



SOCIETE GENERALE GROUP

Press release

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Lyxor AM enters UK market with the launch of 3 ETFs based on FTSE indices - including the first ETF to give access to the whole UK market

Lyxor Asset Management (Lyxor), Société Générale's wholly-owned subsidiary and European leader in Exchange Traded Fund (ETF), today announces it is entering the UK ETF market, giving investors complete access to the entire UK market through the first ever FTSE All-Share ETF.

Lyxor is launching a first batch of three ETFs: Lyxor ETF FTSE 100 (Bloomberg code L100 LN), Lyxor ETF FTSE 250 (Bloomberg code L250 LN), and Lyxor ETF FTSE All-Share (Bloomberg code: LFAS LN). For the first time, UK investors will have access to the performance of the entire UK stock market in one product for the cost of a single trade and with a very competitive total expense ratio of 0.40% p.a.

Lyxor believes that the new regulatory environment for ETFs in the UK could eventually see London become the world's leading financial centre for the trading of ETFs. Its decision to launch into the UK with ETFs that invest in domestic shares was also prompted by the substantial demand for these products that exists in the UK market.

Analysis of industry data⁽¹⁾ by Lyxor reveals that UK equities are highly popular and represent a core holding for both institutional and retail investors. Nearly two-fifths (39.7%) of the assets held in all UK-registered funds across all asset classes are invested in the UK All Companies, UK Equity Income and UK Smaller Companies sectors. Together, these sectors represent the FTSE All Share. More than half (56%) of pure equity investments in UK-registered funds are in UK sectors.

Daniel Draper, Head of Lyxor ETFs UK and Ireland, comments: "Demand for ETFs is growing dramatically - last year the European ETF market grew by over **61%** in terms of AUM to almost **£50.5bn (USD 100 bn)**⁽²⁾. The vast majority of investment returns come from asset allocation. ETFs are a simple, cost-effective and transparent way of investing in a chosen market and have the potential to simplify the asset allocation process while lowering investors' costs."

Martin Graham, Director of Markets at the London Stock Exchange said: "This launch represents an important step forward in the development of the UK ETF marketplace. Trading in ETFs has increased steadily as more and more institutional and private investors have become aware of the flexibility that ETFs have to offer combined with low costs of trading and ownership. Now that the stamp duty disadvantage to ETFs has been removed, we expect to see London soon gain its rightful place as one of the world's leading ETF markets."

Lyxor ETFs are index-tracking funds that can be bought or sold like ordinary shares on the stock exchange. They track the performance of a given index and combine the simplicity and liquidity of shares with the diversification benefits of a traditional collective investment scheme.

Lyxor's ETFs offer the following advantages to investors:

- Low annual management expenses - The Lyxor ETF FTSE All-Share will have a Total Expense Ratio (TER) of 40 basis points per annum. The Lyxor ETF FTSE 100 will have TER of 30 basis points and the Lyxor ETF FTSE 250 of 35 basis points per annum.
- Multiple broker-dealer platform to maximise liquidity.

Lyxor is a leader in the European ETF market with EUR 22.2 billion in assets, and a European market share as at March 07 of 26.4%. It offers a comprehensive range of ETFs on equity, bond, commodity, and sector indices listed on the seven major European Stock Exchanges. Lyxor recently expanded into Asia with the launch of six ETFs in Singapore and six in Hong Kong.

Since the launch of its first ETF in Europe in 2001, Lyxor AM has been committed to developing a world class ETF platform with superior products and investor education. The launch of Lyxor ETF platform in the UK will further facilitate this growth by offering UK investors investment tools to capture today's dynamic investment opportunities.

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⁽¹⁾ Analysis of Investment Management Association, April 2007. Data includes sales to both retail and institutional clients.

⁽²⁾ Source: Lyxor, March 2007.

Notes to editors:

Lyxor AM - www.lyxor.com

Created in 1998, Lyxor AM currently manages EUR 67.2 billion. A wholly-owned subsidiary of Société Générale Group, belonging to the Corporate and Investment Banking arm of the group, the asset management company specialises in three businesses:

- **Index Tracking** (EUR 22.1 billion). Lyxor AM offers one of the most diversified and liquid range of ETF (Exchange Traded Funds). The company is one of the top players of the European ETF industry with more than EUR 19 billion under management. Lyxor ETFs are listed in Europe and Asia and reflect Equity, Bond and Commodity markets. www.lyxoretf.co.uk.

