

Five Year Brent Oil Tracker

- Directly track Brent Crude Oil price
- GBP priced with no exchange rate risk
- Traded on London Stock Exchange



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CORPORATE &
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What is the SG Brent Oil Tracker?

The SG Brent Oil tracker is a London Stock Exchange listed investment product that tracks the price of one barrel of Brent Oil. The product is issued and guaranteed by Société Générale (SG), one of the world's leading investment banks.

How do I buy the tracker?

The tracker is traded through a stockbroker in the same manner as trading a share. Investors cannot trade the tracker directly with SG. The tracker can be bought or sold at any time during stock exchange trading hours. £2,700 invested in the tracker at issue gives exposure to approximately 100 barrels of Brent Crude Oil. The minimum trade size is one tracker (£10 at issue). There is no maximum investment size.

How long can I hold the tracker for?

The tracker can be held until expiry, which is June 2010. At expiry, the cash value of the tracker will automatically be paid out to the holder.

How is the price of the tracker calculated?

The price of the tracker is based on the USD price of one barrel of Brent Crude Oil as measured by the nearest Brent Oil futures contract traded on the International Petroleum Exchange (IPE). As one IPE Brent Oil futures contract expires, the reference price becomes the next nearest futures contract.

What fees are involved in trading the tracker?

The tracker must be traded through a stockbroker who will charge a commission fee for each trade. There is no stamp duty to pay and no other direct fees charged. A 0.15% commission fee is accrued each time an IPE Brent Oil future expires, this is automatically deducted from the price of the tracker with no action required on behalf of the holder.

Where can I find a price for the tracker?

A live price for the Brent Oil tracker can be found on the SG website, www.warrants.com, or other financial websites, or by contacting a broker. The SG Brent Oil tracker can either be identified by its name or its stock exchange code SG02.

How are my profits taxed?

Profits and losses from trades in the SG Brent Oil tracker are treated in the same way for capital gains tax purposes as those from shares. The tracker can be held in a Self Invested Personal Pension (SIPP) but not in an ISA.

What are the risks of investing in the tracker?

The tracker gives direct, unleveraged exposure to the price of one barrel of Brent Oil. In this respect it has a similar risk profile to an investment in shares. Capital invested in the tracker is at risk. The price of the tracker may fall as well as rise.

Why invest in the SG Brent Oil Tracker?

Oil prices can outperform shares

To benefit from a rising oil price, many investors will hold oil shares such as Shell, BP or more speculative oil exploration companies. Some of these, however, have underperformed the recent bull market in oil.

The share price of BP, for example, climbed from 453p on 31st December 2003, to 508p on 31st December 2004, a return of 12% over the year. *(Source: Reuters)*

Over the same period, the price of Brent Oil rose from \$30.17 per barrel to \$40.46 per barrel, a rise of 33.8%. *(Source: IPE)*. Of course, shares can outperform Brent Oil however; only the tracker gives direct exposure to the price of Brent Crude Oil - one of the world's most important commodities.

Avoid the impact of currency fluctuations

As can be seen from the table below, the USD price of one barrel of Brent Oil rose by 61% between 2000 and 2004. After allowing for the impact of currency fluctuations over the period, the returns for a Sterling based investor would have been just 34.4% *(Source: Reuters, IPE)*.

The Brent Oil tracker allows the investor to earn the same returns as the USD price of a barrel of Brent Oil irrespective of what happens to currencies.

Why invest in commodities?

Commodities such as oil are increasingly viewed as an important investment class in their own right. Looking at recent performance figures it is not difficult to see why. As can be seen from the table below, an investment in oil would have outperformed an equivalent investment in the FTSE 100 in 3 out of the past 5 years.

The price of one barrel of Brent Oil rose by 61% between 2000 and 2004, with an average annual return of 12.3%. Over the same period the FTSE 100 fell overall by 30.5%, with an annual average return of -5.9%.

Table 1

Annual returns in Brent Oil price and FTSE 100 index

% Return	2000	2001	2002	2003	2004	5Y Return
Brent Oil, USD	-4.8%	-16.6%	44.0%	5.3%	33.8%	61.0%
FTSE 100	-10.2%	-16.2%	-24.5%	13.6%	7.5%	-30.5%

*Based on official closing price on 31st December
(Source: IPE, Reuters)*

Past performance does not guarantee future performance.

Société Générale Group

Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 88,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves nearly 16 million retail customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (over EUR 1,100 billion) and under management (EUR 313 billion, September 2004).
- Corporate & Investment Banking: SG CIB ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the four major socially-responsible investment indices.

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