

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 11:30 (UK), 20 March 2009

Euler Hermes UK Exporters' Report

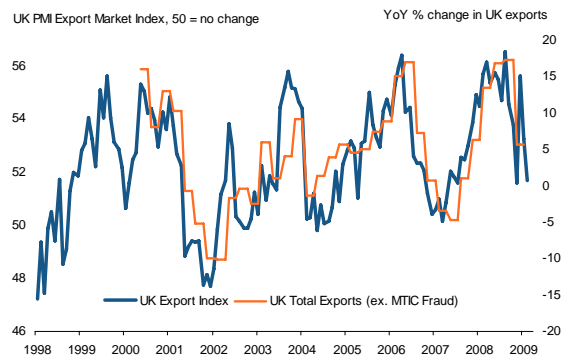
UK exporters continue to struggle during global downturn

Key points:

- UK exports stalled in February as global activity fell.
- Substantial contractions in output and activity recorded across the Eurozone.
- Sterling fails to provide boost to exports.

Historical overview:

Euler Hermes UK Exporters' Index



Summary:

February data signalled that conditions in UK export markets continued to deteriorate, as further substantial declines in business activity among the UK's major trading partners largely cancelled out any positive impacts on export trade from the weak pound.

The Euler Hermes UK Exporters' Index, compiled by Markit, posted 51.7 in February, down from a reading of 53.3 in the preceding month. This suggested that exports from the UK have practically stalled (50.0 being a reading consistent with no change in exports). The principal reason for the deterioration in growth was a further sharp decline in global activity, and therefore an implied weakening of underlying demand for UK goods and

services. This impact largely negated the continuing weakness of sterling, which remained at an historically low level in February. On a trade-weighted basis, the pound was 17% lower than one year ago.

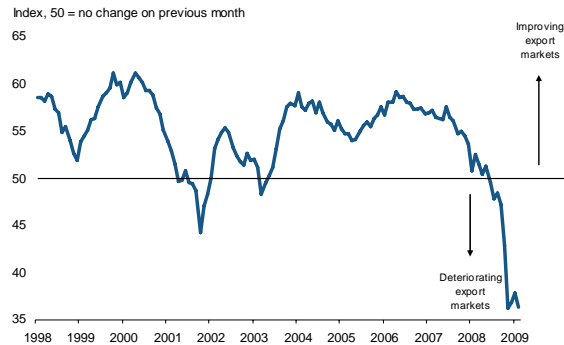
The Euler Hermes UK Export Climate Index pointed to a further severe deterioration in the health of UK export markets during February as activity contracted worldwide. Moreover, the overall pace of decline accelerated to its second-fastest since data were first available at the start of 1998.

Falling activity was again clearly evident in the European single currency area, with weakness signalled across the region. Of the main Eurozone nations, Spain registered the steepest decline in activity, while France, Germany and Italy all posted unprecedented reductions. Manufacturing sectors were particularly weak, with the contraction seen in Germany especially severe. The single currency region makes up around 45% of total UK exports, so the ongoing recession in the area will be of particular concern to UK exporters.

Activity in the UK's largest single trading partner on a country basis – the United States – fell sharply in February, as signalled by latest data from the Institute for Supply Management (ISM). Furthermore, the contraction was sharper than that seen in January, and the third-fastest in nearly twelve years of data availability. Activity in the US has now decreased in each of the past six months.

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Euler Hermes UK Export Climate Index



Japan posted the steepest decline of all the countries monitored by the Euler Hermes UK Export Climate Index in February, extending the current period of contraction to twelve months. However, it is important to note that Japan is the destination for only around 2% of shipments from

the UK.

Each of the world's main emerging economies (the BRIC countries of Brazil, Russia, India and China) registered weaker rates of activity reduction in February. However, tentative signs of recovery among the BRIC economies will be of little direct help to UK exporters given only around 4% of exports are currently destined for the region.

Comment:

Commenting, Andrew Harker, Economist at Markit Economics said:

"The global slump in demand put further pressure on UK exporters in February. The trade benefits of a weak pound appear to have been exhausted. Any competitive edge is largely irrelevant in the current economic climate where people are simply not buying."

-Ends-

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Notes to Editors:

The Euler Hermes UK Exporters' Index combines PMI-based data on the underlying health of demand in all of the UK's major trade partners together with figures on recent trends in the UK currency. By weighting together these two separate constituents an accurate measure of official UK export trade can be produced.

The Euler Hermes UK Export Climate Index (formerly the UK Exporters' PMI) is derived from the renowned monthly Purchasing Managers' Index® (PMI®) surveys conducted by Markit and other organisations around the world covering 9,000 companies in 25 countries.

About Euler Hermes

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,200 employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.2 billion in 2008.**

Euler Hermes has developed a credit intelligence network that enables it to analyse the financial stability of 40 million businesses across the globe. The group protects worldwide business transactions totalling €300 billion.

Euler Hermes, subsidiary of AGF and a member of the Allianz group, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.

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About Markit

Markit is a financial information services company with more than 1,000 employees in Europe, North America and Asia. Over 1,000 financial institutions use our independent services to manage risk, improve operational efficiency and meet regulatory requirements.

About Markit Economics

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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