

SG Warrants on Soya Beans

www.sgwarrants.co.uk

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Trading hours: 8.00-16.30 Monday to Friday

The Soya Bean Market

The soya bean is a species of legume which originates from the region of East Asia.

However, 45 percent of the world's soya bean area, and 55 percent of production, is in the United States. Other leading producers are Brazil, Australia, Argentina, China, and India.

The soya bean is an important crop as proteins and oil can be derived from it. It is predominantly used to feed animals, with only a small proportion of total production being consumed by humans.

Soya bean futures have been in an uptrend due to the loss of soya beans acres in 2007, the weakening dollar and on speculation that dry weather will affect production in South America.

Economic growth in China has raised the global demand for meat. The feed for the livestock required to meet this increased demand includes soya bean, therefore creating an increased demand for the crop. The price of the soya bean will depend on its demand from China, the overall US supplies and uncertainties in production from the South American continent.

Source: Société Générale, February 2008

SG offers UK investors access to this market via new call and put warrants on the Futures contract on soya beans for delivery January 2009. 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 soya bean.

About the underlying

The Futures contract on soya beans for delivery January 2009 are traded on the Chicago Board of Trade. A CBOT agricultural futures contract is a legally binding agreement to buy or sell soya beans at some later time at a price agreed upon today. Soya bean is quoted in USD per bushel.

Performance of Soya Bean Futures for January 2009 Delivery



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

Soya Bean Futures Jan 2009 Returns (As of 25th February 2008)

1 Month	14.55%
3 Months	37.20%
5 Months	50.87%
10 Months	77.95%

Source: Bloomberg

Codes

Reuters	SF9
Bloomberg	SF9 Comdty



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Warrant Characteristics

Code	Type	Expiry	Parity*	Strike (USD)	Sedol	ISIN
ST64	Call	23-Dec-08	1/1	15	B2PY851	ANN8132N2726
ST65	Call	23-Dec-08	1/1	18	B2PY873	ANN8132N2809
ST66	Put	23-Dec-08	1/1	12	B2PY8C8	ANN8132N2981

*One warrant relates to the price of 1 bushel of soya bean.

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 January 2009 soya bean future contract is currently at USD 14.30. You think the soya bean futures January 2009 is undervalued and want to take a bullish position.

You decide to buy the ST64 covered call warrant (strike USD 15, expiry 23 December 2008) for GBP 0.57.

On 23rd December 2008, the January 2009 soya bean futures contract is at USD 17

Values of the warrant at expiry: $(17-15)/1 = \text{USD } 2$
or GBP 1.01

Your profit: $1.01 - 0.57 = \text{GBP } 0.44 = 77\%$ of the amount invested.

If the soya bean futures contract is at or below USD 15 on 23 December 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.

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