

CHAIRMAN'S LETTER

For 65 years, the Export-Import Bank of the United States has supported U.S. exports that have helped American companies and countries throughout the world to grow and prosper. In our country, working men and women can build homes, families and their future because of transactions supported by Ex-Im Bank.

Today, more than ever, Ex-Im Bank is in the vanguard of our nation's global trade promotion efforts. In our rapidly changing world, where technology has increased the speed of business, and economic shocks such as the global financial crisis provide new lessons about our world markets, we need both the commitment to stay the course and the ability to capitalize on new opportunities.

Ex-Im Bank's commitment is to support U.S. exports, jobs and economic growth. As the global economy becomes ever more integrated, we know that Ex-Im Bank can make the difference between success and failure for many U.S. exporters in the world's developing markets.

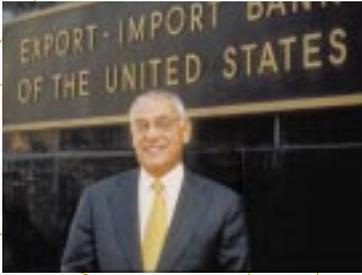
Ex-Im Bank is reaffirming its dedication to customer service and protecting the resources entrusted to us by Congress and the American taxpayers. The past year marked the beginning of many initiatives and new approaches to maximize support for U.S. exports, manage more effectively, and reach out to more customers at home and abroad.

MAXIMIZING SUPPORT IN TODAY'S MARKETS

In the past seven years under the Clinton Administration, Ex-Im Bank has supported more than \$100 billion of U.S. exports that have directly created or sustained more than one million jobs in the United States. In the past fiscal year, Ex-Im Bank supported \$16.7 billion in U.S. exports — only two percent below the highest amount ever supported by the Bank. These results were achieved in a year that was very difficult for many developing world countries.

Recovery has commenced in many countries that were impacted by the global financial crisis. As recoveries continue, demand for Ex-Im Bank support in fiscal year 2000 will increase and challenge all of us to manage the Bank's operations effectively to meet anticipated exporter requirements.

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Ex-Im Bank is actively working to increase U.S. exports worldwide. In Asia, we are bridging gaps in trade flows to markets affected by the global crisis. In Latin America, we are building on our nation's historically strong commercial relationships and developing new partnerships. In Africa, we launched first-ever marketing initiatives that have resulted in an 11-fold increase in support for U.S. exports during the last year, and we are laying the foundation for significant trade growth in the years ahead.

Specifically, in the past two years, Ex-Im Bank has stepped up with increased financing in countries such as South Korea, Thailand and Indonesia. Ex-Im Bank dramatically increased the number of transactions with South Korea in fiscal year 1999, helping to keep trade flowing with this key Asian market — a testament to Ex-Im Bank's ability to respond rapidly, creatively and dynamically. Ex-Im Bank authorized \$3.5 billion in U.S. exports to Asia in fiscal year 1999, making it the Bank's largest regional market last year.

In Latin America, Ex-Im Bank has pioneered new approaches that are helping countries engage in more trade with U.S. exporters. We opened in Brazil's public sector and launched an initiative with six Brazilian banks to provide up to \$1 billion in short- and medium-term export credit insurance. Ex-Im Bank signed a \$50 million, two-year agreement with the Central American Bank for Economic Integration that will help finance transactions for small and medium-sized businesses. We also signed a ground-breaking \$250 million, two-year agreement with the city of Buenos Aires — our first direct financing agreement with a municipality.

I am particularly proud of our work in sub-Saharan Africa, where we are making a significant difference. In August 1999, Ex-Im Bank launched a \$200 million, one-year Africa Pilot Program to make short-term export credit insurance available in 13 countries, including some markets where Ex-Im Bank financing was previously unavailable. Now, Ex-Im Bank financing is available in 32 countries in sub-Saharan Africa — twice the number from just one year ago.

For example, now Ex-Im Bank's short- and medium-term financing for private sector transactions is available in Tanzania and also in Nigeria for the first time since 1992. In Mozambique, Ex-Im Bank's short-, medium- and long-term financing for private sector transactions is available for the first time since 1969. We also initiated an innovative export credit facility with a South African small business organization to on-lend our financing to its members. For the first time, Ex-Im Bank is offering guarantees in South Africa's currency, the rand.

MEETING COMPETITIVE CHALLENGES AND PROMOTING INTERNATIONAL COOPERATION

Ex-Im Bank is also addressing transnational challenges to U.S. export growth. Some take the form of competitive challenges faced by U.S. exporters throughout the world. To address foreign competition, in fiscal year 1999, Ex-Im Bank implemented a new fee agreement with other countries of the Organization for Economic Cooperation and Development (OECD) to standardize minimum country risk exposure fees. Other challenges, such as promoting environmentally sustainable development, provide openings for greater cooperative action among nations.

