

Ex-Im Bank Webinar
Competitive Financing for Your
Foreign Buyers
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MR. AUGUSTINE GRACE: Welcome to Ex-Im

Bank's Webinar. This is the fourth in a series of four webinars conducted here at the bank. This webinar will be recorded and can be found at www.exim.gov. My name is Augustine Grace. I am a senior business development officer, senior manager, and director of veteran's relations here at the bank. We will be making a 25 minute presentations, basically covering the loan and guarantee program here at Ex-Im Bank. We want to allow for questions at the end. If you want to send us a question, simply go to the lower right-hand corner of your screen--to the question box--to type and submit your questions. We will respond to them at the end of the presentation. I would like to introduce you to today's speaker, Mr. Kyle Jackson. Kyle is a trade finance officer in the Trade Finance Division here at headquarters. He has been with the bank for well over ten years and has had various--held various positions here throughout the bank. He is our senior instructor at our two-day training that we conduct here every other month. I will now turn the presentation

over to Kyle.

MR. KYLE JACKSON: Good afternoon. As Gus has noted, uh, my name is Kyle Jackson and I am a loan officer--trade finance officer--here at Ex-Im Bank, and today we will be covering Ex-Im Bank's medium and long-term financing programs. A quick review of the agenda will show that the presentation is divided up into approximately four sections. First we will cover the general policies that either impact or govern the financing Ex-Im Bank participates in, then we will talk about the medium-term financing, then our long-term financing program, and then, ultimately, how to apply. Ex-Im Bank is a member of the Organization of Ec--of Economic Cooperation and Development. This organization governs the way export credit agencies can support their indigenous exporters when providing financing for their international buyers. The concept behind the OECD arrangement is to create what is called a level playing field, that being that no exporter is advantaged by the financing they are offering their buyer, in that transactions and export orders will be won or lost on the qualitative nature of the

product or service that is being offered. The OECD arrangement governs various aspects of the financings. These include the amount of the cash payment, the interest rate, the maximum repayment term on the loan, level principal payments throughout the life of the loan, the starting point of the loan, as well as the fee each export agency can charge for taking the risk on the transaction. Additional policies here at Ex-Im Bank include our content policy-- which governs the amount of what we di--identify as eligible foreign content which is allowable in products that are manufactured or sourced from the United States--local costs, military, used equipment, and, obviously, fees charged by the bank. U.S. content. As an agency of the United States government, Ex-Im Bank will only finance a majority of those goods and services that are produced or sourced from the United States. However, we do recognize that in today's global environment it is very difficult to have a product that is solely produced in the United States, and that would include looking at raw materials used to manufacture that product. Therefore, we do allow for a certain degree of

what we call eligible foreign content to be included in that product. Eligible foreign content is defined as any item that is sourced from overseas that is brought into the United States or into U.S. Territories, either assembled into a U.S. item and/or a stand-alone item that is then exported out. We will allow for approximately one fifth--that is, 15%--of eligible foreign content to be included in Ex-Im Bank's financing. Anything greater than 15% would impact the Ex-Im Bank financing structure.

Local cost financing. Local cost is the cost the exporter would incur in the country where its borrower is located. For instance, if you are manufacturing or installing a piece of machinery in a foreign country and you need to actually hire local labor and/or brick and mortar to build that m-piece--build a factory and/or to install that machine, well, you are not going to actually bring over U.S. labor to do that. You are going to do that in your--in the country of your borrower. We will allow for up to 30% of what we consider to be the net U.S. contract value to be financed in local cost, and that is the ability to actually finance labor

and/or services that are sourced outside the United States but are supporting the U.S. project or the U.S. product. Eligible requirements for medium and long-term financing are different, but ultimately Ex-Im Bank requires for the local costs to be a part of the exporter's responsibilities and it should be codified in the export contract. Military. Ex-Im Bank is prohibited from supporting military goods and/or sales to military entities overseas. There are, however, three exceptions to this rule: We will support humanitarian exports, such as items that are going to a military clinic overseas, and that clinic perhaps services its civilian population; goods that are being used to support drug interdiction, such as the sale of helicopters and/or vehicles that will be used to patrol the border to prohibit the, uh, smuggling of drugs; and what we call or identify as dual-use items, and that would be items that are purchased by a military entity but have a predominant civilian application. An example here would be air traffic control radars purchased by a foreign borrower--perhaps a foreign military

