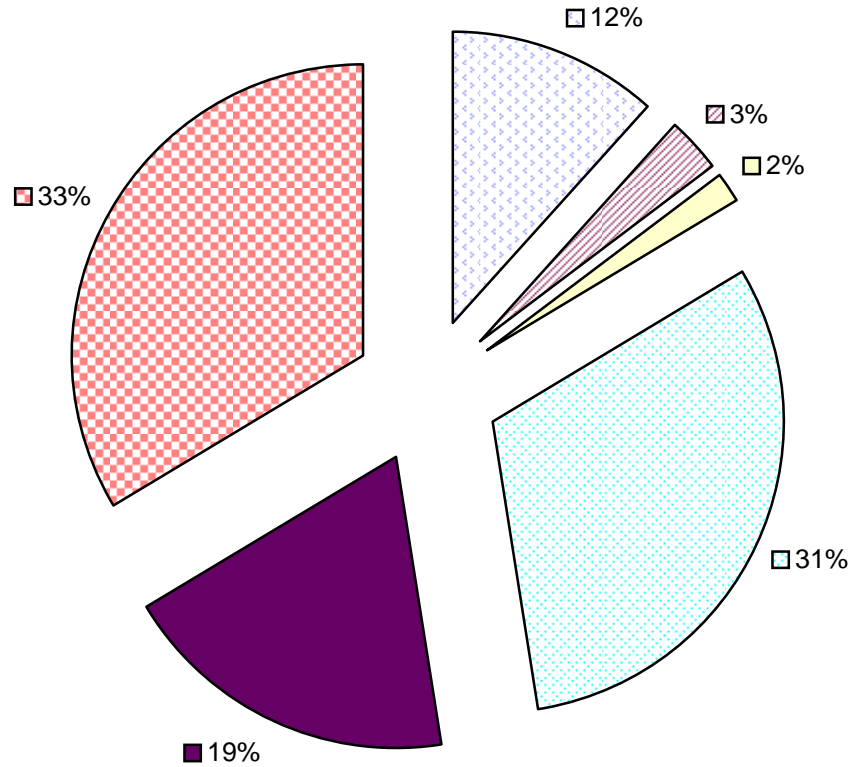
Trend in Small Business Authorization Percentage throughout the Year



