

## **Negotiation Agreement signed between Groupe Banque Populaire and Groupe Caisse d'Épargne**

Paris, March 16, 2009 - Banque Fédérale des Banques Populaires's (BFBP) Board of Directors and Caisse Nationale des Caisses d'Épargne's (CNCE) Supervisory Board met today and approved the signature of the negotiation agreement setting out the discussion principles guiding their merger with a view to establishing the second largest French banking network. In this respect, the senior executives of the groups have been given the mandate to continue discussions and negotiate the terms of the final agreements.

Following the announcement of 26 February, 2009, the negotiation agreement confirms and states all the negotiation principles registered at this stage, relating notably, to the structure of the transaction, its scope, the valuation of the entities transferred to the new central body, corporate governance and the internal financing mechanisms of the future group.

The negotiation agreement, signed in the presence of the French State, also describes the conditions of the State's equity contribution to the future central body of the two groups of around €5 billion. This amount will be broken down as follows: €3 billion in preference shares convertible into ordinary shares under certain conditions starting from the 5th anniversary of their date of issue, resulting in the State holding a maximum of 20% of the new central body's ordinary shares, and €2 billion of undated super-subordinated notes.

As the discussion principles guiding the merger of the two groups have now been registered between the two parties, the employee representative bodies will be informed and consulted on this project. According to the legal and regulatory requirements in force, the conclusion of any final agreement will only take place following the consultation procedure of the employee representative bodies.

The parties concerned confirmed that their work continues and that they expect to obtain the required authorisations with the intention of signing the final agreements before the end of the first half of 2009.

Mr Philippe Dupont, Chairman of BFBP's Board of Directors and Mr Yves Hubert, Chairman of CNCE's Supervisory Board, were pleased *"with this new stage in the negotiations between the two groups"* and pointed out that *"the French State's support will enable the new entity to benefit from measures adapted to its development"*.

François Pérol, Chairman of CNCE's Management Board and BFBP's Chief Executive Officer, stated that *"the signing of the agreement marks an important step towards carrying out the merger which began in October 2008, leading to the creation of one of the most solid banking groups in France and benefiting all of its affiliates, particularly Natixis"*.

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