organization--however, the air traffic control radars themselves will be utilized to manage the overflight of civilian aircraft. So although those items are quote, unquote, "operated," and be--were purchased by a military entity, they are utilized primarily for a civilian application and thus they have a dual use. Used and refurbished equipment. Ex-Im Bank recognizes that there is a very large market for used and refurbished equipment that has been originally manufactured here in the United States. Therefore, we do support used and refurbished equipment. However, to have your equipment supported by Ex-Im Bank, we do ask that that equipment meet certain eligible criteria. First and foremost, we say that it must be originally manufactured in the United States. Second, we say prior to approaching Ex-Im Bank for export, that equipment must of, of been domiciled in the United States for a period of minimally one year, and that is, you cannot purchase U.S. manufactured equipment abroad, bring it into the United States with the intent of approaching Ex-Im Bank for financing. If you do do that, then the equipment again must be

domiciled in the United States minimally for one year. If it is not domiciled in the United States and/or if that equipment has--was not originally manufactured in the United States, then it will impact the amount of financing available from Ex-Im Bank. If neither one of those criteria are met, Ex-Im Bank would view the production costs of that equipment as eligible foreign content, meaning that at, at a production level, that equipment cannot exceed 15% of the amount of financing you are requesting from Ex-Im Bank. If it does, then Ex-Im Bank would have to reduce the amount of financing available to your buyer. We are now going to discuss Ex-Im Bank's medium-term financing program. Ex-Im Bank has three products to support medium-term financing. Medium-term financing is financing that has a repayment term of anywhere from five to seven years and does not exceed \$10,000,000. The three products we have to support medium-term financing are export credit insurance, loan guarantees, and direct loans. It is important to note that Ex-Im Bank does very few medium-term direct loans. Key features, again, of our

medium-term policy--and I discussed some of these earlier--are that the maximum financed amount would be \$10,000,000, the maximum repayment term is typically five years--in exceptional circumstances we will consider seven years--we require minimally a 15%--one five percent--cash down payment, and we will cover 100% of the remaining balance of principal and interest up--which would include 85% of the export value. Medium-term insurance--or what was referred to as export credit insurance on the previous slide--is an extension of credit made to a foreign buyer to procure U.S. capital equipment and/or services. It generally involves a bank--although medium-term insurance can be extended to a U.S. exporter who is in turn extending credit to its foreign buyer--again, is for ten year, uh, is for \$10,000,000 or less, and has a repayment term of five years. Okay. Ex-Im Bank would issue an insurance policy to the insured--again, it can be a bank or an exporter--and that insurance policy would cover the repayment of the extension of credit to the foreign borrower. We have multiple insurance policies here at Ex-Im Bank. Some

insurance policies will cover a single shipment to a foreign buyer, some insurance policies will re--will, will support multiple shipments to a foreign buyer, and some insurance policies will support multiple shipments to a foreign buyer from multiple U.S. exporters here in the United States. Under medium term, we require what's called disbursement documents. These are the documents that, as an exporter, you may present to a financial institution here in the United States that may be benefiting from Ex-Im Bank's coverage, which in turn is providing the loan to your borrower or to your buyer of goods. The disbursement documentations generally are a promissory note--which is generally issued by Ex-Im Bank to the--to another--to the financial institution or to the U.S. exporter that's extending the credit to the foreign borrower--we would require a copy of the invoice and the export bill of lading, and a document which is called the export certificate. Now, you will note that many of these documents are generally used in everyday commercial practices. This is by design, as Ex-Im Bank likes to use its medium-term tr--uh, financing

to supplement and complement traditional and standard commercial practices currently in use. The export certificate is a document that is unique to Ex-Im Bank. It is completed by the U.S. exporter, and, among other things, it verifies the amounts of U.S. content that is in the goods being supported as well as it verifies whether or not the U.S. exporter has made arrangements to receive a cash payment from the foreign borrower. All Ex-Im Bank transactions must have a completed export certificate. Without a completed export certificate Ex-Im Bank is unable to finance the transaction.

Medium-term loan guarantees. A loan guarantee is made to a guaranteed lender. A guaranteed lender is generally a commercial bank and/or financial institution--it could be here in the United States and/or one located overseas--that is extending a loan, a line of credit, to a foreign borrower. Ex-Im Bank guarantees the repayment of that extension of credit. Okay? Again, for medium term, we will finance up to \$10,000,000 and generally we have repayment terms of seven years, five being very typical but again, exception of seven years or less.