Authorizations per Month

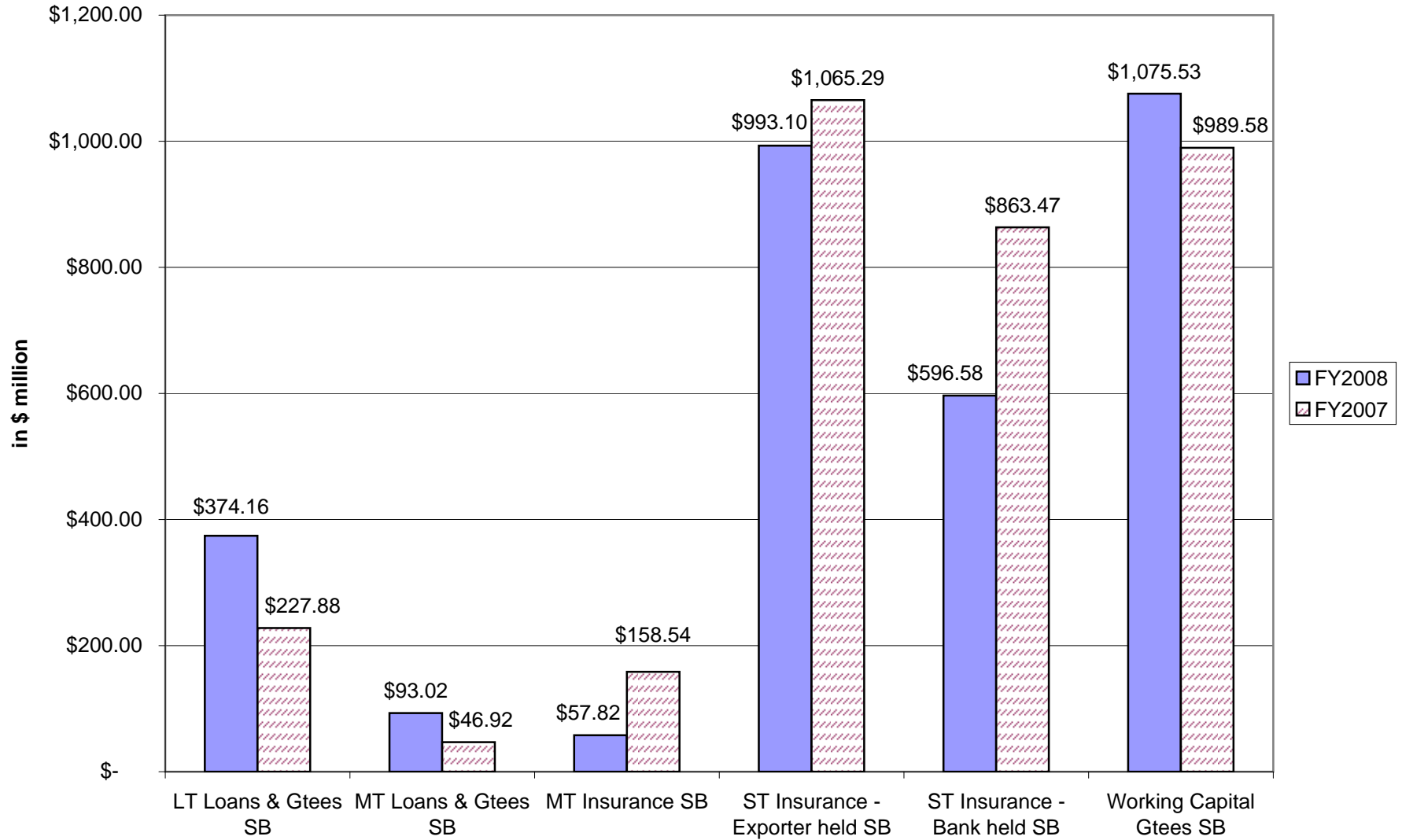


FY2008 Small Business Authorizations



| | | |
|---------------------------------|-----------------------------|--------------------------|
| LT Loans & Gtees SB | MT Loans & Gtees SB | MT Insurance SB |
| ST Insurance - Exporter held SB | ST Insurance - Bank held SB | Working Capital Gtees SB |

Distribution of SB Authorizations by Program



ATTACHMENT 1

To: Small Business Committee

From: Office of the General Counsel

Re: The performance of the Office of General Counsel in serving small business concerns in 2008

Date: January 23, 2008

Mission: The Office of General Counsel (“OGC”) is tasked with advising the Bank on legal matters in connection with the Bank’s financing programs, legislation, governance, and compliance with international agreements and understandings. With respect to the small business portfolio, attorneys and staff in the Office of General Counsel support small business concerns in a variety of ways.

The Office of General Counsel has two attorneys who are designated “small business specialists” and are primarily dedicated to supporting small business transactions in the Short-term Trade Finance, Business Credit, and Trade Finance and Insurance divisions. These attorneys counsel clients both within Ex-Im Bank and outside of Ex-Im Bank with regard to issues that arise on small business matters. These attorneys help: (i) structure, document and negotiate small business transactions, (ii) participate in Bank initiatives to improve support for small business exporters, (iii) participate in the Small Business Committee, and (iv) seek ways to improve the Bank’s performance of its small business mandate. Some specific examples include the following.

Major Accomplishments in Supporting Small Business (2008)

1. OGC proactively identified flexibilities that could be built into the Fast Track MGA to minimize the number of routine waivers requested by lenders.
2. OGC was central to the design of the Medium Term Delegated Authority Program and completed the documentation in a timely fashion. OGC also participated in the Annual Conference presentation, and supported the Bank's training efforts with regard to that Program.
3. OGC advised Business Credit and Bank management in connection with broadening support for indirect exports, warranty letters of credit and performance bonds.

ATTACHMENT 1

Other attorneys were responsible for transactions and projects that involve significant direct or indirect small business exports. The following are examples of larger transactions as to which OGC played a significant role and which provided significant support for small business concerns:

1. The SHEP IV transaction (AP081922XX). Weldy Lamont Associates (the exporter) is a small business and was able to secure a \$350mm+ contract with the Ghanaian MOF and Ministry of Energy for the rural expansion of the counties electricity grid.
2. Pemex - APO83597XX – This was a Pemex transaction for \$250 million, of which \$100 million was ear-marked specifically for small business exports.
3. Aircraft Transactions – Virtually all of the aircraft transactions done by the Bank indirectly support substantial amounts of small business. The Office of General Counsel has two attorneys solely dedicated to these transactions and several more attorneys working on such transactions more occasionally.

Impact of Processing and Underwriting Standards on Small Business Transactions

OGC does not differentiate between small business and other types of transactions in processing legal documentation. We are mindful, however, that small business transactions may be smaller in size, and as such, are less able to bear significant transaction costs. For this reason, OGC has devoted monetary resources to developing standard medium-term special conditions (including the security interest requirements) in several jurisdictions.

2009 Objective: OGC will continue to support the Bank's small business programs, including participation on the Small Business Committee, documenting new small business transactions, and supporting the Small Business, Business Credit, Trade Finance and Short-term Trade Finance Divisions. OGC will endeavor to increase the number of attorneys who are knowledgeable about, and will support, the insurance and working capital programs through training opportunities and assignments working under the direction of the Assistant General Counsel for Small Business.

ATTACHMENT 2

MEMORANDUM

January 14, 2009

FOR: Small Business Committee
FROM: Communications (Cogan/Maroon)
SUBJECT: Communications Support for Small Business FY 2008

Mission of Communications

The Office of Communications is committed to providing marketing, public affairs and external affairs support to help achieve Ex-Im Bank's small business goals.

Marketing & Public Affairs Strategies

1. Increase awareness and knowledge of Ex-Im Bank products and benefits among its primary (U.S. exporters) and secondary (distributors/partners) target audiences.
2. Obtain qualified U.S. exporter leads to forward to regional offices and/or distributors/partners for immediate follow-up.

