

## Press Release

Hong Kong, 22 June 2006

### Lyxor Asset Management launches Hong Kong's first index linked absolute performance guaranteed fund

Lyxor Asset Management is pleased to announce the launch of **Lyxor Absolute Korea Guaranteed Fund** ("the Fund"), offering an alternative solution for investors to tap Korea's rallies and turning market volatility to absolute performance. The Fund's performance is linked to the absolute performance of KOSPI 200 Index.

"Global markets now go through much shorter mini-cycles; swaying from bull to bear markets depending on fundamentals, investor sentiment, and liquidity flows. In the past months, volatility has picked up in Asian markets, in particular Korea, on the back of increased uncertainty over the outlook on interest rates, inflation trends and geo-political risk." said Andrew Au, Director, SG Structured Products (Asia ex-Japan).

Recognised for its innovative structures on alternative strategies, Lyxor AM has designed the Lyxor Absolute Korea Guaranteed Fund, to help investors benefit from both up and down market trends in Korea and absolute performance of the Korea market.

"With the unique Absolute Performance Strategy, investors can have the opportunity to make money in up and down markets. The negative performance of the index will be reversed to positive (i.e. absolute value) to calculate the potential return at maturity. With the Lyxor Absolute Korea Guaranteed Fund, investors do not need to market time or worry about bear markets." Andrew continued.

The Fund's potential return is linked to the Average Quarterly Absolute Performance of the Index starting from Q4 to Q12. To cope with investors' increasing demand for short to medium term investment, the Fund features an early maturity feature every quarterly starting from the Q4 to Q12. This allows investors to achieve attractive potential returns within a relatively short period.

Should the Average Quarterly Absolute Performance of the Index starting from Q4 to Q12 exceeds the limits on the relevant observation date, the Fund will early mature. The limit is estimated to be 15% as of 19 June 2006 and investors' potential return upon early maturity will not be less than the Limit. The earliest possible maturity of the Fund is 1 year and the maximum tenor is 3 years.

Lastly, the Fund offers investors a 100% capital guarantee at maturity and a guaranteed minimum return of 6% over the maximum investment period of 3 years if the Average Quarterly Absolute Performance of the Index is less than the limit at the maturity.

**Investors can take advantage of Up and Down market movements and be ABSOLUTELY well positioned with investments:**

- 1. Make money in both absolute Up and Down Movements of the Index**
  - Each quarter, the absolute value of the Index Performance (measured against the previous quarter) will be recorded.
- 2. Unlimited potential return linked to quarterly Average Absolute Performance of the Index**
  - Investors receive 100% of the Average Absolute Performance of the Index, if such performance is  $\geq$  the Limit on the relevant quarterly observation date
- 3. Early maturity opportunities as early as the end of Year 1**
  - On each quarterly observation date starting from the 4<sup>th</sup> quarter, if the Average Absolute Performance of the Index is  $\geq$  the Limit, the Fund will mature early.

**Investors will receive:**

**US\$ 10.00 x [100% + Average Absolute Performance (on the relevant observation date from Q4 to Q12)]**

- 4. Guaranteed minimum return of 6% and 100% capital guaranteed after 3 years**
  - In the worst case scenario, the Average Absolute Performance on each of the Observation Date over the 3-year investment period is less than the limit, Unitholders who held their units until maturity will be entitled to receive the amount equivalent to 106% of the Offer Price per Unit (i.e. US\$ 10.60 per Unit)

<b>Fund Details</b>	
<b>Offer period:</b>	26 June to 28 July 2006
<b>Launch date:</b>	3 August 2006
<b>Maturity date:</b>	3 August 2009 (earliest possible maturity date: 3 August 2007)
<b>Base currency:</b>	US dollar
<b>Offer price:</b>	US\$ 10.00 per unit
<b>Minimum investment:</b>	US\$ 3,000
<b>Initial sales charge<sup>7</sup>:</b>	0%
<b>Realisation fee<sup>7</sup>:</b>	0%
<b>Management fee<sup>7</sup>:</b>	Up-front management fee of 3.00% Annual management fee of 0.15% per annum
<b>Dealing deadline:</b>	First and third Wednesday of each month
<b>Manager:</b>	Lyxor Asset Management (a 100% SG Subsidiary)
<b>Guarantor:</b>	Société Générale (AA-, Aa2)

Lyxor Asset Management is one of the leaders in structured asset management. Since 1998, the Group has developed an award winning range of structured funds to cater to the dynamic needs of investors in Hong Kong and in Asia.

