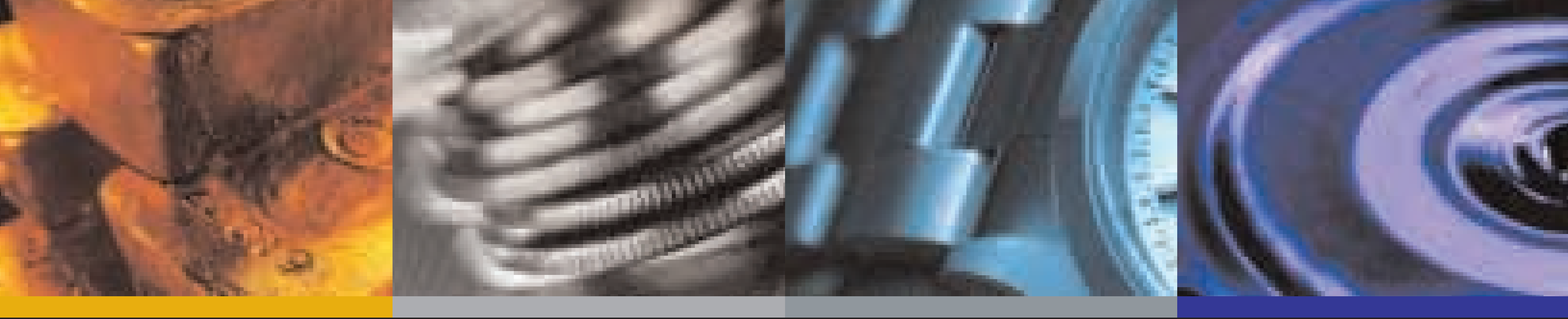


Want to add some sparkle to your portfolio?

Introducing SG Commodity Warrants

Good Call

About SG

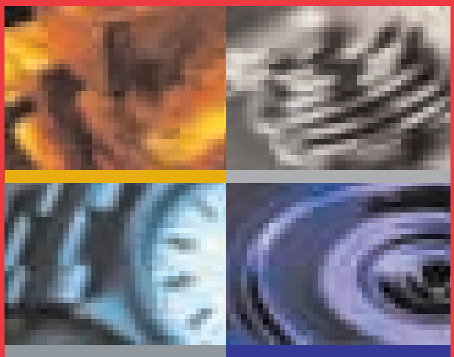
SG is the investment banking division of Société Générale and the world's largest warrants issuer with a 14 year track record of providing an award winning warrant trading service. Last year, more than £50bn was traded in SG Covered Warrants and Tracker Certificates across 14 global stock exchanges.

Société Générale, rated AA- by S&P, is the guarantor of all SG warrants and the ultimate counterpart of investors in SG warrants.

www.warrants.com

SG commodity warrants and tracker certificates give investors the ability to gain exposure to the exciting and fast moving commodity markets of Gold, Silver, Platinum and Oil with the ease and relative low cost of a share trade.

As with all SG covered warrants, commodity products are traded through a stockbroker in exactly the same manner as shares and offer unlimited upside potential if the underlying moves in your favour. Should markets move against you, however, the maximum loss is strictly limited to the initial amount invested, giving you 100% clarity as to your maximum liability.



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SG commodity warrants and tracker certificates are approved by the UK Listing Authority for listing on the London Stock Exchange. The advantages of trading SG commodity products are as follows:

- No minimum trading size
- No stamp duty payable
- No physical delivery required
- All products priced and traded in sterling (no foreign currency account needed)
- Good liquidity (the ability to buy or sell the product on the London Stock Exchange at any time)
- No fixed expiry date for tracker certificates at issue

Both commodity tracker certificates and warrants can be held in a SIPP (self invested personal pension), but not in an ISA. They receive the same treatment in terms of capital gains tax as investments in shares.