Marketing & Public Affairs Accomplishments for FY 2008

- Marketing and administrative support for regional and DC seminars and training: 22 events with 629 attendees.
- Developed and designed two self-contained web sites for Congressional initiatives: Africa and the Environment.
- Wrote and distributed the Ex-Im Bank Exporter Newsletter to 60,000 plus exporters on a quarterly basis.
- Performed a direct mail test in southern California to determine the cost/benefit of such an effort in obtaining a lead and an actual transaction.
- Fielded two successful joint mailings with our Wisconsin city/state partner.

ATTACHMENT 2

- Redesigned an “Exporter Success Stories” testimonial flyer so exporters can relate to other companies’ success in using Ex-Im Bank products. (copy attached)
- Continued efforts to upgrade website content to provide small business exporters with easy to use information about Ex-Im Bank products.
- Supported trade show activities with impactful portable displays and appropriate communications materials for both Ex-Im Bank’s sales team and partners.
- Designed third-party web-links appealing to:
 - a. U.S. small business exporters via agency-designed link on trade association web
 - b. International buyers with our agency link on U.S. small business exporter web
- Updated the existing marketing database.
- Provided standardized electronic responses and marketing material for sales staff.
- Developed and designed international brochures for board member and staff business development trips to various international regions (copy attached)
- Created and distributed 18 time sensitive news releases focused on small-business exporters who benefited from Ex-Im Bank-approved export financing and on enhancements to trade financing products of benefit to small-business exporters.
- Created and distributed 10 customized guest columns and articles for trade press and association newsletters focused on the benefits of export financing for small business exporters
- Fielded 137 phone calls from reporters related to articles focused on small-business success stories and financing initiatives
- Handled 26 phone calls and emails received from small-business exporters who had read the Ex-Im Bank news releases on the above.
- Began the redesign of the Ex-Im Bank external website, with special attention to steps to increase the utility and ease of use by and for small-business exporters.

Objective for FY09:

Increase awareness of Ex-Im Bank and the support for small business exporters by 5% over 2008.

ATTACHMENT 3

MEMORANDUM

January 6, 2009

FOR: Small Business Committee

FROM: CIO (Fernanda Young)

SUBJECT: OCIO Small Business Results for FY2008

The mission of Office of the Chief information Officer (OCIO):

The Office of the Chief Information Officer (OCIO) is responsible for providing information technology infrastructure and tools that support Ex-Im Bank programs and allow external and internal customers access to the Bank's programs, information and records resources. The office is responsible for all financial, insurance, loan, working capital, and administrative systems as well as the Bank's information technology (IT) infrastructure and records management.

Premium Rate Reduction for Small Business - Implemented and made available in EXIM Online

The premium rate reduction, effective Oct. 1, 2008, affects approximately half of all Ex-Im Bank insurance policy holders. The new rates are effective on all shipments made on and after Oct. 1. Similar pricing benefits are available to any new customers who request these policy types. The premium reduction also applies to policy holders who at the same time are receiving discounts for either an Ex-Im Bank or Small Business Administration working capital guarantee. The new 15 percent premium rate reduction for small business was integrated and made available online to customers of Ex-Im Online.

Federal Funding Accountability and Transparency Act (FFATA)- EXIM data is available to small business on the Internet

The Bank has made available on the internet information useful to small business through a web site supporting the Federal Funding Accountability and Transparency Act (FFATA). FFATA provides a single database accessible through a "searchable website" that permits users to determine the total amount

ATTACHMENT 3

of federal funding awarded to an entity by fiscal year, beginning with data for fiscal year 2007. Federal financial assistance and expenditures include loans, awards, cooperative agreements, and other forms of financial assistance. The majority of Ex-Im Loan and Guarantees transactions are available through that Government-wide search capability.

Web Portal

- The Bank is maintaining a Web portal specifically for small businesses: "If You're a Small-Business Exporter . . ." (<http://www.exim.gov/smallbiz/index.html>). This portal provides step-by-step assistance, including an interactive guide and Ex-Im Bank contacts. The Bank continues to expand its Web-based subscription service to provide customers with the ability to get up-to-date news from the Bank.
- Ex-Im Bank participates in the government-wide "Business Gateway" initiative integrating the content and functions of the Web sites of several business-focused agencies (www.business.gov) and the U.S. government export Web site (www.export.gov). Additionally, the Bank participates in the Trade Promotion Coordinating Committee's "One Stop, One Form" registration system, an Internet-based application system for all federal-government export programs.

Productivity tools

- Deployed 100% Personal Digital Assistant (PDA) upgrade to regional offices and provided wireless laptop capabilities in each office
- A new Customer Relationship Management (CRM) was deployed to 100% of staff in the regional offices - The new CRM tool allows the staff in the regional offices to better track customers, follow-up on information requests, and identify new opportunities.
- The Bank has begun a two-year initiative and has awarded a contract to implement enterprise-wide business intelligence reporting tools and capabilities. These tools will be used to develop dashboards that continuously display key performance indicators for monitoring business operations, small-business goals, and geographical and market penetrations.