**Lyxor AM named:**

***“Best Managed Accounts Platform”***

- ▶ Albourne (2004)

***“Asset Manager of the Year”***

- ▶ AsiaRisk (2004)

***“Best Investment Platform”***

- ▶ Hedge Funds Review (2005)

***“Best Capital Guaranteed Product”***

- ▶ The Asset
  - ▶ Reverso Capital Guaranteed Fund Series (2005)
  - ▶ Fun-Ride Guaranteed Fund & Currencies Series (2003)
  - ▶ Swing Guaranteed Fund Series(2002)

**Absolute Performance strategy** such as that for **Lyxor Absolute Korea Guaranteed Fund** remains one of the core strategies on the platform. The successful launch of REVERSO and Pan-Asia REVERSO Guaranteed Fund last year is a solid proof of that investors are looking for attractive returns from Absolute Performance Strategy.

The Fund will be distributed by Asia Commercial Bank, Bank of America (Asia), Bank of China (Hong Kong), Citibank (Hong Kong) Ltd, CITIC Ka Wah Bank, Chiyu Bank, Dah Sing Bank, DBS Bank (Hong Kong), Fubon Bank, Hang Seng Bank Ltd, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Shanghai Commercial Bank, MEVAS Bank, Nanyang Commercial Bank, SHK Financial Group, Wing Hang Bank and Wing Lung Bank from 26 June to 28 July 2006.

**For more information, please contact:**

**Société Générale Corporate & Investment Banking**

Andrew Au  
Director  
Structured Products (Asia ex-Japan)  
Tel: (852) 2166 4259  
Email: andrew.au@sgcib.com

**Issued by:**

Laurent Tison  
Head of Communications, Asia Pacific  
Tel: (852) 2166 4021  
Email: laurent.tison@sgcib.com

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**Société Générale**

Société Générale is one of the largest financial services groups in the euro-zone. The Group employs more than 103,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves more than 19,8 million individual customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (EUR 1,521 billion, March 2006) and under management (EUR 402 billion, March 2006).
- Corporate & Investment Banking: Société Générale ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the five major socially-responsible investment indexes. [www.socgen.com](http://www.socgen.com)

**Société Générale Corporate & Investment Banking**

Present in over 45 countries across Europe, the Americas and Asia, Société Générale Corporate & Investment Banking is a reference bank specialising in:

- Euro capital markets. A top ten player in debt and equity segments (bonds, securitisations, syndicated loans, equity-linked and equity issues).
- Derivatives. Among the world leaders in equity derivatives and in many interest rate, credit, foreign exchange and commodities derivatives.
- Structured finance. A worldwide leader in export, project and structured commodity finance.

Combining innovation and quality of execution, Société Générale Corporate & Investment Banking provides corporates, financial institutions and investors with value-added integrated financial solutions.

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**Société Générale Corporate & Investment Banking in Asia Pacific**

Backed by worldwide expertise and an extensive network in 13 countries in Asia Pacific, Société Générale Corporate & Investment Banking has built prime corporate & investment banking operations in the region to become a leading regional player in capital markets, derivatives, and structured finance. Société Générale Corporate & Investment Banking combines in Asia Pacific both global and local strengths to provide corporate clients, financial institutions and private investors with value-added integrated financial solutions.

**Société Générale Equity Derivatives and Structured Products**

Société Générale 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 2003 & 2004" and "Equity Derivatives House of the Year 2005 for Europe and the Americas" by The Banker, "Equity Derivatives House of the Year 2001, 2003 & 2005" by Asia Risk, "Equity Derivatives House of the Year 2005" by Structured Products Magazine, "Equity Derivatives House of the Year 2003" by Asiamoney, "Equity Derivative House of the Year 2001, 2004 & 2005" by IFR Magazine, "Equity Derivatives House of the Year 2002, 2003, 2004 & 2005" by The Asset, and "Equity Derivatives House of the Year 2001, 2002, 2004 and 2005" by Risk Magazine, "Equity Derivatives House of the Year 2005" by Structured Product and "Best European Equity Derivatives Provider 2005" by Global Finance. SG is well qualified to provide the necessary risk management techniques required for pricing and hedging these types of complex derivatives.

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SOCIETE GENERALE  
Corporate & Investment Banking

Head of Communications,  
Asia Pacific  
Laurent Tison  
+852 2166 4021

Level 38, 3 Pacific Place  
1 Queen's Road East  
Hong Kong  
Fax: +852 2166 4658  
[www.sgcib.com](http://www.sgcib.com)

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SOCIETE GENERALE GROUP  
+33 (0) 1 42 14 43 48

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**Lyxor Asset Management ("Lyxor")**

Lyxor is a 100% subsidiary of SG, 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 was named Asset Manager of the Year by AsiaRisk Magazine in 2004. As of March 2006, Lyxor managed close to USD 66.4 billion of assets through more than 1,370 funds, and employed more than 180 people.