The features of the medium-term guarantee are very similar to those features we talked about earlier which cover our medium-term insurance. We will cover 100% of the principal and interest for 85% of the U.S. contract price. The interest rate is set by the lender, it is not set by Ex-Im Bank under a medium-term guarantee. So, therefore, it is typically a commercial rate negotiated between the lender and the borrower. Medium guarantees issued by Ex-Im Bank are fully transferrable; that is, banks can sell Ex-Im Bank backed transactions amongst themselves. We will finance in certain foreign currencies and during the life of the loan, the borrower does have the option to switch the interest rate from a floating rate to a fixed rate. The primary documentation for a medium guarantee is very similar to that documentation which is required for medium-term insurance. You will note at the bottom of the slide we do include the bill of lading--which we've already discussed--the export certificate, we also have a promissory note which is issued by the lender to the borrower. Additional documentation for medium guarantees include what is called an Annex A,

which is a document that is issued between Ex-Im Bank and the guaranteed lender, as well as a master guarantee agreement, again, another document issued between Ex-Im Bank and the lender. As an exporter you would not be a party to the master guarantee agreement and/or the Annex A. These are not documents you would need to concern yourself with. It is only if you are a financial institution and you intend to lend under Ex-Im Bank's coverage would you need to execute these documents with Ex-Im Bank. We spoke about this very briefly very early on in the presentation and that is, local cost. And, again, local cost is the cost incurred to an exporter overseas that is related to the goods or the project that they have been contracted to either build or provide for a for--foreign borrower. For medium-term transactions, Ex-Im Bank requires that the local cost be part of the sales contract; that is, the document you execute with your buyer must clearly codify the responsibilities of the U.S. exporter as it relates to local cost. If it is codified within your contract, and assuming that the buyer cannot find additional financing to support such

local cost, Ex-Im Bank will finance local costs, will add--excuse me--will add fo--local costs as part of its overall financing commitment for the transaction. We are now going to talk very briefly about Ex-Im Bank's long-term financing programs. Ex-Im Bank has two financial products to support long-term lending; that would be loans and guarantees--or excuse me--loan guarantees and direct loans. For long-term transactions the maximum repayment term are determined by where the borrower is domiciled. Category 1 countries are those countries which are typically defined as G7 and/or highly developed countries, such as Germany, France, the United Kingdom, Japan, and so on. In those markets, depending upon what your contract amount is, Ex-Im Bank can finance transactions up to five years. This means, irrespective of the size of the transaction, typically the longest repayment term we would be able to support in a Category 1 country is five years. However, for a majority of the countries Ex-Im Bank participates and does financing in, we can consider transaction--or excuse me--we can consider tenures of much longer term. For

instance, if you had a transaction in the country of Nigeria and the contract amount was approximately \$25,000,000, Ex-Im Bank could set a repayment term of ten years or more. Direct loan. Unlike guarantees and insurance, which involve either a bank or an exporter extending credit to its borrower with Ex-Im Bank's assistance, for direct loans Ex-Im Bank is actually lending the money itself. We are not actually utilizing a bank to serve as a source of funds. Ex-Im Bank and/or the United States government is the source of funds. Direct loans are structured very similar to our medium-term and long-term guarantees in that Ex-Im Bank will support 85% of the U.S. contract price, they are typically done at a fixed interest rate, we always will use a letter of credit as a disbursement method to reimburse the exporter, and we have what's called a shipping rule. It is best to utilize a direct loan when your buyer insists on fixed rate financing and/or you as a U.S. exporter are competing against a foreign competitor that has brought what is called tied aid financing, or concessionary financing. Concessionary financing is defined as financing

that provides terms and rates that are well below what the market can offer. In such a circumstance, it is impossible for a commercial bank--which has to actually go the m--capital markets itself to fi--to acquire funding--to actually compete and provide a competitive rate. Therefore, in such instances where tied aid competition is proven, the United States government will step in and provide a very low interest rate loan to your borrower to support their acquisition of U.S. exporters. The local costs under long term, again, the coverage is the same--it is 30%--and, generally, because most long-term financing supports projects such as the construction of a d--hydro-electric dam or a power plant, local cost is automatically included if the exporter requests it. Therefore, we do not require for the local cost to be part of the export contract although sometimes and very often it is for long-term financing. Who can apply at Ex-Im Bank? Who can be the applicant at Ex-Im Bank is determined by pr--by the type financial product you are actually applying for. For medium-term insurance a U.S. exporter can apply, or a lender