Warrants and tracker certificates are priced in pence and can be bought or sold on the London Stock Exchange at any time. Holders should note that the value of the warrant or tracker certificate could fluctuate with currency changes. This may have a net positive or negative effect.

Product range

SG commodity tracker certificates are open ended covered warrants which closely track movements in the underlying commodity and are currently available on the following:

Underlying	Expiry	Parity	Code
Gold, $/ounce	Open	100	S940
Silver, $/ounce	Open	1	S945
Platinum, $/ounce	Open	100	S946

The parity of a warrant refers to how many warrants correspond to one unit of the underlying commodity. For example, with a parity of 100, one gold certificate tracks the price of one hundredth of an ounce of gold.

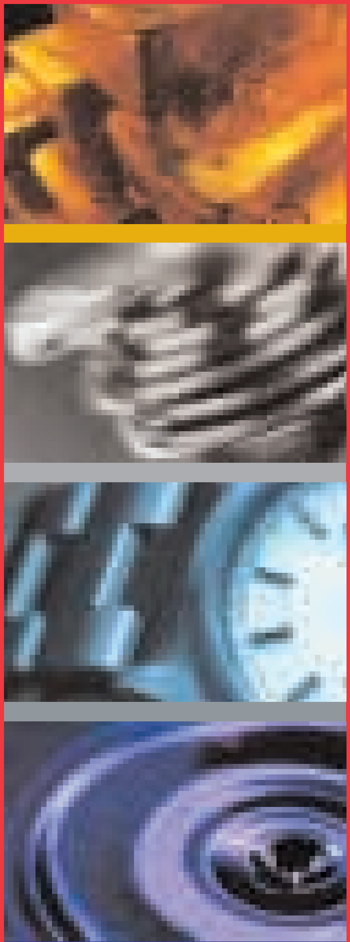
SG commodity warrants offer leveraged exposure to the underlying commodity price and are currently available on gold and Brent Oil.

To learn more about SG covered warrants and tracker certificates, and to see our latest product range, visit our website: uk.warrants.com. Here you will find live prices, guides to each of our product ranges and useful investment tools such as warrant calculators.

You can also contact our warrant specialists on

0800 328 1199

Commodity Tracker Certificates and Warrants



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Commodity Tracker Certificates

Commodity tracker certificates, such as Gold, Silver and Platinum closely track the commodity price on which they are based. As ungeared products, they represent a lower risk investment than an investment in a covered warrant.

Prices of tracker certificates, always in Sterling, are not influenced by extra factors such as time decay and changes in implied volatility, which affect covered warrant prices. They are, however, influenced by currency fluctuations as well as any financing charges incurred by SG for hedging the underlying commodity, although this tends to have a relatively small impact on the tracker certificate price.

SG commodity tracker certificates are open-ended, so have no fixed expiry date at issue. This could make commodity tracker certificates suitable for longer term investors keen to invest in an alternative asset class.

Investors should note, however, that SG has the theoretical right to wind-up the product on the 1st March each year. In this instance, two months notice would be given, after which the cash value of the tracker certificate would automatically be paid out to the holder.

Despite their name, no physical document is received upon purchase of an SG tracker certificate. Instead, entitlements are stored electronically by your broker.

Commodity Warrants

Commodity warrants offer geared exposure to the underlying commodity on which they are based. This means that far greater returns are possible compared to a direct investment in the underlying commodity itself. Put warrants also give you the opportunity to make money even if the market falls. All commodity warrants have a fixed life-span, typically one year at issue. Warrants do not need to be held to expiry, but can be bought or sold at any time.

A warrant has an exercise price (sometimes called the 'strike' price), fixed by the issuer prior to listing. At expiry, a **call** warrant pays out a cash amount (in Sterling) to the holder based on the extent by which the price of the commodity **exceeds** the exercise price of the warrant. Conversely, commodity **put** warrants pay out a cash amount (in Sterling) based on the extent by which the price of the commodity **lies below** the exercise price of the warrant.