Ex-Im Bank has taken the lead in gaining cooperation among export credit agencies on common environmental guidelines for evaluating projects. This has been a long effort, but this year, Ex-Im Bank successfully negotiated an agreement among members of the OECD Export Credit Group that encourages export credit agencies to share environmental information voluntarily on a case-by-case basis for large, multi-source projects in environmentally sensitive sectors. Ex-Im Bank has made significant strides in supporting environmental exports to Latin America — signing an environmental cooperation agreement with Colombia, an environmental credit initiative with the province of Buenos Aires, and an environmental exports memorandum of understanding with Venezuela. Ex-Im Bank also announced a \$100 million clean energy program with China.

In addition, we are spearheading new cooperative efforts to foster essential economic and legal reforms in developing countries. Ex-Im Bank has initiated successful efforts to share information with other major export credit agencies on a variety of credit issues, especially for markets in Asia and other nations affected by the global financial crisis.

BUILDING THE EX-IM BANK OF TOMORROW: PRODUCTS, TECHNOLOGY AND EXPERTISE

Ex-Im Bank's role in assisting U.S. exporters and helping to expand U.S. trade requires that we constantly analyze and assess how we can do things more efficiently and in ways that create greater value. Abandoning outdated procedures and replacing them with better ideas, new technologies and more streamlined processes to achieve our goals is an ongoing management effort.

During the past year, Ex-Im Bank introduced a number of new products to serve our customers better and improve our effectiveness. We are expanding outreach to small and new businesses to increase our customer base through new partnership programs with trade associations, private companies and individuals. We have launched a pilot program that offers 100 percent coverage on Ex-Im Bank-guaranteed working capital loans to traditionally underserved markets, such as women- and minority-owned companies, and small businesses in rural and economically depressed areas. Improvements include the introduction of short-term credit standards and insurance product changes aimed at providing greater transparency, predictability and Ex-Im Bank risk-taking to assist a wider spectrum of small business exporters.

Innovative products and projects also include a medium-term bank-to-bank insurance policy to cover multiple contracts, pre-completion comprehensive coverage for project financing, a project finance competitive letter of interest, an enhanced medium-term insurance lease policy, and an insurance program to support exports of Y2K-related goods and services. Ex-Im Bank is also working on a long-term insurance product and co-financing with other export credit agencies.

Through increased use of technology, we are leveraging our human resources for optimal performance, improved results and increased value. With the help of the Internet, Ex-Im Bank is now available to customers worldwide 24 hours a day, seven days a week. This past year, we introduced a secure, online Letter of Interest application, the first of a series of Internet-based applications that allow prospective customers to submit applications day or night. As we integrate more of our processes and applications with safe, secure and

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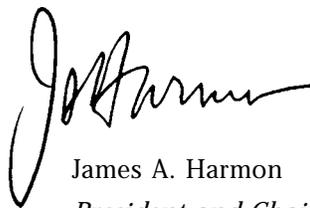
accessible Internet technology, we expect turnaround times to go down while customer service and satisfaction go up.

Ex-Im Bank is a significantly different institution than it was 10 years ago. The profile of the Bank's lending has shifted from 22 percent private sector or non-sovereign-based lending in 1990 to 55 percent this year, reflecting the transition of centralized economies to market economies in former communist and other nations. This shift to the private sector in the economies of many countries has required Ex-Im Bank to make significant changes that make better use of the experience and talents of our loan officers, legal advisors, policy and economic analysts, and asset managers.

Ex-Im Bank continues to build for the future by recruiting today's professionals for their expertise and marshaling the strength of a diverse workforce to benefit our customers in the United States and abroad. We are also cultivating tomorrow's professionals through management training, fellows programs, internships and work-study programs.

U.S. exporters are not the only ones facing tough competition in the world marketplace. As other countries restructure and strengthen their trade finance agencies, Ex-Im Bank, along with the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA), must look for ways to effectively coordinate our efforts to meet this competition. One of the major challenges ahead is determining how U.S. trade agencies can more effectively work together and provide even better support for U.S. exporters.

After 65 years of successful service to U.S. exporters, Ex-Im Bank is not resting on its laurels. Our commitment to working Americans, their families and the U.S. economy has never been stronger. In a rapidly changing and increasingly global world, Ex-Im Bank is ready to meet the challenges of the 21st century.



James A. Harmon
President and Chairman