Primary goal for FY09:

- Provide several Web conferencing training sessions (on the internet) to small business to help them identify the right Ex-Im Bank financial products and the online systems provided on EXIM.gov

ATTACHMENT 4

MEMORANDUM

December 24, 2008

FOR: Small Business Committee

FROM: Structured Finance (Barbara O'Boyle)

SUBJECT: SF Small Business Results for FY2008

I. Mission in Support of Small Business

The Structured Finance Division (SFD) processes all long-term, private sector transactions in the Bank. By definition these transactions exceed \$10 million and require repayment terms ranging from 5 to 15 years. Generally the clients of SFD include the Bank's largest corporate customers that have the technical and financial capability to develop complex projects in the oil and gas sector, mining, telecommunications and other large manufacturing facilities.

II Major Accomplishments in Supporting Small Business

SFD has worked diligently over the past few years to develop a Small Business Facility with Pemex, the Bank's largest borrower, and support Ex-Im Bank outreach efforts to small businesses in the U.S. and abroad. Accomplishments in FY08 include:

- Approval of a second small business facility for Pemex in the amount of \$150 million. This facility was 50% larger than last year's and, like last year's, has been fully utilized. With these Pemex facilities, staff qualified approximately 475 potential small businesses in the U.S. as eligible for support, based on information that Pemex provided about their supplier base. SFD is currently in discussion with Pemex about another facility in FY 2009.
- Support for the Trade Promotion Coordinating Committee's (TPCC) USG training efforts. The SFD supplies an Ex-Im Bank trainer for each of the TPCC training sessions, providing critical information to over 100 domestic and international personnel who deal with small businesses on a daily basis.
- Business outreach in India. In November 2007, SFD staff provided training to US Foreign Commercial Service staff in three cities in India and addressed over 300 small and medium-sized Indian businesses directly about Ex-Im financing. Numerous small business leads have come directly from Indian clients and from USFCS staff and have been forwarded to regional office and Trade Finance and Insurance staff.

III. Impact of Processing and Underwriting Standards on Small Business Transactions

Processing and underwriting standards do not have a material impact on small business transactions in SFD. Given the large size and complex nature of SF transactions, U.S. small businesses are involved in SF transactions as sub-suppliers only.

ATTACHMENT 4

IV. 2009 Goal

SFD would like to continue to support its small business program with Pemex by authorizing an amount of small business equal to or greater than 2008.

ATTACHMENT 5

MEMORANDUM

December 24, 2008

FOR: Small Business Committee

FROM: Short Term Trade Finance (Walter Kosciow, VP)

SUBJECT: STTF Small Business Results for FY2008

I. Mission in Support of Small Business

STTF Division staff and products serve the largest group of small business exporters within Ex-Im Bank. Besides processing applications, STTF staff regularly fields inquiries and provides technical assistance directly or through brokers and lenders associated to these exporters.

II FY 2008 STTF Div. Small Business Accomplishments:

- large small business constituency served
- customers realizing Ex-Im Online policy and buyer credit renewal efficiencies
- application cycle times improving
- Small Business policyholders (963) received 15% premium reductions
- increased risk taking: 80.5% approval rate on foreign buyer credit limit requests
- these programs continue to operate on a (surplus) self-sustaining (budget) basis
- initiatives underway to improve customer service and support of small businesses

90.6% of our 1,642 short term export credit insurance policy customers (1,487) are small businesses. In FY 2008, these small business exported \$1.87 billion of U.S. products and services; and accounted for approximately 6,700 policy and foreign buyer credit applications processed by STTF. The combined risk portfolio of this group (\$987.9 million) accounted for only 31.5% of Ex-Im Bank's \$3.14 billion authorizations for small businesses but 64% of Ex-Im Bank's small business transactions.

FY 2008 represented our first full year of processing the full complement of short term exporter transactions in Ex-Im Online ("EOL"). All policies were migrated into EOL in FY 2007. In FY 2008, the exporter short term multibuyer policies (1,195) and their associated buyer credit limits (2,440 total) were renewed concurrently for the first time. This is a welcome benefit to our customers as it eliminates some of their cost and policy administration burden compared to prior procedures where buyer credit limits expired at different times during the 12-month policy period and required tedious customer monitoring.

ATTACHMENT 5

STTF Division met its Small Business Performance Standards on new policy and buyer credit limit applications, renewals and amendments. However, with customer transitions to the online system complete, continuing upgrades to the online system producing incremental processing efficiencies, and restored full staffing in the division, cycle times are expected to be halved by FYE 2009.

Positive underwriting results and recent upgrades to some country fee levels supported a 15% reduction to the Small Business Premium Rate Schedule effective 10/1/08. Although underwriting results are now expected to deteriorate as global economies contract, this premium reduction is viewed as a timely support to a large group of policyholders (963).

Our 80.5% buyer credit approval rate is up from 78% earlier this decade and includes incomplete applications. Fully complete applications are being approved 90% of the time.

2009 Initiatives: Improve service/application cycle times; reduce policyholder attrition through proactive intervention/assistance; cross-sell insurance to Community Bank and SBA Working Capital Guarantee lenders' exporters; vet a low admin/prepaid multibuyer insurance product for micro-small exporters; create incremental efficiencies for EOL.