can apply on behalf of either its customer, the exporter, and/or its customer could be the foreign borrower. You can also apply for what's called a letter of interest. A letter of interest is a non-binding commitment from Ex-Im Bank that indicates to a foreign buyer Ex-Im Bank's willingness to consider the project assuming it meets certain criteria. Because this is a non-binding commitment anyone can apply. So even after we issue a letter of interest it, again, it simply provides an indication of what we're willing to do. A preliminary commitment--anyone can apply; however, Ex-Im Bank limits when individuals can apply for a preliminary commitment. A preliminary commitment is an actual application to the bank for financing, which means that Ex-Im Bank would undertake and perform all the requisite due diligence to determine whether or not it believes this transaction is credit worthy. If it is credit worthy, Ex-Im Bank will issue an approval and that approval states that if the U.S. exporter wins the export order, then Ex-Im Bank's financing is assured for its foreign borrower. But, again, there are limited

circumstances that Ex-Im Bank will do a preliminary commitment because it does involve a substantial amount of resources and, therefore, we do ask that, typically, if you are applying for Ex-Im Bank financing, we do ask that you've already have won the export order. If you have won the export order, if you've executed a sales contract or a pro forma invoice, or received a purchase order, then you can apply for what's called a final commitment application for either a, a guarantee and/or a direct loan. Because of the fact that guarantees are only available to lenders, or to financial institutions, we generally say that only a mandated lender or a guaranteed lender can apply for a final commitment. In some rare instances foreign borrowers will directly apply to Ex-Im Bank for a final commitment application, but as I mentioned, because of the fact that Ex-Im Bank typically does most of its lending through guar-
-through other institutions--through banks--we do generally request that they approach a lender, work with the lender to package its application, and then submit it to Ex-Im Bank. Ex-Im Bank has a number of initiatives that ha--

it has established over the years to support various sectors and various industries throughout the United States and abroad. First and foremost is what is called sub-sovereign risk. Years ago, when Ex-Im Bank did financing and government-to-government lending, typically, that lending would be from the United States government to a central bank or to a minister of finance. However, over the years, we have found that oftentimes the central b--the central authorities in various countries that we do business in do not necessarily have the budgetary resources and/or believe the priorities of certain projects are at the top of their list to actually a--apply their funding. So what we have done is we have looked at going below what we call sovereign risk and looking at sub-sovereign risk. An example of sub-sovereign risk would be such as the, the City or Municipality of St. Petersburg, Russia approaching Ex-Im Bank and requesting a loan to support its acquisition of U.S. exports. Before, we would require the City of St. Petersburg to go to the Central Bank of Russia and get the Central Bank to provide it support.

However, because of the fact that St. Petersburg--using this as an example--has gone to the international capital markets, it does have a bond rating, it has borrowed money without the support of the Central Bank, Ex-Im Bank can look directly at that municipality to consider, consider it for an extension of credit. An additional industry where Ex-Im Bank looks to provide alternative means of support is the medical industry. There are several medical institutions throughout the world, that were formerly owned and operated by the government but have been privatized over the last decade or two, that need to update, uh, their equipment and they do have a preference to purchase American. However, because of the fact that they were formerly owned by the government, because of the fact that they initially were probably a part of the Ministry of Health, they do not have financial statements. They, they do not have any type of credit documentation that demonstrates history. Therefore, Ex-Im Bank has approached this tra--these transactions with what we call alternative credit standards. Typically, when you apply to Ex-Im Bank and you

are a private sector borrower, we would require three years' worth of audited financial statements. However, if you are a medical institution and you--you've recently been privatized, we waive the requirement for three years. Perhaps you only have two years, perhaps you only have one year. We will look at those financial statements and we will also look at what we call forecasting and/or financial assumptions, looking at future revenue flows based on whether or not the equipment is put on line and would it generate additional cash flow. So, for Ex-Im Bank, in these types of transactions, it's a unique way to combine both traditional tr--trade finance with what we would call project financing to determine whether or not these obligors are credit worthy. In addition, we will do equipment financing through what we called asset-bashed--asset-backed transactions. Once again, we would do this by, by not relying solely on the historic balance sheet of a borrower. We look at future, future ca--uh, cash flows and things of that nature, we look at perhaps taking liens or other types of security to get comfortable with the obligor.

