

Synthetic Zeros offer the opportunity to receive a pre-defined amount per product (synthetic level) subject to the protection barrier not being breached on the exercise date of the product.

This is a conditional return with downside protection



HOW DOES IT WORK?

YIELD ENHANCEMENT

There are two scenarios on the final exercise date:

1. Investors will receive a pre-defined amount per product called 'synthetic level' adjusted by a parity, provided that on the exercise date the price of the underlying index does not close below a certain predefined level called the 'protection barrier' (see diagram 1). Please note that temporary breaches during the product's life, will not affect the exercise payment (see diagram 2). This means the redemption value still equals the predefined synthetic level adjusted by the parity.
2. If on the exercise date the protection barrier has been breached, the investor will receive the underlying index value i.e. its closing price on the exercise date adjusted by a parity (see diagram 3).

Quoted on the London Stock Exchange, investors can buy and sell these products throughout their life meaning that early exit is possible. Thanks to the parity, the minimum investment amount is lowered and this does not affect either the Yield or the protection offered.

Diagram 1: The Protection Barrier is not breached on the exercise date

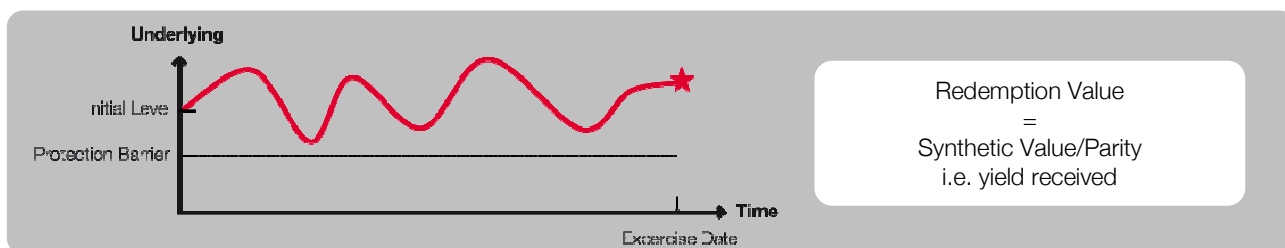


Diagram 2: The Protection Barrier is not breached on the exercise date but has been breached during the term
Investors still receive the Synthetic Level

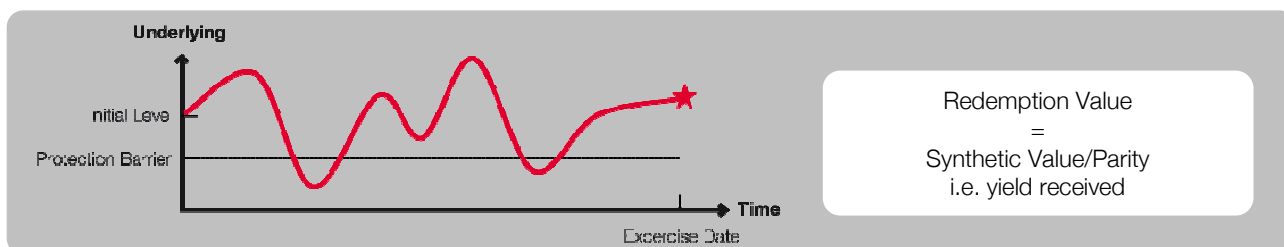
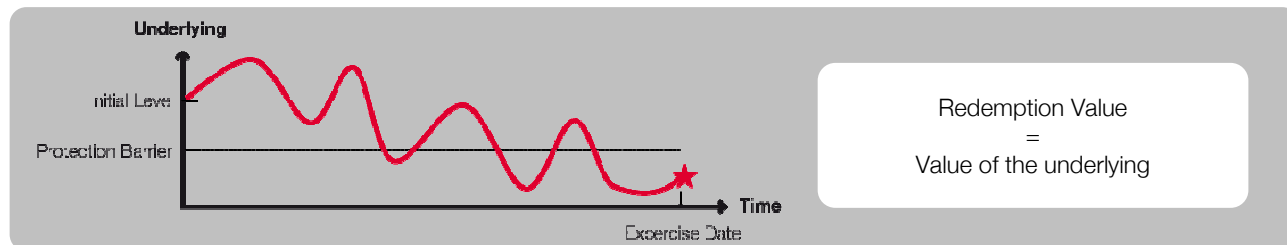


Diagram 3: The Protection Barrier has been breached on the exercise date





Why use a synthetic zero?

Synthetic Zeros are for investors who have a moderate view on the equity market. With a potential enhanced performance in comparison with the current low cash returns. Synthetic Zeros represent a passive investment approach with a choice of return / protection pay-offs across a choice of underlyings designed to meet investors objectives and attitude to risk.

Société Générale's range offers a total return provided the underlying equity remains above the protection barrier on the exercise date.

Key Facts of SZ16

- Pre-defined exercise payment on a neutral equity view
- Listing: London Stock Exchange
- Liquid LSE Secondary market
- No stamp duty on purchases
- SIPP, SSAS eligible*
- Returns treated as capital for tax purposes*
- Minimum investment: one investment product
- Maximum spread: 1%
- Liquidity: Intraday
- Currency: GBP
- Parity : 100

Characteristics of the Synthetic Zero FTSE SZ16

Epic	Underlying	Maturity (options)	Initial Underlying value	Issue Price	Protection Barrier	Synthetic Level	Parity	% Indicative Yield	% Indicative Protection	ISIN
SZ16	FTSE	20/12/13	5 260	52.60	3 800	7 115	100	35%	-28%	ANN8135N8811

** Indicative level on the launch date

The Synthetic Zero Epic SZ16 issued on the FTSE at 5,260 has an issue price of £52.60.

If traded on the same day, investors will receive a synthetic level of 7,115 adjusted by the parity 100, i.e £71.15 per product. It will generate a return of 35% $(71.15/52.60 - 1)$ on the exercise date, provided that the price of the underlying asset does not fall by more than 28% $(3,800/5,260 - 1)$ over its lifespan.

So even if assets underperform, investors can achieve respectable and yet protected returns.

Investors' capital will be at risk if the underlying asset closes at or below the protection level on the exercise date. Capital repayment will be composed of the underlying value adjusted by the parity (see graph 3). For example, if the index closes at 3,500 points, the redemption value of each product will be £35 and the loss in capital will be -33.50% $(3,500/5,260 - 1)$

SG Counterparty Risk

There is a risk that any failure by a member of the SOCIETE GENERALE group of companies to perform obligations when due may result in the loss of all or part of an investment. The investor still ultimately bears a credit risk on Société Générale.

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