Coface downgrades its United States rating to A2. Japan watch-listed with negative outlook

Deterioration seen in the U.S. crisis; Canada and Mexico also affected

Paris – April 1, 2008 – One year after watch-listing the **United States** with a negative outlook, Coface has downgraded its country rating for the U.S. to A2. Coface's has noted that the payment behavior of American companies deteriorated in January and February 2008. The tougher access to credit is handicapping the most vulnerable companies trading in sectors that revolve around domestic consumption. According to Coface, American growth is likely to be weak or even negative in the first half of 2008 but should see a slight recovery in the second half of the year, stimulated by the reactivity of the economic policy and the dynamic demand observed in emerging countries, which represent more than 50% of the country's trading outlets.

The border countries have also been impacted: **Canada's** and **Mexico's** A1 and A3 ratings (respectively) have both been watch-listed with negative outlooks. Coface has noted the increased risk of payment defaults within the manufacturing industry in **Canada** as a result of the rise in the Canadian dollar and the slowdown in the United States, its principal client (40% of exports).

Mexico is also sensitive to the American economic environment in two respects: 1) Exports, with the United States representing 80% of the total; and 2) Household consumption, partly underpinned by the movements of migrant Mexican workers (25 billion dollars), who are generally employed within the construction sector that is currently in a crisis.

The crisis seems to be contagious as Japanese companies are also under pressure.
Coface has watch-listed the **Japan** rating (A1) with negative outlook. Exports are slowing down, handicapped by the fall in American demand (25% of all outlets) and a strong yen, which is reducing company price-competitiveness. Household consumption continues to be impeded by regular salary cuts and the soaring of food prices. Bankruptcies were consequently up in 2007 (+18%), affecting companies in the construction, distribution and services sectors, as well as small and medium-sized manufacturing companies.

"These companies have got their backs to the wall," said Yves Zlotowski, chief economist at Coface. "*They are often dependent on a single client, and as such were already suffering from pressure on their margins prior to the current rise in the prices of their inputs, the lively competition now offered by the Chinese sub-contractors and the flat internal demand."*

About Coface
Coface's mission is to facilitate global business-to-business trade by offering its 120,000 customers four product lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, company information and ratings, receivables management, and factoring.

Coface also offers, in France, management of government export guarantees. Due to the worldwide local service delivered by 6,000 staff in 65 countries, over 45% of the world's 500 largest corporate groups are already Coface clients. Coface, rated AA (stable outlook) by Fitch Ratings, AA (negative outlook) by S&P and Aa3 (stable outlook) by Moody's, is a subsidiary of Natixis whose share capital (Tier 1) was 11.6 billion euros at the end of June 2007. More information is available at www.coface.com