

SG Warrants on Wheat

<http://uk.warrants.com>

0800 328 1199

Trading hours: 8.00-16.30 Monday to Friday

The Wheat Market

Although Wheat is cultivated around the world, it originates from the Fertile Crescent in the Middle East. As it is an important part of the human diet, it is not surprising that it is second to maize, in terms of worldwide production.

Wheat is highly profitable to the grower as it has a high yield per given area, grows in moderate weather conditions, has a short growth span and it produces good quality flour that is commonly used in baking.

Due to extreme global weather conditions worldwide in 2007 - namely cold weather and flooding in the Northern hemisphere and low rainfall in Australia, there were dramatic rises in wheat prices. Wheat futures have recently reached all time highs.

Population growth in India and China is boosting the demand for all types of food. In particular, beef and chicken consumption in China is increasing by 20% per annum. Considering that animal feed comprises 67% of the wheat market, the increase in demand for food in developing countries will indirectly affect the market for wheat.

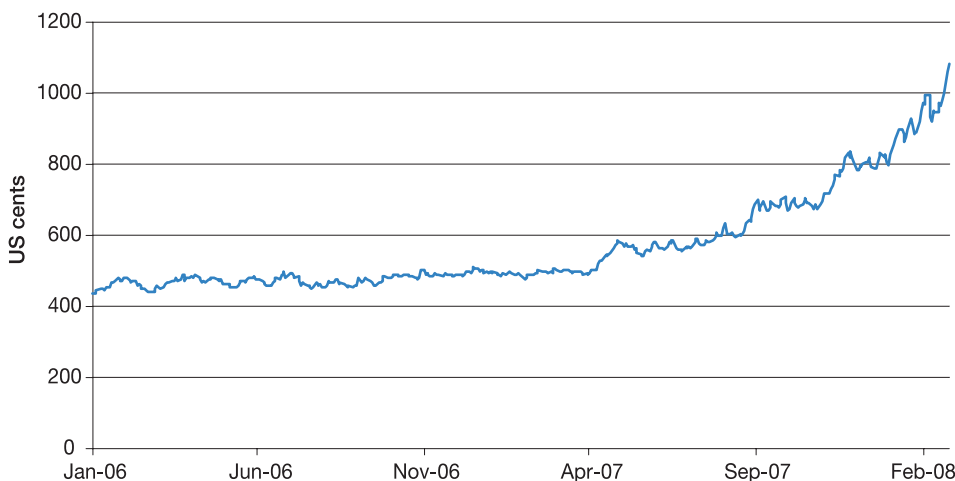
Source: Société Générale, February 2008

SG offers UK investors access to this market via new call and put warrants on the Futures contract on Wheat 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 wheat.

About the underlying

The Futures contract on Wheat 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 wheat at some later time at a price agreed upon today. Wheat is quoted in USD per bushel.

Performance of Wheat Futures for December 2008 Delivery



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

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

1 Month	20.29%
3 Months	50.38%
6 Months	84.96%
1 Years	111.53%

Source: Bloomberg

Codes

Reuters	WZ8
Bloomberg	WZ8 Comdty

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Warrant Characteristics

Code	Type	Expiry	Parity*	Strike (USD)	Sedol	ISIN
ST67	Call	21-Nov-08	1/1	10	B2PY8F1	ANN8132N3062
ST68	Call	21-Nov-08	1/1	13	B2PY8M8	ANN8132N3146
ST69	Put	21-Nov-08	1/1	9	B2PY8S4	ANN8132N3229

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

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 Wheat for delivery in December 2008 is currently trading at USD 10.91. You think the Wheat Future December 2008 is undervalued and want to take a bullish position.

You decide to buy the ST67 covered call warrant (strike USD 10, expiry 21 November 2008) for GBP 0.58.

On 21st November 2008, the December 2008 Wheat Futures contract is at USD 13

Value of the warrant at expiry: $(13-10)/1 = \text{USD } 3$ or GBP 1.52

Your profit: $1.52 - 0.58 = \text{GBP } 0.94 = 161\%$ of the amount invested.

If the Wheat Futures contract is at or below USD 10 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.

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

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