- **Alternative Investments** (EUR 24.0 billion). Lyxor AM offers a broad range of hedge funds, funds of hedge funds and absolute return funds, adhering to high risk-management standards and rigorous hedge fund manager selection guidelines. Lyxor AM gained its prominence with its hedge fund platform. This platform includes more than 170 hedge funds covering all principal strategies and represents a diversified investment universe benefiting from a high level of transparency, security and liquidity.

- **Structured Management** (EUR 20.9 billion). Lyxor AM offers investment solutions to its customers adapted to their risk profiles and return objectives. These solutions integrate the innovations of the Group into this domain, world number 1 as regards structured products on equity.

Lyxor AM and SGCIB Awards

Lyxor AM is regularly rewarded for the quality and the diversity of its platform: "Best Investment Platform" (Hedge Funds Review 2005) and "Best Managed Account Platform" (Albourne Partners Ltd. 2004 and 2006).

SG CIB has been awarded Equity Derivatives House of the Year by The Banker (Financial Times) 2004-2005-2006, IFR 2004-2005, Risk magazine 2005-2006, Structured Products 2005-2006, Global Finance 2005-2006, Asia Risk 2005, The Assets 2005.

On the 26th of April this year, the **3rd annual ETF Global Awards** was organised by US-based Exchangetradedfunds.com and UK based International Fund Investment. Awards included both statistical results/rankings and were determined by votes. Lyxor won 4 awards:

- Most innovative ETF in Europe, for our product range.
- Most recognisable ETF brand in Europe.
- Most informative ETF website in Europe.
- Most assets raised in Europe on Lyxor ETF DJ Euro Stoxx50.

All figures as at 30/04/07

Advantages of ETFs

Convenience

Lyxor ETFs provide investors with a convenient and cost-efficient alternative to purchasing all of the underlying securities of a particular index. Structured as a single security, traded on exchange just like a stock, ETFs empower investors to access entire indexes and forego the hassle of index rebalancing or other corporate events, as well as the potential trading constraints linked to illiquid index component stocks.

Cost-efficiency

Lyxor ETFs are a cost-effective way to achieve broad index exposure. The Total Expense Ratio (“TER”) of Lyxor ETFs is all-inclusive and no other costs are deducted from the fund. Unlike traditional mutual funds, there are no front-end and back-end load fees. The trading and brokerage fees for trading Lyxor ETFs are the same as for any other market security.

Transparency

Every day, Lyxor makes available the basket of stocks upon which the performance of each Lyxor ETF is based. This is known as the “perfect basket” and is published on Reuters, Bloomberg and at www.lyxoretf.co.uk, along with the Net Asset Value (NAV) for one unit.

In addition, intra-day information on the indicative Net Asset Value (“iNAV”) is published by the relevant stock exchanges, enabling investors to maintain a regular update on the progress of their investment and to compare with the bid/offer in the market.

Liquidity

Designated market-makers offer real-time, two-way prices on Lyxor ETFs with tight spreads. An arbitrage band is created around each ETF’s NAV by arbitrageurs and other traders who can profit from any discrepancy between the ETF trade and the equivalent trade using stock basket or futures. This ensures that the ETF’s price does not vary significantly from fair value.

Low tracking error

Lyxor ETFs track their benchmark market indices very closely – typically, tracking error is close to zero and correlation with the index is over 99.99%, giving investors one-step access to market performance.

Note on the Regulatory Structure

Lyxor ETFs are marketed in the United Kingdom by Société Générale, authorised by the Banque de France and regulated by the Financial Services Authority for the conduct of UK business. Lyxor ETFs are open-ended mutual investment funds established under French Law and approved by the Autorité des Marchés Financiers. ETFs listed on the London Stock Exchange are UCIT III compliant and have been recognised under S.264 of the Financial Services and Markets Act 2000 which permits

promotion to retail investors in the UK. Regulation requires that potential investors have access to the relevant fund prospectus which are available at www.lyxoretf.co.uk.