Press release

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Guarantee Agreement submitted for approval to the European Commission

Further to the plan announced on 10 October 2011 and subsequent to the agreement reached with the States of France, Belgium and Luxembourg, a draft temporary guarantee agreement has been submitted to the Board of Directors of the Dexia Group. That draft has been submitted by the States in question to the European Commission for its approval pursuant to applicable state aid rules.

The temporary guarantee will enable the three States involved to sustain the Group by giving it the support it requires to continue the restructuring process announced on 20 October 2011 by the end of which the shape of the new Dexia Group will be finalised. It constitutes the first step by the three States towards meeting their commitment to provide a 90 billion Euro guarantee subject to a final decision by the European Commission; The three States have already implemented into national laws all measures required for the granting of a final guarantee for an aggregate maximal commitment of 90 billion Euro.

This support mechanism granted to Dexia SA and its subsidiary Dexia Crédit Local pursues two aims:

- to enable the Dexia Group to complete the various divestment processes currently under investigation;
- once those operations have been completed, to ensure the refinancing of the Group over time.

The legal nature of that guarantee is similar to the scheme set up in 2008 and amended in 2009, being a tripartite guarantee provided by the States of Belgium, France and Luxembourg. It is an irrevocable, unconditional, direct, autonomous and first demand guarantee. The guarantee is joint but not several, and the allocation between the States (respectively 60.5, 36.5 and 3% for Belgium, France and Luxembourg) remains the same. The guarantee covers financial contracts and securities.

Given the limited duration of the temporary agreement (until 31 May 2012), the mechanism is subject to the following terms and conditions:

- the initial maturity is set for 31 May 2012;

- a ceiling of €45 billion has been set to cover the financing needs of the Group during the period covered by the temporary guarantee and to reduce its dependence on refinancing by the central banks;

- as in 2009, the guarantee covers short and medium-term financial contracts and securities having a maturity of three years or less;

- Dexia will provide the three States with collateral for some of the guaranteed obligations issued under the benefit of the temporary agreement;

- The remuneration of the guarantee will involve a commitment fee of €225 million in addition to monthly fees calculated on the outstanding amount of guaranteed debt, in accordance with the European Commission's guidelines.

The terms and conditions of the guarantee agreement may be reviewed in the light of the final agreement and will be submitted for authorisation to the European Commission.

The Board of Directors of the Dexia Group will reach a decision once the terms and conditions of the guarantee agreement have been finalised.

The Board of Directors draws the urgent attention of the States and of the European Commission to the need to conclude a temporary and then final agreement as rapidly as possible so that the restructuring plan of the Dexia Group can be carried out in an orderly manner.

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