Application Processing Times (Avg. Calendar Days)

| | <u>FY '06</u> | | <u>FY '07</u> | | <u>FY '08</u> | | <u>Metric</u> |
|-----------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|
| | <u>No.</u> | <u>Days</u> | <u>No.</u> | <u>Days</u> | <u>No.</u> | <u>Days</u> | |
| Multibuyer Policies | | | | | | | |
| Quotes | 334 | 24 | 304 | 24 | 346 | 16 | 15 |
| Renewals | 1,249 | 58 | 1,359 | 15* | 1,195 | 41 | * |
| Amendments | 599 | 5 | 737 | 4 | 910 | 2 | 7 |
| Buyer Credit Limits | | | | | | | |
| New | 2,060 | 11 | 1,119 | 12 | 1,651 | 8 | 7 |
| Renewals | 1,358 | 9 | 3,733 | 8 | 2,440 | 7 | 7 |
| Amendments | 369 | 8 | 551 | 7 | 501 | 8 | 7 |
| Issuing Bank Limits | | | | | | | |
| New/Renewals | 127 | 8 | 183 | 7 | 122 | 10 | 7 |
| Amendments | 13 | 2 | 24 | 4 | 12 | 7 | 7 |
| Singlebuyer Policies | | | | | | | |
| New/Renewals | 177 | 39 | 105 | 28 | 126 | 18 | 15 |
| Amendments | 96 | 4 | 45 | 5 | 87 | 7 | 7 |
| Division Processing Total | <u>6,382</u> | | <u>8,160</u> | | <u>7,390</u> | | |

- 90% of Multibuyer policy renewals are to be completed before expiry date. A 41 day average equates to an average of 19 days before expiry date. Multibuyer policy renewals in FY 2007 were mostly administrative actions to facilitate policy migrations from AS-400 to EOL, thus accounting for the short average cycle time.
- Average processing times shown are from original receipt to final action dates. Thus, the averages include time required for applicants to complete any “incomplete” applications. Cycle times are therefore actually better if calculated on a universal “complete” application status.

ATTACHMENT 6

MEMORANDUM

TO: Small Business Committee

FROM: Michele Dixey, VP-Transportation Portfolio Management Division

DATE: December 30, 2008

RE: TPMD Small Business Report for FY 2008

Divisional Mission Statement:

The Transportation Portfolio Management Division (TPMD) falls under the Office of the Chief Financial Officer (OCFO) and supports the two-fold mission of the Bank with TPMD's specific mission to (1) actively monitor the Bank's transportation portfolio, including providing portfolio performance to internal customers, highlighting areas of risk and exercising rights under the financing documents as deemed appropriate, and (2) handle all post-closing items, including the review of and, if appropriate, approve of requests for amendments, waivers, consents and restructurings.

Accomplishments in FY 2008

- (1) *Major Accomplishments in Supporting Small Business:* TPMD's portfolio consists primarily of long term guarantees that are asset-backed with large aircraft, primarily Boeing manufactured, as collateral. By definition, these transactions usually exceed \$20 million and have repayment terms of 12 years. As such, TPMD is not generally in a position to support small business; however, TPMD is mindful of the mission of the Bank and continues to look for ways to promote the small business initiative.
- (2) *Impact of Processing and Underwriting Standards on Small Business Transactions:* The transactions that are monitored by TPMD are sourced, processed and underwritten by the Transportation Division, a separate group reporting through the Export Finance division. The Transportation Division maintains data on indirect small business exporters that they support through the export of large aircraft.

ATTACHMENT 7

MEMORANDUM

December 29, 2008

To: Small Business Committee

From: Credit Underwriting (David Carter)

Subject: CU Small Business Results for FY 2008

I. Major Accomplishments in supporting Small Business

The Credit Underwriting Division (CU) offered substantial support to Ex-Im Bank's support for small business activity during FY 2008. CU underwrote more than 450 individual transactions in support of more than \$850 million in authorizations in support of small businesses across all product lines, including Letter of Credit Insurance Policy transactions, Financial Institution Buyer Credit insurance policies, long-term guarantees, medium-term guarantees and insurance policies, single-buyer insurance policies, Special Buyer Credit Limits under Multi-Buyer insurance policies, and Working Capital guarantees.

Highlights include:

- A \$10 million medium-term guarantee, with 70% (or \$7 million) small business content, to finance the sale of agricultural equipment to Astarta in Ukraine, which benefited Amity Technology of Fargo, ND, and Matthews Company of Crystal Lake, Illinois. CU was able to waive the CLS note 4 provision which normally requires a local bank guarantee.
- A \$150 million small-business medium-term guarantee facility supporting exports from various U.S. exporters to PEMEX.
- A \$5 million Working Capital guarantee to provide financing to Premier Rides of Lutherville, MD in support of the export of amusement rides to Union Properties in Dubai.
- A \$1.5 million Single Buyer Credit Limit to ABRO Industries of South Bend, IN to support the sale of automotive and industrial supply products to Coscharis Ghana Ltd. In Ghana.
- Participation in developing Ex-Im Bank's Medium-Term Delegated Authority Program which provides enhanced coverage for small business transactions.

