

The Chairman

Paris, January 24th

Ladies and Gentlemen

On January 24th, Société Générale announced its estimated results for the 2007 financial year.

They were bad, well below your expectations and ours.

In the final analysis we must draw a distinction between two different things, the business's ongoing activity and a single exceptional event.

Ongoing activity: the majority of our businesses, both in France and abroad, continued to return a good, often excellent, performance.

Gross operating profit is in line with expectations.

It will enable us, without difficulty, to absorb the large additional write-downs of assets arising from the fallout from the US real estate crisis.

That being so, at the end of last week we were preparing to report a net pre-tax profit of over 5.5 billion.

The exceptional event: on Saturday 19 January we discovered a very large insider fraud, committed by one isolated employee in the investment banking division.

The transactions in question were simple - a long position on equity markets - but they had been disguised using extremely sophisticated and complex techniques.

I took the decision to unwind the position urgently because of its scale, in order to avert even worse consequences.

The total loss suffered is considerable. It has been exacerbated by the dreadful market conditions at the beginning of the week.

The few gaps in procedures through which the fraudster managed to slip have been identified and blocked.

This individual was immediately suspended, and a formal complaint has been filed against him.

The executives and senior management responsible for the supervision and control of the transactions concerned have resigned.

So as to maintain the bank's financial position at the highest international standards of robustness, the Board of Directors has decided to launch a rights issue, the amount of which will more than offset the loss occasioned by the fraud.

Because of the bank's good reputation, this rights issue had been entirely underwritten as of Wednesday 23rd of January. It carries preferential subscription rights to preserve the interests of current shareholders.

It will raise the Tier 1 capital ratio to 8%, after taking into account the acquisition of Rosbank in Russia.

The board intends to recommend payment of a dividend for 2007, continuing with the usual pay-out target of 45%.

Ladies and Gentlemen,

It was my duty to tender my resignation to the Board of Directors.

The Board declined to accept it and asked me to continue to head up the business in these exceptional circumstances and to pursue the strategy that has served us so well. I fully understand your disappointment, indeed your anger.

This situation is utterly unacceptable.

I am fully aware that this represents a fall in share price for you.

I am deeply sorry for this, and apologise sincerely.

However, I have to tell you that, after this unprecedented and truly sad matter has been settled, I can see real grounds for optimism.

Having received confirmation of the bank's financial soundness, and with the commitment of our staff, in spite of the blow that they have suffered, and -as I firmly believe - the continuing confidence of our customers, the bank's capacity to recover and to resume the profitable growth that has characterised it for so long remains absolutely intact.

The task that the board of directors have entrusted me with is clear. I shall endeavour to be worthy of it, with the support of the management team.

Yours sincerely

Daniel Bouton