



**SGI Bond 5Y EUR**

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## **Index Rules**



## **1. Index Summary Description:**

### **Index description**

The SGI Bond 5Y EUR (the “**Index**”) tracks the performance of a portfolio invested in EUR notes (null spread over swap) with a 5-year constant maturity by rolling a 5-year interest rate swap on a monthly basis.

### **Index strategy**

The Index seeks to replicate the investment in a EUR note (null spread over swap) adjusted monthly to a 5-year maturity. At the beginning of each month (the “**Roll Date**”), S&P seeks a proxy for the yield of a EUR note that matures five years from such Roll Date by observing the mid-market fixing rate at which financial institutions could have obtained fixed annual payments in euros of five-year duration in exchange for a similar series of floating rate payments. As time passes from (and excluding) one Roll Date to (and including) the next Roll Date, the Index methodology attempts to (i) account for the accrual of the next available coupon to the holder of such a EUR note and (ii) mark-to-market the value of such a EUR note according to the time to maturity decrease and the market levels.



## 2. Index Methodology:

### 2.1 Terms and definitions relating to the Index:

<b>Index Currency</b>	euro ("EUR")
<b>Index</b>	SGI Bond 5Y EUR (SGIXBE5 Index).
<b>Index Calculation Agent</b>	Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (" <b>S&amp;P</b> ").
<b>Index Sponsor</b>	Société Générale (" <b>SG</b> ")
<b>Index Launch Date, "t0"</b>	02/08/07
<b>Initial Index Value, "IV(t0)"</b>	EUR 1000
<b>Business Day</b>	means a day on which commercial banks settle payments in the <b>Index Currency</b> and are open for general business in respect of the TARGET calendar.
<b>Business Day Convention</b>	"Modified Following": if a date falls on a day that is not a Business Day, that date will be adjusted to be the first following day that is a <b>Business Day</b> unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a <b>Business Day</b> .
<b>Calculation Date</b>	means any <b>Business Day</b> on which all the relevant <b>Fixing Deposit(t,Mat)</b> and <b>FixingSwap(t,Mat)</b> (as defined below) are published on the relevant Reuters pages.
<b>Valuation Time</b>	means 6:30 p.m. (Brussels time).
<b>Money Market Basis</b>	act/360
<b>Swap Basis</b>	30/360
<b>Swap Fixed Periodicity</b>	1y
<b>Swap Floating Periodicity</b>	6m
<b>Swap Duration</b>	5y
<b>Mat</b>	means a duration expressed in months (M) or years (Y)
<b>FixingSwap</b>	means the swaps in the <b>Index Currency</b>
<b>FixingSwap(t,Mat)</b>	means the rate for swaps in the <b>Index Currency</b> with a duration of <b>Mat</b> , expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page as of 11:00 a.m., Frankfurt time, on <b>Calculation Date(t)</b> . If such page is not available, then the Index Sponsor, in consultation with the Index Calculation Agent, shall determine the FixingSwap(t,Mat) by reference to EUR-Annual Swap Rate-Reference Banks as specified in Article 7 ( <i>Calculation of Rates for certain Floating Rate Options</i> ) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association Inc. If the Index Sponsor is not able to determine the FixingSwap(t,Mat) as described above, the Index Sponsor shall determine in good faith an estimate of the FixingSwap(t,Mat) that would have prevailed on such day.
<b>FixingDeposit</b>	means the deposits in <b>Index Currency</b>
<b>FixingDeposit(t,Mat)</b>	means the rate determined on the basis of the offered rates for deposits in <b>Index Currency</b> for a duration of <b>Mat</b> which appears on the Reuters Screen EURIBOR01 Page as of 11:00 a.m., Brussels time, on <b>Calculation Date(t)</b> . If such page is not available, then the Index Sponsor, in consultation with the Index Calculation Agent, shall determine the FixingDeposit(t,Mat) by reference to EUR-EURIBOR-Reference Banks as specified in Article 7 ( <i>Calculation of Rates for certain Floating Rate Options</i> ) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association Inc. If the Index Sponsor is not able to determine the FixingDeposit(t,Mat) as described above, the Index Sponsor shall determine in good faith an estimate of the FixingDeposit(t,Mat) that would have prevailed on such day.