In summary, call warrants are bought by investors who believe commodity prices will rise and put warrants by investors who believe commodity prices will fall.

For a detailed guide to the risks and rewards of investing in commodity warrants, see SG's guide "Good Call – The Complete Guide to Pricing & Trading of Covered Warrants" available at **www.warrants.com** or by calling our brochure request line on **0800 917 2710.**

SG

SG Gold Tracker Certificate

Gold warrants and tracker certificates are based on the price of one troy ounce of the precious metal. This reference price is given in US$ and often referred to as the “spot” price of gold. Historically, the price of gold has fluctuated within a range of $250 to $450 over the past 10 years, with a strong bull trend developing since 2002.

Gold is traded on a 24-hour per day basis around the world although volumes are greatest during the trading hours of the main financial centres of London, Zurich and New York.

www.warrants.com

Most countries hold gold in their official reserves (in fact these account for about 23% of the total of above-ground stocks of gold in the world) and government decisions to add to or reduce these reserves can influence gold prices. Changes in the value of the Dollar versus other major currencies can also influence the price of gold.

Useful online information sources for gold are: the London Bullion Market Association, which is the main UK centre for gold and silver precious metals trading (**www.lbma.org.uk**) and The World Gold Council, an organisation funded by the world's leading gold mining companies which aims to promote gold to investors and industry (**www.gold.org**).

SG gold tracker certificate

The SG gold tracker certificate (code S940) closely tracks the price of gold. At issue, it has no fixed expiry date and so can be used by both short and long term investors. The tracker certificate is priced in pence using the current GBP/USD exchange rate, as follows:

$$\text{Gold tracker certificate price} = \frac{\text{Gold price / parity}}{\text{GBP/USD exchange rate}}$$

The price of the tracker certificate will also include any financing charge incurred by SG. The gold tracker certificate has a parity of 100, i.e. one tracker certificate corresponds to one hundredth of an ounce of gold. This means that if gold is trading at $400, with a GBP/USD exchange rate of 1.90, the price of the tracker certificate will be approximately 400 / 100 = $4 = 210p.

Example trade

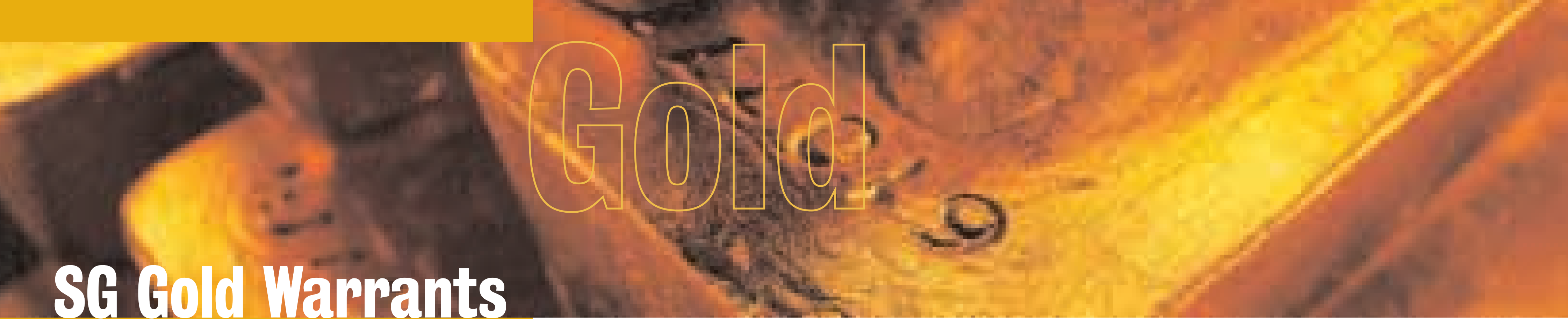
An investor wishes to hold 10% of the value of their £100,000 pension in gold as a long term hedge against inflation. The price of gold is $380 and the SG gold tracker certificate is 200p. She therefore buys 5,000 SG gold tracker certificates to hold in her self invested pension at a cost of £10,000 plus brokerage commission.