Co-financing. This is when Ex-Im Bank teams up with another export credit agency and provides a single credit package to a foreign borrower. Co-financing has been quite common in Europe, where you would have European companies competing for transactions and when they win those transactions, they're sourcing from all over the continent, from all over the continent. So what they'll do is they'll approach their indigenous export credit agency and ask for a single-financing package, but what is happening in turn is that export credit agency is going to all the other export credit agencies and effectively being reinsured on the portion of goods that are coming from those countries. What this effectively does is it streamlines the documentation. Prior to having co-financing, if you are a U.S. exporter and you had a project in a country and you were sourcing from two different countries, your borrower may have had to fill out two different sets of credit documentation. Now that we have co-financing that is no longer a requirement. The borrower only has to fill out one set of credit documentation, which ultimately cuts down on the

amount of fees that are expent, obviously to document the transaction. Lastly, Ex-Im Bank has an environmental exports transaction. Ex-Im Bank recognizes that U.S. exporters are the lead in environmental technology, and we also recognize that many of these transactions occur in countries where it sometimes is very difficult to obtain financing. Therefore, we have created various initiatives and various incentives to bring foreign borrowers, or to incentivize foreign buyers, to use Ex-Im Bank and purchase from U.S. exporters. That concludes the brief summary of Ex-Im Bank's medium and long-term financing program. I appreciate your appreciation and we will now take questions. Thank you. I have received some questions. The first question is, can ferrous or non-ferrous scrap metal be financed as well. The answer to that question is yes, depending upon the nat--the type of metals that are actually being financed. We can finance scrap metal; however, it is important to note that since scrap metal is typically an input stock and oftentimes identified as a raw material, we do not finance scrap metal fo--at

medium or long term. We will finance scrap metal for what we call short term and that is, repayment terms of 360 days or less. Does Ex-Im Bank do financing leasing is the next question. The answer to that question is yes, Ex-Im Bank does do financing leasing. Typically the leasing structures are similar to our standard medium-term financing structures. Since financing leasing oftentimes is simply a moth--another means to procure goods and services.

Question: How does one confirm that one's technology is proven? There are several ways to do that. It is true that Ex-Im Bank typically does not finance quote, unquote "new or unproven technology." So the question is, what type of technology are we talking about and whether or not that technology is regulated or requires any types of certifications from the United States government or any other type of regulatory authority. If it does, oftentimes those certifications can go and provide some degree of, of validity or, or, or veri--verification that the technology is proven. We do prefer for the technology to, to have previously been deployed so there is a track record of its

performance. If it has not previously been deployed, and if there are no certifications, then we clearly would have to do additional due diligence to determine whether or not that technology is viable enough to receive support from Ex-Im Bank. Next question: How long does it take for medium-term insurance, cost, fees to exporter? Ex-Im Bank currently processes or average--or on average processes medium-term insurance applications in a period of approximately 30--30 business days. That can go up and down depending upon the nature of the transaction and, obviously, its complexity. It's important to note that Ex-Im Bank's ability to respond quickly or promptly to a medium-term request is directly linked to how complete the application is. If there is a necessity to require or request additional information, that could prolong the processing time. The cost of the insurance is determined by the level of the risk associated with the transaction. For instance, if your buyer is located in what we would determine a high risk market and/or your buyer has, uh, financial ratios that deem it to be a high risk, the cost could be somewhat

significant or somewhat higher than typically you would, you would find in the capital markets. Uh, an example would be a medium-term insurance to certain markets, uh, for five years might cost you on average, or having a premium fee of approximately anywhere from 5.6 upwards to 7.6%. Okay? Are there any fees to the exporter if you apply for medium-term insurance? The answer to that question is no. The application fee to apply for medium-term insurance is free so, therefore, there is no inherent cost directly to the exporter. Um, however, in an--any circumstance it is, it is not uncommon, although it is not necessarily frequent, where the buyer may ask the exporter to t-assume some of the premium cost and/or to lower the cost of its overall product to make up for the cost of having to secure insurance. This doesn't happen all the time, but it does happen, and if--this--if you are a U.S. exporter looking to utilize Ex-Im Bank's medium-term insurance, I encourage you one, to identify your borrower--to approach Ex-Im Bank to get a more accurate assessment of what the costing can be so you can provide your foreign buyer a more

accurate assessment, or a notional assessment, of what it may cost to use Ex-Im Bank's insurance. Next question: What countries are we lending to? Ex-Im Bank does lending in over 130 countries throughout the world. Uh, we, we lend, um, to a majority of the markets where -- Ex-Im Bank would consider itself open. What I would encourage you to do is go to our web site, which is www.exim.gov, and look up a document called the Country Limitation Schedule, oftentimes abbreviated CLS. The CLS will identify all the markets where Ex-Im Bank is open to do business, as well as identifying the term Ex-Im Bank is willing to support. In some markets, because they have macroeconomic situations or macro-political situations, we may not be able to do financing in excess of one year or in excess of seven years so, therefore, there may be some limitations on those markets because of what we would consider to be high risk factors that cannot be appropriately mitigated. So please visit our web site to -- rev--and review the CLS to determine those markets where we're open to do business. If we are open to do business, then Ex-Im Bank will

consider a transaction in that market.