ATTACHMENT 7

II. Impact of Processing and Underwriting Standards on Small Business Transactions

There are no special underwriting standards that apply specifically to small business transactions, since establishing reasonable assurance of repayment is largely a matter of assessing the creditworthiness of foreign buyers; however, CU maintains the following structure geared toward providing additional oversight of small-business applications:

1) Two CU managers have been appointed to serve as Small Business Specialists. Their responsibilities include:

a) Serving as the primary interface with small business customers (either directly, or through Ex-Im Bank's regional offices, or through insured/guaranteed lenders) on matters pertaining to the short-term and medium-term credit standards, both with respect to general inquiries or questions connected with specific cases being processed.

b) Reviewing individual requests involving small business exporters which the original credit underwriter recommends for adverse action with the goal of identifying possible mitigating factors and/or credit enhancements that may assist in moving forward with an approval recommendation.

2) Two additional senior CU loan officers have also been appointed to assist the Small Business Specialists in reviewing transactions involving small business exporters with the goal of finding ways to facilitate approval in instances involving potential adverse recommendations.

3) The Vice President of the Credit Underwriting Division actively monitors transactions involving small business exporters through review of weekly status reports, and intercedes, when necessary, to provide assistance to the Small Business Specialists and the designated Small Business CU Officers.

Primary goal for FY09:

Install a new data-reporting system to track status of transactions, and turnaround time.

ATTACHMENT 8

MEMORANDUM

December 24, 2008

FOR: Small Business Committee

FROM: Small Business Group (Wayne Gardella, VP)

SUBJECT: SBG Small Business Results for FY2008

I. Mission in Support of Small Business

The Small Business Group serves as Ex-Im Bank's primary outreach and business development group for domestic customers through a network of regional offices and staff at headquarters. It is responsible for the following efforts:

- Product counseling
- Product sales
- Customer education
- City/State Program
- Lender training and relations
- Broker relations
- Trade Promotion Coordination Committee [TPCC] outreach
- Minority and women-owned business outreach
- Trade association outreach

The regional offices are a vital link between exporting communities located throughout the United States and Ex-Im Bank. The regional operations provide a geographic market-focused enterprise which broadens Ex-Im Bank's reach into small and medium-size U.S. exporting companies. They also work in partnership with other agencies serving the export communities' needs in order to harness all available Federal, State and Local resources to enhance and encourage export activity.

The headquarters staff, which includes minority and women-owned business and trade association outreach, operates in the wholesale business development sphere. The minority and women-owned business office is congressionally mandated and is charged with reaching out and educating women and minority-owned small businesses about the Ex-Im's products and services. Outreach efforts are directed towards chambers of commerce and other organizations that serve women and minority-owned entrepreneurs.

ATTACHMENT 8

Similarly, trade association outreach encompasses liaison to industry associations so that Ex-Im Bank can spread the word about its offerings to the small business community. It is common knowledge that small business, on average, makes up some 80-90% of a trade association's corporate membership. The goal is to foster relationships with the top associations identified as having a good quality nucleus of small business exporters. In both cases, staff refers individual small business exporters with specific transactions to Ex-Im Bank's regional offices or multipliers for subsequent follow-up.

II FY 2008 SBD Div. Small Business Accomplishments:

It should be noted, that the Small Business Division is responsible for approximately one third of the applications received by the Bank from small business clients. An analysis of FY 2008 results shows that the Small Business Group met or exceeded its major goals and, in the case of minority and women-owned outreach activities, surpassed last year's levels. We attended a record number of events towards meeting our Exporter Outreach benchmarks. Business Partner Outreach, Retail Business Development, and Wholesale Business Development outcomes were also within the prescribed targets.

We continue to fine tune best practices on how we can optimize key aspects of outreach, marketing, and selling such as lead generation, selling value, getting new reps up to speed faster, improving forecasting, improving close rates and maximizing the value of sales force automation tools and methodologies. This is very important as we continue to work under a very tight marketing, operating, and travel budget.

EXPORTER OUTREACH

Results

In Fiscal Year 2008, the Small Business Group participated in 255 seminars, conferences, focus groups, and trade shows throughout the country and communicated with over 4,000 individuals. This averages to around nine events per Domestic Business Development officer. Significant emphasis is placed on events attended by small business exporters, as well as minority, rural, and woman-owned entrepreneurs. In fact, Domestic Business Development participated in 92 events where the audience was primarily made up of minority and/or woman-owned companies.

- Conferences and Forums – 72 speaking engagements at 103 events
- Seminars – 101 speaking engagements at 112 seminars
- Trade Shows – 13 speaking engagements at 41 trade shows

ATTACHMENT 8

OBSERVATIONS

Like any company that relies on selling a product or service, Ex-Im Bank needs strong sales lead generation. Selling begins by locating potential exporters who could make use of Ex-Im Bank products to expand their export sales. Sales leads are generated through numerous methods including leads from outreach activities, referrals from our business partners / multipliers and from within Ex-Im Bank, and various marketing campaigns.