Two years later, if the price of gold is $420 the value of the SG gold tracker certificate will be worth ($420 / 100) = $4.20. If the GBP/USD exchange rate is 1.90, the price per tracker certificate will be approximately 221p, valuing the investors holding at £11,050, a profit of £1,050 (less brokerage commission). The investor can then either take this profit by selling the tracker certificates or continue to hold for the longer term.

Details of the SG gold tracker certificate

Underlying	Expiry	Parity	Code
Gold	Open	100	S940

A live price for the SG gold tracker certificate can be found on our website at **uk.warrants.com**



SG Gold Warrants

SG gold warrants allow investors to gain leveraged exposure to movements in the price of gold – either on the upside with call warrants, or on the downside with put warrants. The warrants are priced in pence, with no minimum trade size.

The price of gold is influenced by supply and demand expectations. Gold supply comes from mine production figures (typically around 2,500 tonnes a year) plus gold recycled from scrap. Demand for gold is driven by fabrication of gold jewellery, coins and bars for investment purposes.

www.warrants.com

Unlike tracker certificates, a warrant has a fixed expiry date. Upon expiry, any positive value in the warrant will automatically be paid out to the warrant holder. The payout formula for a gold call warrant is as follows:

$$\textbf{Payout per warrant} = \frac{\textbf{Price of gold at expiry – warrant exercise price}}{\textbf{Parity}}$$

The parity for SG gold warrants is 100. Investors should note that the formula above gives a Dollar amount, which is automatically converted into Sterling by SG using the GBP/USD exchange rate at expiry.

For example, consider the price of a $400 gold call warrant if, at expiry, gold was trading at $450 and the GBP/USD exchange rate was 1.90. In this case the price per warrant at expiry would be ($450-$400)/100 = $0.50. Converting this into Pounds, with an exchange rate of 1.90, gives a payout amount of 26.3p per warrant. Had the price of gold been below $400 at expiry, the warrant would have expired worthless.

For a put warrant, the payout amount is determined by how far the price of gold lies below the warrant exercise price at maturity. For example, the holder of a $400 gold put warrant would be paid 26.3p if the price of gold was $350 at expiry (and the GBP/USD rate was also 1.90).

Remember there is no need to hold a warrant to expiry as the price of a gold warrant moves with the price of gold on a second by second basis. This allows profits to be taken following a favourable move in gold (or losses cut following an unfavourable move) at any time.

As gold warrants offer leveraged exposure to the price of gold, they are riskier investments than a corresponding investment in an unleveraged tracker certificate. If you are correct in your investment view, the rewards, of course, should be higher. Other market factors such as the level of interest rates and market volatility can also influence the price of the warrant.

Live prices for SG gold warrants and an updated product range can be found on our website at **uk.warrants.com**

SG Silver Tracker Certificate

SG silver tracker certificates track the price of one troy ounce of silver. The reference price of silver is generally given in US$. The price of silver has traded within a range of $3.50 to $8.50 over the past 10 years. As with gold, the price of silver has been very strong since the start of 2002.

Silver is traded on a 24-hour a day basis, with trading in the European time zone dominated by trading at the London Bullion Market.

www.warrants.com

In addition to demand from the jewellery and coin manufacturing industries, the majority of annually produced silver is used in manufacturing, particularly within the photography and electronics industries. Typically around 18,000 tonnes of silver are mined each year, with the largest silver mining nations being Mexico, Peru, USA and China. In addition, around 6,000 tonnes of silver are recycled from scrap each year.

Useful online information sources for silver are: the London Bullion Market Association (**www.lbma.org.uk**) and the Silver Institute (**www.silverinstitute.org**), an association backed by leading silver mining companies.