Question: Does Ex-Im Bank play a role in franchise setup? Yes, we do. Ex-Im Bank has financed several franchises overseas. We have financed both franchising licenses, as well as the procurement of the various hardware that many franchises require their franchisees to purchase, to, obviously, sell their product.

Uh, so, yes, we do. Question: Difference between medium-term insurance or medium-term guarantees. This is a very good question and the slide show did not delineate this information clearly enough. Medium-term insurance is what is called a conditional product. The conditionality means that even after you file a claim, if you did not adhere to the medium-term insurance documentation in the policy and guidelines, Ex-Im Bank can deny your claim. Medium-term guarantees is an unconditional commitment. We say no matter what, Ex-Im Bank will pay the obligation--should a claim be filed--if you secured a medium-term guarantee. There is a pricing differential between medium-term insurance and medium-term guarantees. The pricing differential varies by transaction and

by market; however, it can be anywhere from 15 basis points upwards to 100 basis points to-- again, depending upon the nature of the transaction. Question: Does Ex-Im Bank require documents in English? Typically, yes, Ex-Im Bank does require for the documents and the application to be filed in English. However, depending upon the na--the, the amount of the credit and, in some circumstances, Ex-Im Bank will accept documentation in Spanish.

Generally, this is for transactions that are \$1,000,000 or less. Um, if it's in, if it's in excess of \$1,000,000, it must be in English and/or it must have certified translations, if it less than \$1,000,000 we can accept it in Spanish. If it less than \$500,000, and depending upon the nature, we've also accepted documents in Portuguese. Question: Does Ex-Im Bank have experience with EU reconstruction funds, beneficiaries to ensure payment on such projects? Ex-Im Bank has participated in a number of projects that does include other export credit agencies or, in many circumstances, other multi-lateral or multi-development banks such as the IMF, the World

Bank, African Development Bank, and such, such forth. So, yes, we do have experience in dealing with various banks. I can't speak specifically of whether or not we've done with EU reconstruction funds; however, I can say that to the extent that they are--if they are involved in the regions where Ex-Im Bank is involved, there's a high probability that we have dealt with them at some time. I encourage you, should you want additional information on this, to contact Ex-Im Bank or perhaps a regional office which supports your region--area, and find--provide them specifics of the transaction you are inquiring about, and we can look and determine whether or not we've actually worked with the EU reconstruction fund. Is there a long-term program for the purchase of inventory longer than 12 months? Typically, inventory can only be supported for a period of, generally, 12 months or less. This is because the inventory oftentimes is going to be utilized as input stock for the construction of items. However, if your inventory is capital goods--such as if you were a dealer of tractors or cars or other items that may not necessarily be

procured within a 12-month cycle--depending upon the economy, yes, we can support inventory for a period in excess of 12 months. It is not uncommon for Ex-Im Bank to support foreign dealers of U.S. manufacturers of both tractors and cars with an--with a medium-term insurance or guarantee product for two to three years, meaning that once they buy your stock--your rolling stock--they have two to three years to repay back the Ex-Im Bank loan. Typically, once the foreign borrower sells the asset, we do ask th--for them to repay that portion of the loan related to that particular asset. Question: Are Ex-Im Bank's products limited to banks and financial institutions? The answer is no. A-- As I mentioned earlier, for medium-term insurance U.S. companies or exporters can come in and apply for a medium-term insurance policy. However, outside of that, if you're applying for a guarantee, or if you're applying for a direct lo--a direct loan, generally the applicant must either be a bank, a financial institution, and/or the borrower of the funds. If you do not fit in either of those categories, I encourage you to contact Ex-Im Bank directly and speak to

an Ex-Im Bank regional officer to determine whether or not your company can benefit as a beneficiary for Ex-Im Bank's financing as an applicant. Question: Any experience lending to Sierra Leone? Yes. Ex-Im Bank does have some limited experience lending to Sierra Leone. We have not lent to the market in some time due to macroeconomic conditions, but we have a vast wealth of experience lending to Sub-Saharan Africa. In fact, Ex-Im Bank had a Sub-Saharan Africa initiative which tap--which specifically tasks a significant amount of Ex-Im Bank resources to both develop and underwrite business within the Sub-Saharan African region.