The goal in participating in the various outreach activities is to educate exporters and service providers about the products and services Ex-Im Bank offers, and to generate sales leads. Outreach and lead generation consumes a significant portion of Domestic Business Development's everyday work.

A common method for locating sales leads is through speaking engagements targeted at business audiences. Audience size ranges from small focus groups of less than 10 to speaking engagements at major trade shows with audiences of several hundred. Most speaking engagements are sponsored by third party entities such as other Federal Agencies, United States Export Assistance Centers, Commercial Banks, Insurance Companies, City-State Partners, Trade Associations, World Trade Centers, and District Export Councils. Leads generated from these activities tend to be well-qualified.

Domestic Business Development officers regularly participate in trade shows where there is a significant number of U.S. based exhibitors who meet Ex-Im Bank's content eligibility criteria. Trade shows are categorized into either National Events or Regional Events. National events are generally these shows which also have International Buyer Pavilions hosted by the Department of Commerce. Depending on the type of trade show, staff can usually produce 7 to 15 qualified small business trade leads per day.

National Trade Shows include those such as Pack Expo, World of Concrete, Waste Expo, International Builders Show, Construction-Aggregate Show, Pittsburg Laboratory Conference, Medical Design and Manufacturing, and Power Gen. These events are normally held at the four prime convention centers in the United States [Las Vegas Convention Center, Las Vegas NV; McCormick Place, Chicago IL; Orange County Convention Center, Orlando FL; and Ernest Morial convention Center, New Orleans, LA]. There are typically 2,000+ exhibitors at these events drawn from all over the world. Exhibit hall attendance is upwards of 35,000. From experience, 75% to 85% of all exhibitors are small business entities. Because of the International Buyer Pavilions, Foreign Commercial Service officers facilitate targeted meetings in advance and assist us in setting up appointments.

ATTACHMENT 8

Regional Trade Shows are smaller in nature but are very important. These events typically have from 300 to 1500 exhibitors, of which 85% + are small business entities. These events are in key sales markets and typically within driving distance of a Regional Office. Examples include World Pork Expo, the International Poultry Show, Louisiana Offshore Oil and Gas Expo, and Print Expo.

BUSINESS PARTNER OUTREACH AND TRAINING

The Small Business Group participated in 112 training seminars throughout the country, or about three per Domestic Business Development officer. The goal in conducting or participating in these events is to educate and/or train our business partners in the products and services Ex-Im Bank offers. Business partners include: Lenders, Brokers, Financial Advisors, City/State Partners, federal, state, and local export-related agencies, trade and industry associations, and international trade consultants. This process is never ending due to the high turnover in staff at these institutions. Generally we can expect average staff turnover of around 50% to 70% every three years.

In addition, significant time is invested by Domestic Business Development to “work the network” of business partners and multipliers for the maximum desired effects. This means, essentially, referring prospective customers to the brokers and lenders who actually deliver the application to Ex-Im. These business partners are of vital importance in expanding authorizations, because of the relatively small size of Domestic Business Development and the small operating budgets available to effect retail sales over a market with \$1 trillion in annual exports.

RETAIL BUSINESS DEVELOPMENT

The Domestic Business Development sales force expands authorizations by marketing Ex-Im Bank core products [insurance, medium-term, long-term, and working capital] directly to small business exporters.

Domestic Business Development had its fingerprints on 786 transactions for a total of \$799 million in Approved Authorizations in which a small business exporter was the Insured, the Exporter of Record, or the Borrower. The number of transactions declined slightly from 826 in 2007. For the purpose of this report a “transaction” is a unit of measurement whereby an Exporter is a participant in a Loan Guarantee, Short or Medium-Term Insurance, or a Working Capital Guarantee in which a Domestic Business Development officer has had a role. Medium and Long Term Authorizations typically have two or more Exporters of Record. Therefore Domestic Business Development may report several Transactions under one Ex-Im Bank Authorized Medium or Long Term Loan Guarantee.

ATTACHMENT 8

Small business exporters utilize short-term export credit insurance more than any other Ex-Im Bank product. Out of the 786 deals, 528 were short-term export credit insurance; 51 were medium-term guarantees or insurance; 106 were working capital; and 81 were long-term guarantees. The balance were either SBA or Private Sector transactions. Of note, one important measurement of success is working closely with small business enterprises that are considered new-to-Ex-Im Bank.

For the reporting period Domestic Business Development had 430 successful transactions with new-to-Ex-Im Bank small business exporters which generated \$440 million in Authorizations. Each Domestic Business Development officer was given a goal of 17 deals in this category, and 70% met or exceeded the goal.

Domestic Business Development measures successful fingerprints using the following guidelines: new authorizations with small business exporters in which staff had some form of measurable participation. Fingerprints also include subsequent Ex-Im Bank approvals or renewals of short-term insurance policies for an additional two-year period or one renewal of a Working Capital Guarantee for which the officer was given initial credit. Domestic Business Development officers get a two-year credit for any transaction generated by a new lender and insurance broker brought in by the Domestic Business Development officer.