## SGI Bond 5Y EUR

### FixingCurve(t)

Means the list of FixingDeposit(t,Mat) and FixingSwap(t,Mat) observed on t and required to compute the **Index**.

This list is :

**FixingDeposit (t,5M)**  
**FixingDeposit (t,6M)**  
**FixingDeposit (t,11M)**  
**FixingDeposit (t,12M)**  
**FixingSwap (t, 2Y)**  
**FixingSwap (t, 3Y)**  
**FixingSwap (t, 4Y)**  
**FixingSwap (t, 5Y)**  
**FixingSwap (t, 6Y)**  
**FixingSwap (t, 7Y)**  
**FixingSwap (t, 8Y)**  
**FixingSwap (t, 9Y)**  
**FixingSwap (t, 10Y)**

### Roll Date, " $t_{roll\ i}$ "

means the first **Calculation Date** of each month. The initial Roll Date will be 1 February 2007.

### Next Roll Date, " $t_{roll\ i+1}$ "

means the first **Calculation Date** of the month that immediately follows the month that includes the **Roll Date** ( $t_{roll\ i}$ ).

### Coupon Payment Date, " $t_{coupon\ i}$ "

means the payment date of the first fixed coupon of a standard interest rate swap, fixed on the **Roll Date** ( $t_{roll\ i}$ ), which falls a **Swap Fixed Periodicity** after the **Roll Date** ( $t_{roll\ i}$ ), determined in accordance with the **Business Day Convention**.

### Swap Maturity Date, " $T_{swap\ i}$ "

means the maturity date of a standard interest rate swap, fixed on the **Roll Date** ( $t_{roll\ i}$ ), which falls a **Swap Duration** after the **Roll Date** ( $t_{roll\ i}$ ), determined in accordance with the **Business Day Convention**.

### $d1(t',t'')$

means the day fraction between the **Calculation Date** ( $t'$ ) (excluded) and the **Calculation Date** ( $t''$ ) (included), using the **Swap Basis**.

### $d2(t',t'')$

means the day fraction between the **Calculation Date** ( $t'$ ) (excluded) and the **Calculation Date** ( $t''$ ) (included), using the deposit basis (**Money Market Basis**).

### Index Value, "IV(t)"

means, with respect to any **Calculation Date** ( $t$ ), the index value, expressed in the **Index Currency**, calculated and published by the **Index Calculation Agent** on such date at the **Valuation Time**, pursuant to the Index rules set out in Section 2.2.



## **2.2 Index Calculation Rules:**

The Index Value will be calculated and published by the Index Calculation Agent at the Valuation Time on every Calculation Date (t), comprised between the Roll Date “(t<sub>roll i</sub>)” (excluded) and the Next Roll Date “(t<sub>roll i+1</sub>)” (included) according to the following formula:

$$IV(t) = IV(t_{roll\ i}) \times [1 + (\text{Swap}(t_{roll\ i}; T_{\text{Swap}\ i}) \times d1(t_{roll\ i}; t)) / (1 + \text{Deposit}(t, t_{coupon\ i}) \times d2(t; t_{coupon\ i})) + \text{Sensi}(t, T_{\text{Swap}\ i}) \times (\text{Swap}(t_{roll\ i}; T_{\text{Swap}\ i}) - \text{Swap}(t; T_{\text{Swap}\ i}))]$$

with,

Swap(t,T) : means the rate value on t of a swap which matures on T computed as described in „SGI Bond : Pricing Methodology“

Deposit(t,T) : means is the rate value on t of a deposit which matures on T computed as described in „SGI Bond : Pricing Methodology“

Sensi(t,T) : means the sensitivity on t of a swap which matures on T computed as described in „SGI Bond : Pricing Methodology“