

SG Warrants on Corn

<http://uk.warrants.com>

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Trading hours: 8.00-16.30 Monday to Friday

The Corn Market

Corn is a cereal grain that was originally found in Central America, but had been grown throughout the American continents. Maize was introduced to the rest of the world - mainly Europe via trade, towards the end of the 15th century.

The cultivation of Maize is a worldwide practice, with maize production, in terms of weight, being the largest amongst the cereals. The US produces almost half of the world's harvest, with large quantities being produced in China, Brazil, France, Indonesia, India and South Africa.

Corn is one of the most in demand commodities, experiencing a significant surge in demand during the last 12 months. This surge in demand can be attributed to its use in alternative petrol, its by-product ethanol being more environmentally friendly than traditional petrol.

As countries such as the US and UK are committed to reducing their dependence on oil, there is potential to see a greater demand for corn; the US set aside approximately 20% of its 270 million metric ton annual production for ethanol production and the UK is targeting that 5% of its fuel usage will be in the form of biofuels.

Demand may grow as emerging countries such as India and China continue to grow - placing further upward pressures on the demand for Corn.

Source: Société Générale, February 2008

SG offers UK investors access to this market via new call and put warrants on the Futures Contract on Corn for delivery December 2008. The warrants can be traded like a share through your broker and SG maintains markets during the day, thus providing a high level of liquidity. The minimum trade size is one warrant. One warrant relates to the price of one bushel of corn.

About the underlying

The Futures contract on Corn for delivery December 2008 are traded on the Chicago Board of Trade. A CBOT agricultural futures contract is a legally binding agreement to buy or sell corn at some later time at a price agreed upon today. Corn is quoted in USD per bushel.

Performance of Corn Futures for December 08 Delivery



Source: Bloomberg as of 25th February 2008. Past performance is not indicative of future performance.

Corn Futures Dec 08 Returns (As of 25th February 2008)

1 Month	8.44%
3 Months	28.25%
1 Year	41.10%
2 Years	103.59%

Source: Bloomberg

Codes

Reuters	CZ8
Bloomberg	CZ8 Comdty

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Warrant Characteristics

Code	Type	Expiry	Parity*	Strike (USD)	Sedol	ISIN
ST58	Call	21-Nov-08	1/1	6	B2PY7S7	ANN8132N2155
ST59	Call	21-Nov-08	1/1	7	B2PY7V0	ANN8132N2239
ST60	Put	21-Nov-08	1/1	5	B2PY7X2	ANN8132N2312

*One warrant relates to the price of 1 bushel of corn.

Although the underlying is priced in USD, the warrant is quoted and traded in pence, using the prevailing GBP/USD exchange rate. This means the investor is exposed to currency fluctuations which may have a net positive or negative impact.

Indicative Example

The Futures Contract on Corn for delivery in December 2008 level is currently trading at USD 5.37. You think the Corn Future December 2008 is undervalued and want to take a bullish position.

You decide to buy the ST58 covered call warrant (strike USD 6, expiry 21 November 2008) for GBP 0.21.

On 21st November 2008, the December 2008 Corn Futures contract is trading at USD 7
Value of the warrant at expiry: $(7-6)/1 = \text{USD } 1$ or GBP 0.5
Your profit: $0.5 - 0.21 = \text{GBP } 0.29 = 138\%$ of the amount invested.

If the Corn Futures contract is at or below USD 6 on 21 November 2008, the warrant expires out-of-the-money and is worth 0. The capital invested is the maximum potential loss.

*All scenarios assume constant exchange rate of USD 1.98 per GBP

Please note that soft commodities, as the one presented above, have daily price limits, up and down, which determine a maximum permitted daily fluctuation range in the underlyings' previous day's close.

In case these up and down limits are crossed, trading will be suspended until the underlying's price sets back in the allowed range. If an underlying closes limit up or down, the closing price is taken on the next non-limit close.

IMPORTANT INFORMATION – DISCLAIMER

The contents of this factsheet are given for purely indicative commercial purposes and have no contractual value. This document is of a commercial and not of a regulatory nature.

Warrants are not suitable for all investors. They can be volatile instruments and may expire worthless. You should not deal in warrants unless you understand their nature and the extent of your exposure to risk.

Prior to any investment in the product described in this factsheet, you should undertake an independent review of its implications and make your own appraisal of its risks, without relying on the information provided herein, to determine the suitability of the product in the light of your particular objectives. No advice in relation to the subject matter of this factsheet is given by Société Générale or any of its affiliates and you should consult to the extent necessary your own independent legal, financial, tax, accounting and other professional advisors in order to make sure that this product is suitable in view of, in particular but without limitation, your legal, financial, tax and accounting situation.

Subject to compliance with legal and regulatory requirements, SG may not be held responsible for the financial or other consequences that may arise from the investment in this product.

The information contained herein is considered to be reliable and accurate but this cannot be guaranteed.

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