Question: Are you required to be a manufacturer? No. You are not required to be a manufacturer to benefit from Ex-Im Bank's financing. Ex-Im Bank supports a number of distributors or dealers in the United States that do not manufacture anything. We also support a number of trading companies that again do not manufacture anything. They acquire their goods either directly from the manufacturer or they may buy it on the open market. Regardless, if they are exporting those goods overseas, Ex-

Im Bank can support their foreign buyer's acquisition of their goods. Question: Is Ex-Im Bank still doing business with Egypt? Answer is yes, Ex-Im Bank is still open within Egypt.

Therefore, at this time, if you have a transaction in Egypt we can consider it.

However, given the fact that the situation in Egypt is somewhat fluid, it is possible that Ex-Im Bank could see a material change to the market which could impact our cover policy and may limit our ability to support ongoing transactions in that market. However, currently we are open in Egypt and I, I, I am not aware of any information at present that would close us in the market. Question: What is Ex-Im Bank's

track record with Columbia? Ex-Im Bank, overall, has a default ratio of approximately 3%. That is much lower than you would find in the commercial sector. That is because we have a significant amount of experience with underwriting transactions internationally. As far as our track record with a specific market, I cannot speak to that right now because I do not have the information in front of me; however, I can say that gener--in general, given

our, given our overall track record, I would say our track record probably is fairly good. Uh, Columbia is a market we, we, we--where we have a substantial amount of business in. Um, like all markets, it is cyclical. There are some times when we've had a substantial, or should I say, we've had a very good track record in that market, and there are some times when the market has gone through economic decline which has led to unfortunately, uh, we--you know, a, a, a, a uptake in claims activity. For instance, in the 1980s Ex-Im Bank had significant experience in Mexico.

Unfortunately, in the 1980s there also was a Mexican debt crisis which led, ultimately, to a number of Mexican companies--that had taken out loans backed by Ex-Im Bank--being unable to honor their obligations. This was simply a, a fact of the macroeconomic environment and it was not an issue of the, of the company's unwilling--or un--or unwanted to, to--excuse me--unwilling to make those commitments or meet those commitments. In that instance, Ex-Im Bank restructured many of those loans and, ultimately, the loans were paid off in full. I

would say the same has happened in Columbia, and it did happen in the 1990s and we did see an uptake in claim activity; however, overall our experience in the market has been satisfactory. To the extent that Ex-Im Bank finds itself in a market where we do not believe there is a strong, strong possibility of repayment, that would be reflected on our country limitation schedule. Our country limitation schedule would clearly articulate the fact that Ex-Im Bank's cover policy is restricted in that market, and those restrictions could be due to the fact that, historically, the losses had been so great that we simply do not see that as a viable market. That is not the case with Columbia, as we are open. Recurrent--do we--Question: Do you currently ha--do you currently have transactions in the Philippines? I am not aware, currently, of any transactions that Ex-Im Bank is processing in the Philippines; however, I--it is important to note that I do not necessarily cover all of Ex-Im Bank's transactions. Therefore, it is very possible that we do have transactions in the Philippines. The Philippines, historically, is a market where

Ex-Im Bank has done a substantial amount of business. Therefore, it is, it is very probable--highly probable--that we do have a transaction somewhere in Ex-Im Bank that is being processed for Filipino borrower. We are open in the Philippines so, therefore, if your--if you have a transaction in the Philippines you would like Ex-Im Bank to consider, I would en--I would encourage you to approach the bank.

Question: Can U.S. shipping costs be included in financing? Yes. Ex-Im Bank will support the U.S. shipping costs related to the export of a U.S. manufactured item. This is quite common, in fact, that Ex-Im Bank covers all U.S.

sourcing into a particular project. Generally, i--for the financing itself, we can support any and everything that is being sourced from the United States. Okay? Again, if it is being sourced outside the United States, and, and if it is not brought into the United States, then we would consider that foreign content, and we wo--and it may be considered ineligible foreign content, which means that either the borrower would have to support them out of their own pocket, or Ex-Im Bank would participate in a co-

financing structure to finance that for your borrower as well. But, yes, U.S. shipping costs can be included in Ex-Im Bank's financing.

Question: Does Ex-Im Bank deal with Venezuelan buyers? Currently, Ex-Im Bank is closed in Venezuela so we would not be able to consider any transactions where the buyer is domiciled in Venezuela. Question: Can medium-term

agreements be converted to long-term and, if so, under what conditions? Generally, if the Ex-Im Bank is financing a product under a medium-term transaction or a medium-term documentation, we do not convert that into a long-term document.

