



Media Release

Lyxor launches Sapphire, a unique guaranteed fund which offers investors the opportunity to take advantage of equity markets volatility in the short term and potential market growth over the medium term.

This offer is based on three innovative mechanisms aimed at enhancing the quarterly returns, the participation rate and the minimum capital guarantee.

Main features of the Sapphire Guaranteed Fund:

- 106% minimum capital guarantee if fund is held to maturity (4.5 years)
- Triple enhancement mechanism:
 1. Innovative Quarterly Coupons mechanism (no lower than 1.80%)
 2. Increasing participation rate mechanism (initially 100%)
 3. Increasing capital guarantee mechanism (Extra Guarantee mechanism)
- Investment linked to a diversified basket of stocks (initially 22 blue chips)
- Security trigger: if any of the stocks composing the basket drops by 50% compared to its initial price, it will be replaced by a new stock
- No initial sales charge, no redemption fee, 0.9% p.a. management fee

Hong Kong, September 13, 2002 – Lyxor Asset Management, the asset management arm of SG, is launching Sapphire Guaranteed Fund, an innovative and multifaceted investment product :

■ **Quarterly Coupons**

At the end of each quarter during the life of the fund, if at least one stock within the basket is above or equal to its level on Launch Date, the Quarterly Coupon is locked-in and the stock is taken out of the basket.

Payment of the Quarterly Coupon is made at maturity. The Quarterly Coupon rate will be announced at launch date and will be higher than or equal to 1.80%.

The basket is initially composed of 22 stocks, selected to provide sector and regional diversification and will comprise recognised brand names with attractive entry levels.

■ **Increase in the participation rate**

At each quarter end, if no Quarterly Coupon is locked-in, the participation rate (initially 100%) will be increased by the level of the Quarterly Coupon and no stock will be taken out of the basket.

■ **Increasing capital guarantee (*Extra Guarantee Mechanism*)**

At each year-end, should the basket price be equal to or above 115% of the initial basket price, the “Extra Guarantee Trigger” is activated and the capital guarantee at maturity will be increased by the sum of the locked-in coupons for that year (starting at 100%).

Worst case scenario, investors will still receive 106% of their initial investment at maturity.



“Individual stock prices are currently highly volatile and therefore the probability to have one stock above its initial price is high even if equity markets performs poorly in the short term.” said Nicolas Reille, Senior Vice President at SG. “Entry levels are also currently very attractive and many analysts believe that equity markets should rebound in the medium term”.

“The Sapphire Guaranteed Fund, with its Quarterly Coupon mechanism and increasing Participation Rate mechanism, is designed for such market conditions”, he concluded.

The Fund will be exclusively distributed by The Hongkong and Shanghai Banking Corporation Limited **at all its branches throughout Hong Kong** from 10 September to 11 October 2002.

The Sapphire Guaranteed Fund will be managed by Lyxor Asset Management, a 100% subsidiary of **SG, the Corporate and Investment Banking arm of Société Générale**. Lyxor is fully dedicated to structured funds activities, its mission is to facilitate access to innovative structured investments: equity and index derivative instruments and capital guaranteed or leverage products. Lyxor currently manages EUR13 billion through more than 400 structured funds.

Fund Details:

Offer Period:	10 September – 11 October 2002
Launch Date:	18 October 2002
Maturity Date:	18 April 2007
Minimum Guaranteed realisation price:	106% of the offer price
Participation rate:	initially 100%
Quarterly coupon:	to be announced at launch date, expected to be above or equal to 1.8%
Extra guarantee trigger:	115% of the initial basket price
Base Currency:	US Dollar
Offer Price:	USD 10.00 per unit
Minimum Investment:	USD 5,000
Initial Sales Charge:	0%
Realisation Charge:	0%
Management Fee:	up-front management fees: 0.80% p.a. Annual management fees 0.10% p.a.
Dealing Frequency:	first and third Thursday of each month
Manager:	Lyxor Asset Management
Guarantor:	Société Générale (AA-, Aa3)

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Notes to the Editor:

Group Société Générale

The Société Générale Group is one of the largest banks in the eurozone. The Group employs 80,000 people worldwide in three key businesses:

- Retail Banking : Société Générale serves 13,4 million retail customers worldwide.
- Asset Management & Private Banking : Société Générale ranks third in the eurozone in terms of assets under management (EUR 298 billion in 2001).
- Corporate & Investment Banking : SG is the fourth largest bank in the eurozone based on net banking income.

Société Générale is included in the four major socially responsible investment indexes. www.socgen.com

SG Equity Derivatives and Structured Products

SG has a proven track record and a leading market reputation in equity derivatives and Structured Products. It was named "Equity Derivatives House of the Year" by *Risk Magazine* in 2001 and 2002, "Equity Derivatives House of the Year 2001" by *Asia Risk* and "Equity Derivatives House of the Year 2001" by *JFR*. SG is well qualified to provide the necessary risk management techniques required for pricing and hedging these types of complex derivatives.

Lyxor Asset Management

Lyxor Asset Management ("Lyxor") is a 100% subsidiary of SG, fully dedicated to the structured funds activities. Its mission is to facilitate access to innovative structured investments: equity and index derivative instruments and capital guaranteed or leverage products. Lyxor currently manages EUR 13 billion through 400 structured funds.

HSBC

The Hongkong and Shanghai Banking Corporation Limited is a founding and principal member of the HSBC Group which, with over 7,000 offices in 81 countries and territories and assets of over US\$746 billion at 30 June 2002, is one of the world's largest banking and financial services organisations.