A new-to-Ex-Im Bank Small Business Exporter is defined as an exporter who (1) has never used Ex-Im Bank, (2) has not used Ex-Im Bank for over three years, or (3) obtains a distinct Ex-Im Bank product.

PRIMARY GOALS FOR FY09

Revitalize and encourage the multipliers
Improve and expand the retail domestic sales force

ATTACHMENT 9

MEMORANDUM

December 15, 2008

FOR: Small Business Committee

FROM: Trade Finance & Insurance (Abramson/Chow)

SUBJECT: TFI Small Business Results for FY2008

I. Major Accomplishments in Supporting Small Business

The Trade Finance and Insurance division (TFI) continued to make significant contributions to the Bank's support for small business during FY2008. In total, TFI supported more than 400 individual transactions providing small business support with a small-business authorized amount of more than \$800 million. A significant proportion of this support is provided through the Bank's Letter of Credit Insurance Policy, which makes available significant capacity for commercial banks to confirm foreign-issued letters of credit covering short-term trade transactions. Support was also provided via the medium-term loan and guarantee program as well as via a significant long-term loan.

Accomplishments in FY08

- The \$356 million "SHEP-4" transaction, providing a direct loan to the Government of Ghana to finance a contract that will support an estimated \$120 million of direct procurement from U.S. small business Weldy-Lamont (Mt. Prospect, IL) and its suppliers
- Authorization of six (6) new policies for more than \$4.6 million for long-time small business customer Air Tractor (Olney, TX) for sales to Brazil
- Authorization of cover on a \$62.4 million Letter of Credit issued by EcoBank Benin for the sale by small business manufacturer Combustion Associates, Inc.(Corona, CA) of fuel turbines and generator sets to the Ministry of Mines, Energy and Water in Benin
- Addition of twelve (12) new lending partners via authorization of new Master Guarantee Agreements
- Authorization of the Bank's Medium-term Delegated Authority Program (MTDA) which provides enhanced coverage for small business transactions

ATTACHMENT 9

II. Impact of Processing and Underwriting Standards on Small Business Transactions

Processing and underwriting standards did not have a material impact on small business transactions in TFI. Although there are no small business-specific criteria utilized in evaluating small business transactions under TFI business lines, both TFI and Credit Underwriting continue to provide special oversight for small business transactions via the small business specialists in each unit (with all adverse actions on medium-term transactions required to be reviewed by a small business specialist and notified to the SVP, Small Business).

III. Primary goals in FY09:

Improve operational engagement with those lenders that habitually provide direct support to small business in TFI's product areas.

Improve the data-reporting system to track status of transactions, and turnaround time.

Working Capital Guarantee Program

The Business Credit Division of the Export-Import Bank of the United States (“Ex-Im Bank”) administers the Working Capital Guarantee Program to maximize the borrowing potential of small and medium sized businesses with pre-export financing. Working capital loans, made by commercial lenders and backed with a 90% guarantee from Ex-Im Bank provide exporters with the liquidity to pursue new business, grow international sales, and compete more effectively in the global market place.

Ex-Im Bank assumes 90% of the performance risk of each borrower while the lender retains 10% of the risk. Commercial lenders using Delegated Authority may expedite the loan approval process by committing working capital guarantee loans, under certain prescribed credit and underwriting parameters, without Ex-Im Bank’s prior approval. The fast processing times offered by Delegated Authority make the working capital guarantee product attractive for lenders to use. Approximately 80% of all working capital transactions are committed under the lender’s delegated authority. With the guarantee in place, the exporter may use the working capital loans to purchase raw materials, fund labor and overhead expenses, as well as support the issuance of letters of credit serving as bid or performance bonds.

Major Accomplishments supporting Small Business:

Total working capital guarantee program authorizations were \$1.38 billion in FY 2008 compared to \$1.255 billion in FY 2007, an increase of almost 10% over the prior year. Small business authorizations increased from \$989 million in FY 2007 to \$1.075 billion in FY 2008, an increase of 8.7% over the prior year. Total authorizations to small businesses accounted for 77.8% of the total dollar value of working capital guarantee transactions. More than 90% of the number authorized working capital transactions were to small businesses. During FY 2008, the working capital guarantee program supported a total of 414 transactions to small businesses out of a total of 459 transactions.

Small business support under the working capital guarantee program has shown consistent and steady growth since FY 1999. FY 2008 was record year with small business authorizations exceeding \$1.0 billion for the first time in its history.

In November 2008, Ex-Im Bank’s Board of Directors approved the following changes to three working capital products to provide increased liquidity to small business exporters:

1. *Indirect exports:* The entire Ex-Im Bank guaranteed working capital line of credit may now consist entirely of indirect exports. (Prior to the change only 10% of the line of credit could consist of indirect exports). Indirect exports typically arise when the U. S. exporter sells parts to another U. S. business which in turn incorporates those parts into a larger item and then exports the product.
2. *Warranty letters of credit:* The cap on warranty letters of credit was increased from \$500,000 to \$1,500,000.
3. *Performance letters of credit:* On a case by case basis, the current collateral requirement of 25% may be reduced to 10% to provide additional liquidity to the exporter.