All right? However, there have been circumstances in the past where a buyer has, has had one of its medium-term obligation to be absorbed into a long-term obligation. Can that be done, and the answer to your question is yes.

The determination is made on a case-by-case basis, it is generally very specific and very rare, but we can look at it. Question: Does Ex-Im Bank deal with Iraq? Yes, Ex-Im Bank is currently open in Iraq in the--both what we call the public sector and the private sector. We are currently open to support transactions with

the total repayment term of up to seven years. We'll be able to take a few more questions and then, unfortunately, we are going to have to log off. Question: Can foreign duties be included in the loan? Generally, Ex-Im Bank does not pay foreign custom duties or do not, not allow for corn--foreign, uh, custom duties to be financed. However, in some circumstances, Ex-Im Bank has allowed for value-added taxes--which are the responsibility of the exporter sometimes--to be included in the overall financing. So, therefore, yes, value-added taxes, which can be identified sometimes as foreign duties, may be included in the Ex-Im Bank financing. Question: Can you please speak to financing renewable energy in Africa? Ex-Im Bank has recently created a s--s--a renewable energy group simply tasked with supporting environmental technology throughout the world. Obviously, with that said, we can support such transactions in Africa. We have looked at doing some renewable energy transactions, such as solar and geothermal; however, to be honest, we have not done a number of transactions in this market. This is not to say we are not interested, so

what I will say to this question is that if you have a particular transaction, I highly encourage you again to contact Ex-Im Bank so we can discuss this one-on-one, talk about your transaction, and determine the appropriate structure and the appropriate financing product to suit both your needs and your buyer's needs.

Question: Does Ex-Im Bank do business in Ghana currently? Answer: Yes. Ex-Im Bank is open in Ghana and we've done a number of transactions in both--in, in the bo--Ghanaian public and private sector. Ghana is one of our most robust markets in Sub-Saharan Africa and, therefore, uh, we do encourage you--if you have a Ghanaian transaction--to approach us. In the end, I do want to sum up one thing. As I mentioned earlier, Ex-Im Bank does have certain policies that govern our transactions and one of them is the shipping requirement. And there have been some questions on that. The shipping requirement--which I noticed the slide show did not cover--but the shipping requirement does state--is, is the following. Mm, mm, please write this down because this is very important if you're looking to finance a long-term

transaction with Ex-Im Bank. For all transactions that are medium-term--or, excuse me, that are long-term guarantees in excess of \$20,000,000 or all direct loans, Ex-Im Bank requires that you ship on a U.S.-flagged, registered vessel. If you do not ship on a U.S. flag registered vessel, and even though you may have received support from Ex-Im Bank, Ex-Im Bank's financing would be voided. Therefore, it is very important that when you are making logistical arrangements, that you secure shipping on a U.S. flag, flagged vessel. If a U.S. flag vessel is not available, for whatever reason, you will need to seek a waiver. Waivers are pro--provided by the Maritime Administration which is part of the Department of Transportation. Ex-Im Bank has nothing to do with actually receiving the waiver, but the waiver is important and is critical for you to be able to benefit from Ex-Im Bank financing. With that, ladies and gentlemen, I thank you very much for your time and participating with Ex-Im Bank's Webinar. Should you have any questions I do encourage to call the 1-800 number and/or get onto our web site. Please

remember that Ex-Im Bank has regional offices located throughout the United States. Should you have any questions that were not sufficiently addressed in this presentation and/or should you have transactions that you would like to discuss with Ex-Im Bank in greater detail, I do encourage you to contact our regional office. Thank you.

MR. GRACE: I want to add my thanks to both you, Kyle, and to those of you that have participated in today's webinar. This webinar will be placed on our web site, www.exim.gov. Just give us a few days to transcribe it and get it posted. Um, you will receive from us a little thank you note and a short questionnaire. We would appreciate it if you could quickly respond to the seven questions that we have included there. Also, we are conducting global access events throughout the United States to introduce Ex-Im Bank to small business. Our next global access event will be in Lafayette, Louisiana on the 28th of February. We also will be having our annual conference on March 31st and April 1st. Again, thank you for your participation and including us in your

activities today. This will conclude the
webinar. Thank you.

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C E R T I F I C A T E

The prior proceedings were transcribed from audio files and have been transcribed to the best of my ability.

Signature: Sharon L. Menck

Date February 25, 2011