SG silver tracker certificate

The SG silver tracker certificate closely tracks the price of one troy ounce of silver. The tracker certificate has a parity of one, no fixed expiry date and can be bought or sold at any time. The tracker certificate is traded through a stockbroker in the same manner as shares and offers the advantages of a transparent and relatively low cost investment in silver, without the burden of needing to physically store or take delivery of the precious metal.

As with all SG commodity tracker certificates, the price of the silver tracker certificate is maintained on the London Stock Exchange and includes any financing charge incurred by SG in hedging the underlying position.

Example trade

An investor wishes to diversify their investments and gain exposure to the price of silver. They have £10,000 to invest. The price of silver is currently trading at $6.30 and the SG silver tracker certificate (S945) is trading at 350p. The investor therefore buys 2,857 SG silver tracker certificates, costing £9,999.50, plus brokerage commission.

One year later, assume the price of silver had risen to $7.00 (up 11%) and that the GBP/USD exchange rate is 1.80. In this case the SG silver tracker certificate would be worth approximately 388p ($7.00 / 1.80). The investor is able to sell his 2,857 tracker certificates for £11,085, making a profit of £1,085 (before broker commission).

However, had the price of silver fallen by 11%, the investor would have made a loss of £1,085 plus brokerage commissions.

Details of the SG silver tracker certificate

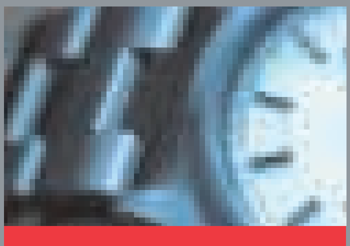
Underlying	Expiry	Parity	Code
Silver	Open	1	S945

A live price for the SG silver tracker certificate can be found on our website at **uk.warrants.com**

SG Platinum Tracker Certificate

The SG platinum tracker certificate tracks the price of one troy ounce of platinum. The price of platinum, usually quoted in US$, has traded within a range of $320 to $1,000 over the past 10 years, with a strong bull run in evidence over the past two years.

Trading in platinum is dominated in Europe by the London Platinum and Palladium Market. Platinum is normally traded in multiples of 500 troy ounces ($425,000 per trade with a platinum price of $850) which makes direct trading in it well beyond the means of most investors. One SG platinum tracker certificate, on the other hand, can cost as little as £4.



www.warrants.com

Platinum is used by many engineering and technology companies, particularly in the automotive (for catalytic converters) and electronics industries. These, in addition to jewellery, account for demand in the precious metal today. Typically around 5,000 tonnes of platinum are mined per annum.

More information on platinum can be found from the London Platinum and Palladium Market (**www.lppm.org.uk**) or the International Platinum Association, run by leading platinum mining companies and associated parties **(www.platinuminfo.net)**.

SG platinum tracker certificate

The SG platinum tracker certificate gives investors of all sizes direct exposure to the price of platinum. There is no minimum trading size and no expiry date. Liquidity (the ability to easily trade in the product) and maximum spreads (the difference between the buy price and sell price) are required by London Stock Exchange regulations.

The price of SG platinum tracker certificates are maintained in pence, using the prevailing GBP/USD exchange rate. This figure is then divided by the tracker certificate parity of 100, i.e. one platinum tracker certificate corresponds to one hundredth of a troy ounce. Any financing charge incurred by SG in hedging the underlying position is included in the price.

Example trade

An investor believes that the price of platinum is due a strong rally and decides to invest £20,000 in the SG platinum tracker certificate. The price of platinum is trading at $850 and the SG platinum tracker certificate (S946) is 480p. She therefore instructs her broker to buy 4,166 SG platinum tracker certificates, at a cost of £19,997 plus brokerage commission.

Six months later, assume the price of platinum had risen to $1,000 (up 17.6%) and that the GBP/USD exchange rate was 1.90. In this case the SG platinum tracker certificates (which have a parity of 100) would be worth approximately $1,000 / 100 = $10. Converting this into sterling gives a price per tracker certificate of 526p. The investor sells her 4,166 tracker certificates for £21,913, making a profit of £1,913 (before broker commission).

