

CONSTELLATION NOTES
SERIES 34-37, 43-46, 55-58, 59-62, 63-66, 67-70, 71-74 AND 78-81
(TOGETHER, THE “NOTES” AND EACH, A “SERIES”)

CREDIT EVENT IN RESPECT OF LEHMAN BROTHERS HOLDINGS INC.

FREQUENTLY ASKED QUESTIONS

21 OCTOBER 2008

This document has been prepared for information only in respect of the Notes, which were issued under the US\$5,000,000,000 Limited Recourse Secured Note Programme of Constellation Investment Ltd. arranged by DBS Bank Ltd.

We refer to the Frequently Asked Questions dated 3 October 2008 containing information on the collateral for the Notes. This document contains further information on the collateral for the Notes.

This document is based on publicly available information, and whilst every effort has been made to ensure that the responses to the FAQs below are accurate as at the date this document is issued, DBS Bank Ltd makes no representations or warranties in respect of them.

This document should not be treated as legal or financial advice. No one reading this document is entitled to rely on it as legal or financial advice. Investors should seek independent professional advice with respect to their own positions.

1. What is the role of the collateral?

The role of the collateral is to secure the payment obligations of Constellation Investment Ltd. to the noteholders and to DBS Bank Ltd as swap counterparty. The value and quality of the collateral is therefore important to DBS Bank Ltd as well as to the noteholders.

2. How will the value of the collateral affect the credit event redemption amount of each Series of Notes?

The credit event redemption amount of each Series of Notes is, in summary, an amount equal to the nominal value of such Series of Notes *less* the notional amount of any loss on the reference obligation *less* any depreciation of the market value of the collateral (or *plus* any appreciation of the market value of the collateral) *less* any hedging costs. The market value of the collateral is not the sole component in the calculation of the credit event redemption amount, as the credit event redemption amount will also be influenced by any loss on the reference obligation and any hedging costs.

3. Given that CDOs are complicated financial instruments, why were CDOs chosen as the collateral for the Notes?

We understand that, prior to the recent credit crisis, credit ratings provided by reputable rating agencies was one of the key considerations investors in structured credit products took into account when making their investment decisions. AAA-rated CDOs were therefore selected as high credit quality assets to comprise the collateral for each Series of Notes (AAA rating by S&P, Aaa rating by Moody's or AAA rating by Fitch each represents the highest credit rating attainable from the relevant rating agency).

The fact that CDOs are complicated financial instruments does not mean that the CDOs are high-risk assets. In fact, as disclosed in the issue prospectus in respect of each Series of Notes, all collateral had to be AAA-rated as at the date of issue of the relevant Series of Notes.

4. Why has the market value of CDOs declined?

The market value of CDOs has generally been adversely affected by the recent credit crisis. The decline in market value of the CDOs chosen as collateral was significantly caused by the severe market dislocation (following the collapse of Lehman Brothers and the melt down of the credit markets) which affected all CDOs alike.

5. What was disclosed about the CDOs in the issue prospectuses?

In line with market practice and as stated in the issue prospectus in respect of each Series of Notes, the collateral for the relevant Series of Notes would not be chosen until after the close of the offer period. Notwithstanding that the exact details of the collateral were not available during the offer period and therefore could not be disclosed in each issue prospectus, the following information was clearly disclosed in each issue prospectus:

- **The structure of CDOs** – CDOs are usually limited recourse securities and the market value of CDOs will, amongst other things, depend on the occurrence or non-occurrence of credit events or potential credit events in respect of the reference entities to which the CDOs are linked.
- **The risks underlying the CDOs** – CDOs are subject to complex risks including their credit risks and liquidity risks and that they could lose all their value.
- **The requisite AAA-rating and other criteria for selecting the CDOs** – Importantly the collateral must be rated AAA by S&P and/or Aaa by Moody's and/or AAA by Fitch and must also satisfy certain criteria (including good credit and funding criteria).

In addition, after the issuance of the Notes, details of the CDOs have been made available for inspection at the specified office of DBS Bank Ltd. Furthermore, although DBS Bank Ltd had no obligation under the note documentation to do so, it had taken steps to inform noteholders of significant changes to the ratings of the CDOs to enable noteholders to monitor the credit quality of the CDOs.