

MR. VERISSIMO: First, thank you for inviting us here. To begin I will give a brief background on Silicon Valley Bank.

The bank was founded in 1983 to capture a growing market in northern California which was underserved by existing commercial banks, mainly emerging technology companies.

Many companies in this unique market were just getting started and had yet to realize a profit or even revenues, and were not yet considered credit worthy by existing commercial banks. Since that time Silicon Valley Bank has established a reputation as a leader in this market. Building on its success in northern California, the bank has expanded to additional major technology centers around the country.

The bank provides a whole array of strategic financial services which are tailored to meet clients' changing needs as they progress through their business life cycles. The clients we serve are often early and aggressive exporters as they are developing products for a global market. The percentage of revenues exported may range from 80 percent plus -- for example, a client with a wireless communications solution for lesser-developed countries -- to less than five percent. An example would be the latest craze,

Internet companies focused on the domestic grocery market place.

This experience is consistent with the American Electronics Association (AEA) estimate that two thirds of the U.S. exports are from the technology sector. As such, Silicon Valley Bank has an active international services group, which, over 95 percent of the business conducted with over 1200 clients is exported related. The bank provides these clients with a full range of international products and services, including foreign exchange, trade services, and export financing.

One product that has been critical in meeting the export needs of our client, the Export-Import Bank working capital guarantee program. This program is designed to support U.S. job growth through exports by providing a guarantee to banks to finance exports. It is well suited to the emerging technology companies that are initiating export activity.

Silicon Valley Bank has been active in the program since 1995. We have provided over \$250 million of Exim guaranteed loans to over 120 technology clients, making the bank the leading provider of this product nationwide.

Given the relatively high level of exports generated by technology companies -- the fact that two

thirds of total U.S. exports are from the technology sector, according to the AEA, and that the technology sector has been an increasing percentage of total exports, how do we maintain global leadership in this critical industry sector? Based on our experiences, we believe that a strong emerging growth technology company sector is critical. The innovation driven by these firms assisted in powering the United States economy from the lackluster 1970s and 1980s to the dominant position it has today.

Factors key to the health of this sector include: one, an efficient and honest capital market system; two, a vibrant venture capital sector; three, a world class university network; four, an embracing of risk taking, as well as acceptance of failure at a societal level; five, commercial banks which are willing to support this sector; and six, a well developed infrastructure of service providers to assist companies in the business requirement.

In conclusion, the technology sector and its ability to export are key and increasingly important parts of the U.S. economy. A healthy and vibrant emerging growth company market is the critical component to the ongoing prosperity to this area. That concludes my prepared remarks.

COMMISSIONER KRUEGER: Thank you, very much. Welcome, John Robson. I'm happy you can be with us. I appreciate your coming, especially at this hour, early, from San Francisco. I think I mentioned at the beginning I think what we will do is ask for your opening remarks now for seven minutes. And then after that the panel will, of course, ask questions.