Had the exchange rate been 2.00 at expiry, however, the price of the platinum tracker certificate would have been approximately 500p and the investor would have realised a smaller profit of £830 (before brokerage commission).

Details of the SG platinum tracker certificate

Underlying	Expiry	Parity	Code
Platinum	Open	100	S946

A live price for the SG platinum tracker certificate can be found on our website at **uk.warrants.com**

Brent Oil

SG Brent Oil warrants are based on the price of one barrel of Brent Crude Oil. The reference price used is that of particular Brent Oil futures contract. This is generally close to the "spot" price of Brent Oil referenced in news headlines. Over the past decade, the price of Brent Oil has traded within a range of $10 to $40 per barrel.

Brent Oil futures contracts are traded on London's International Petroleum Exchange (IPE), which is Europe's leading energy futures and options exchange. Over $2bn in underlying value is traded on the IPE each day.

www.warrants.com

Oil accounts for more than half of the world's energy needs. The price of Brent Oil is driven by the anticipated balance between supply and demand. Future demand is mainly determined by forecasts of global economic expansion, but other factors such as technological developments in competing sources of energy or exceptional weather patterns also have an influence.

Future oil supply is determined by the production levels expected from the world's main oil exporters. These are dominated by Saudi Arabia, which is the major supplier within OPEC, the Organization of Petroleum Exporting Countries. Outside of OPEC, Russia is the world's second largest oil producer. Oversupply is the main source of price weakness, as occurred in 1999 when the price of crude oil slumped to $10 per barrel. Uncertainty over future demand – often due to global conflict such as the recent Iraq war – can lead to short or medium term price spikes.

Useful online information sources for Brent Oil include the OPEC website, **www.opec.org**, the International Petroleum Exchange, **www.theipe.com** as well as the International Energy Association, **www.iea.org**, an intergovernmental body concerned with the global energy industry.

SG Brent Oil warrants

SG Brent Oil warrants allow investors to gain leveraged exposure to movements in the oil price – either on the upside with call warrants, or on the downside with put warrants. As with all SG warrants, the maximum loss on a trade is strictly limited to the initial amount invested. Potential upside, however, is unlimited.

Each Brent Oil warrant has a fixed expiry date, equal to that of the futures contract on which it is based. For Brent Oil futures, eg the September future, the actual expiry date occurs midway through the previous month, eg mid August. This is to allow time for physical delivery if required. All SG Brent Oil warrants are cash settled, but it is important to be aware of the exact expiry date of the warrant prior to investing.

Upon expiry, any positive value in the warrant will automatically be paid out to the warrant holder.
The payout formula for a Brent Oil call warrant at expiry is as follows:

$$\textbf{Payout per warrant} = \frac{\textbf{Price of Brent Oil future at expiry} - \textbf{warrant exercise price}}{\textbf{Parity}}$$

Brent Oil

The parity for SG Brent Oil warrants is 10, i.e. one warrant corresponds to one tenth of the price of a barrel of oil. Investors should note that the payout formula gives a Dollar amount. This is automatically converted into Sterling by SG using the prevailing GBP/USD exchange rate at expiry. Currency movements could therefore have an additional positive or negative effect on the warrant payout value.

There is no need to hold a warrant to expiry. The price of a Brent Oil warrant moves with the price of the relevant future on a second by second basis. This allows profits to be taken following a favourable move in Brent Oil (or losses cut following an unfavourable move) at any time. Other market factors such as the level of interest rates and market volatility can also influence the price of the warrant prior to expiry.

SG Brent Oil warrants can be bought or sold on the London Stock Exchange at any time. Warrants prices are always given in pence. There is no minimum trade size and no stamp duty payable.

