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Positive outcome from European Commission negotiations

Highlights

- Agreement with the European Commission on Dexia's restructuring plan:
 - Acknowledgment of the significant achievements in Dexia's transformation plan
 - Confirmation of a 15% cost reduction objective
 - Recognition of deleveraging progress to date and Dexia's ability to carry on
 - Divestment of Dexia Crediop, Dexia Sabadell and Dexia Banka Slovensko in the next three years
 - Restrictions on dividends, hybrids and acquisitions for the next two years
- By 2014, Dexia's balance sheet will be reduced by 35%
- On June 30, 2010, the Group will have exited from State Guarantees on funding
- Based on a soundly funded balance sheet, Dexia will work on extracting the full potential from its historical franchises, whilst developing its Turkish operations

Mr Jean-Luc Dehaene, Chairman of the Board of Directors, said: *"The European Commission acknowledged the progress in Dexia's transformation to date and the guidelines decided by the Board in October 2008. The outcome is positive for the Group. Dexia will be shortly recovering its full funding autonomy. I would like to thank all stakeholders and in particular the States of Belgium, France and Luxembourg for their support. With everyone mobilized around a clearly identified project, we can continue to build new perspectives for the Group."*

Mr Pierre Mariani, Chief Executive Officer and Chairman of the Management Board, said: *"The finalization of the discussions with the European Commission is an important milestone for our Group, putting an end to a period of uncertainty. The decisions announced today are fully in line with Dexia's transformation plan launched in November 2008. We will timely manage the divestment program of the Group to protect the existing value of the entities and ensure the best development opportunities for our teams. We are determined to continue our transformation efforts leading Dexia to focus on its core franchises."*

* Dexia is a listed company. This press release contains information subject to the transparency regulations for listed companies.

Agreement with the European Commission on Dexia's restructuring plan

Meeting on February 5, 2010, Dexia's Board of Directors reviewed and approved unanimously the restructuring measures agreed today between the States of Belgium, France and Luxemburg and the European Commission. Such agreement will be submitted to the College of Commissioners.

Acknowledgment of the significant achievements in Dexia's transformation plan

The European Commission acknowledged the direction taken by the Group's transformation plan, launched in November 2008:

- Dexia's risk profile improved drastically with the sale of FSA Inc. in July 2009, but also after the sale of Kommunalkredit Austria (November 2008) and the re-organization of trading activities
- Dexia's liquidity situation improved:
 - The total short-term funding need of Dexia decreased since pre-crisis levels thanks to a combination of various initiatives: the maturity profile of the Group's debt was lengthened with EUR 46 billion long-term funds raised in 2009; EUR 8 billion deposits were collected in 2009; the balance sheet was actively deleveraged with notably EUR 16.5 billion in bonds sold during 2009; the new PWB production for 2009 was lower than previous years, at EUR 12 billion.
 - The short-term funding mix improved, highlighting the rapid normalization of the Group's funding structure. Access to repo and unsecured unguaranteed funding since 3Q 2009 helped reducing the use of short-term guaranteed and central bank funding.
- Additionally, Dexia sold its 20% stake in Crédit du Nord and entered into an agreement to sell Dexia Epargne Pension
- In 2009, Dexia has been able to reduce the cost base well over its EUR 200 million initial target
- Dexia reported positive results each and every quarter since 1Q 2009. Core businesses have experienced a continuous increase in results throughout 2009

Confirmation of a 15% cost reduction objective

At the end of 2008, Dexia announced its objective to reduce its cost base by EUR 600 million by 2011, of which EUR 200 million in 2009. In 2009, an extra EUR 150 million costs were saved, on top of the EUR 200 million target. Therefore the Group confirmed its original EUR 600 million cost saving target.

Recognition of deleveraging progress to date and Dexia's ability to carry on

At the end of 2008, Dexia put into run-off EUR 191 billion of assets already reduced at EUR 162 billion at the end of 2009 and which will further decrease by around EUR 80 billion at the end of 2014:

- Dexia was able to sell EUR 16.5 billion of bonds in 2009 with a limited P&L impact. Together with the natural amortization of the bonds, the portfolio in run-off already declined by 15% in 2009 to EUR 134 billion
- Non-core public loans (comprising PWB loans in Japan, Switzerland, Sweden, Central and Eastern Europe, Australia and Mexico) came down by 15% to EUR 17 billion in 2009
- The Financial Products Portfolio, also placed in run-off, decreased by 6% to EUR 11 billion at the end of 2009

Divestments of Dexia Crediop, Dexia Sabadell, Dexia Banka Slovensko and other participations

As part of the negotiations with the European Commission, the decision was taken to divest Dexia Crediop (70% stake) and Dexia Banka Slovensko (85.5% stake) by October 31, 2012, and Dexia Sabadell (60% stake) by December 31, 2013.

Dexia considers these entities as strong and attractive franchises. Given its objective to rapidly reduce its own liquidity gap, the Group believes that these entities will be better valued in the hands of other shareholders.

Dexia will also divest:

- AdInfo (51% stake) by October 31, 2010
- Dexia's insurance operations in Turkey by October 31, 2012

Before selling control of these companies, Dexia will ensure that it continues to grow the businesses and offer superior service to their respective customers

An improved funding structure

Dexia's balance sheet will be reduced by 35% between 2008 and 2014. The reliance on short-term funding will be reduced as it will represent around 10% of total liabilities by 2014.

On top of a strong capital base with a core Tier 1 ratio of 10.8% at the end of September 2009, a large part of the Group's funding will rely on stable and/or long-term resources: RCB and PWB deposits, but also covered bonds issued by Dexia's well established three covered bond issuers. Globally, the Group's funding will be longer dated and the mix will be of better quality.

Early exit from State Guarantee on funding

In line with the improvement of its funding requirements, Dexia will exit earlier than expected from the State Guarantees on funding, by:

- Ending all issue of short-term guaranteed debt on May 31, 2010
- Ending all issue of long-term guaranteed debt on June 30, 2010

End of June 2010, Dexia will thus have recovered its full funding autonomy.

Restrictions on dividends, hybrids and acquisitions for the next two years

In addition, the agreement with the European Commission provides that:

- Dexia will not make any acquisition of financial institutions until end of 2011
- Until the end of 2011, Dexia will be able to pay dividends on common equity in shares only
- Until the end of 2011, Dexia will pay coupons on its subordinated debt instruments only if deemed contractually mandatory and will not call them

Dexia will give-up the EUR 376 million convertible bond to be subscribed by the Grand Duchy of Luxembourg

Dexia going forward

Going forward, Dexia will further develop its core businesses:

- Public & Wholesale Banking (PWB) particularly in France and Belgium, its historical markets
- Retail & Commercial Banking (RCB) in Belgium, Luxembourg and Turkey
- Asset Management, Insurance and Investor Services (AMS)

About Dexia

Dexia is a European bank, with about 35,500 members of staff and a core shareholders' equity of EUR 18.3 billion as of September 30, 2009. Dexia Group focuses on Public and Wholesale Banking, providing local public finance actors with comprehensive banking and financial solutions, and on Retail and Commercial Banking in Europe (mainly Belgium, Luxembourg and Turkey). Main activities encompass retail, commercial and private banking, but also insurance, asset management and investor services activities.

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