Example trade using a call warrant

An investor thinks that global political instability may cause the price of oil to rise in the near future. With the price of the September brent oil future trading at $30, she decides to invest £5,000 in the September brent oil $35 call warrants, trading at 5.0p and instructs her broker to buy 100,000 warrants.

One month later, the price of the September Brent Oil future has risen to $35, up 16.7%. Using an options calculator (such as the one on the SG website) and assuming no change in the level of market volatility or interest rates, we can calculate that the price of her warrant will be approximately 8p, an increase of 60%. The investor is therefore able to sell her 100,000 warrants via her broker for a profit of £3,000 (before brokerage commission).

Had the price of the Brent Oil future fallen by $5 over the same period, however, the investor would have made a loss of £3,000 (plus brokerage commissions) rather than a profit. Her maximum loss is, of course, strictly limited to the initial amount invested in the warrant, in this case £5,000. Her potential upside is unlimited.

Example trade using a put warrant

An investor thinks that the price of Brent Oil is too high and that weaker than expected global economic growth will lead to the price falling sharply before the end of the year. He decides to invest in the September Brent Oil $30 put warrant which, with the September Brent Oil future trading at $30, costs 11p. He instructs his broker to purchase 50,000 warrants at a cost of £5,500, plus commission.

At expiry, assume the price of the September Brent Oil future is $22. Using the payout formula, we can calculate that the Dollar value of the warrant will be ($30 - $22)/10 = $0.8. At expiry, assuming that one Pound is worth 1.85 Dollars, the warrant value at expiry will be 43.2p per warrant.

The cash value of all SG warrants is automatically paid out to the holder at expiry, so the investor would receive £21,622 for his 50,000 holding at expiry, realising a profit of £16,122 before brokerage commission.

Had the price of the September Brent Oil future been above $30 at expiry, the warrant would have expired worthless. The investor can, of course, add to or reduce his holding at any time if his investment view changes.

Live prices for SG Brent Oil warrants and an updated product range can be found on our website at **uk.warrants.com**

Risk Warning

Before you trade, you should be satisfied that warrants are suitable for you in the light of your circumstances and financial position. If you are in any doubt you should consult an appropriately qualified financial advisor. The following summary cannot disclose all the risks and other significant aspects of warrants.

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Investment risks

Warrants are not suitable for all investors. They can be volatile investments and may expire worthless. You should not deal in warrants unless you understand their nature and the extent of your exposure to risk. You should not buy a warrant unless you are prepared to lose all of the money you have invested plus any commission or transaction charges incurred.

Leveraged returns

Warrant investors should be aware that, if the underlying instrument to the warrant moves in the opposite direction to that anticipated by investors, the losses incurred by the warrant may be greater in percentage terms than those incurred by the underlying itself.

Limited life

Warrants have a limited life, as denoted by the expiry date of each issue. After this date, warrants can no longer be traded. It is therefore important that the forecast move in the underlying instrument of the warrant take place during the life of the warrant. It must also be noted that warrants experience time decay (erosion of their time value) throughout their life, and that the rate of this decay accelerates as warrants near expiry.

Currency risk

The foreign exchange rate will affect the price of a warrant over a commodity as it is determined in the local currency of the underlying and then converted into Sterling.

Secondary market risk

Secondary market risk is the risk that investors may not be able to buy or sell a warrant at the desired price. Generally, SG will be the only market maker in SG warrants, meaning an investor is exposed to the risk of SG ceasing to trade SG warrants. Under normal conditions SG will endeavour to provide a market-making service as required by the rules of the LSE. Such arrangements may be temporarily or indefinitely curtailed as a result of technical problems within companies of the SG Group or the London Stock Exchange or data vendors or in the event of difficulties in procuring information on underlying companies.

General market risks

In addition to movements in the underlying security, factors such as movement in interest rates, currencies and implied volatility have an impact on the price of warrants. SG may have a position or holding in the products described in this document or related instruments.

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