

SPARC Limited
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29 September 2008

To: **Noteholders of each Relevant Series**

cc: **UBS AG, London Branch as Registrar**
Attn: SPV Operations
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Fax: +44 20 7567 0034
Email: DL-SPVOPS@ubs.com

CREDIT EVENT NOTICE AND NOTICE OF PUBLICLY AVAILABLE INFORMATION

Reference is made to the several Series of Notes specified in the Schedule hereto (each, a "Relevant Series") and a notice letter from us to you on 26 September 2008 entitled "Credit Event Notice and Notice of Publicly Available Information" (the "Old Notice"). Given that the Publicly Available Information has not been attached to the Old Notice and therefore the Old Notice is not effective, we hereby serve this notice to you again.

This letter constitutes our notice to you, in respect of each Relevant Series, that a "Bankruptcy" Credit Event occurred with respect to Lehman Brothers Holdings Inc. as a Reference Entity when Lehman Brothers Holdings Inc. filed a Voluntary Petition under Chapter 11 of the U.S. Bankruptcy Code on 15 September 2008. We attach Publicly Available Information with respect to this Credit Event.

We hereby notify you in our capacity as Issuer of the Relevant Series that this notice constitutes a Credit Event Notice and Notice of Publicly Available Information under each Relevant Series, and


- (a) Lehman Brothers Holdings Inc. is the affected Reference Entity; and
- (b) the Credit Event Determination Date is 29 September 2008.

Any capitalized term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the terms of the Relevant Series.

Nothing in this letter shall be construed as a waiver of any rights that UBS may have with respect to any Relevant Series.

If you have any questions in respect of the above, please contact: SH-DBCG@ubs.com.

Yours sincerely



Name: SUZAN MERREN

Title: DIRECTOR

For and on Behalf of
SPARC Limited

SCHEDULE 1

1. Retail-Aimed Callable Investment Notes Global Series Series 1a USD First-to-Default Callable Credit-Linked Notes due 2010 and extendable to 2014 (ISIN XS0303679525).
2. Retail-Aimed Callable Investment Notes Global Series Series 1b HKD First-to-Default Callable Credit-Linked Notes due 2010 and extendable to 2014 (ISIN XS0303681265).

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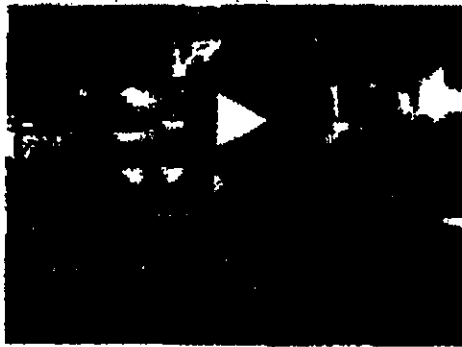
Lehman Brothers files for bankruptcy

By FT reporters

Published September 15 2008 06:04 | Last updated September 15 2008 11:47

Lehman Brothers Holdings on Sunday filed for bankruptcy protection as it emerged that Japanese banks were the US group's top unsecured lenders and authorities in Tokyo have ordered Lehman's Japanese subsidiary to retain assets in the country

The collapse of the 158-year-old Wall Street institution will cause thousands of job losses among the investment bank's 25,000-strong staff



UK Daily View

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The petition for bankruptcy protection does not include Lehman's broker-dealer operations and other divisions, including Neuberger Berman, the asset manager

This signals that the bank is either in talks to find buyers for the operations or is planning to unwind the businesses gradually

The Chapter 11 filing reveals that Japan's Aozora is owed \$463m in unsecured bank loans, more so than any other banks, while Mizuho is in second place with \$289m owed

Aozora is controlled by the US private equity group Cerberus. In August, it had to revise its profit downward to take into account a loss from its investment in GMAC, the US financial services group

The Financial Services Agency in Japan issued the order to Lehman on Monday. A spokesman told Bloomberg, "We are in contact and co-operation with overseas regulators including those in the US. We are currently gathering information and working to understand the situation."

Citibank and The Bank of New York Mellon Corporation are the largest unsecured bondholders in their roles as trustees, with a combined exposure of around \$138bn

PricewaterhouseCoopers has begun the process of winding down Lehman's European units on Monday morning

The London Financial Services Authority said in a statement "Lehman Brothers is a US institution regulated by the [Securities and Exchange Commission], so the FSA is working closely with the US authorities to ensure an orderly wind down of its principal UK trading subsidiary, Lehman Brothers International (Europe), which was placed into administration earlier this morning."

"The FSA is working with market practitioners, including the London Clearing House, to ensure the process connected with the winding down of this wholesale business is completed in an orderly manner to minimise any market disruption"

Germany's regulator BaFin imposed a so-called moratorium on Lehman's unit in the country, an order aimed at preserving its remaining assets

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Dow Jones NewsPlus - Global

September 15, 2008 1430 GMT

TOP STORIES

Lehman Asks US Crt To Shield It From Global Creditors

By Peg Brickley
OF DOW JONES NEWSWIRES

Citing "the global nature" of its business, Lehman Brothers Holdings Inc. (LEH) on Monday asked a New York court to issue a special order enforcing the protections of U.S. bankruptcy law against its creditors around the world.

Read Lehman Brothers Chapter 11
Bankruptcy Filing and Affidavit.

Lehman, which owes hundreds of millions in loans to banks in Tokyo, Hong Kong, New York, Singapore and Taipei, among others, asked for an order enjoining "all persons and all foreign and domestic

governmental units' from seizing, levying against "or in any other way interfering with any and all" of its properties

The Wall Street bank listed debts of \$613 billion and named an international roster of banks as unsecured creditors in a Chapter 11 bankruptcy petition filed Monday in the U.S. Bankruptcy Court for the Southern District of New York

In the U.S., the Chapter 11 corporate bankruptcy filing automatically stays all legal action against Lehman by creditors attempting to collect debts. The special order that Lehman has asked for as one of the opening gambits in Chapter 11 would assert those protections overseas.

Lehman's lawyers say the law clearly protects its property "wherever it is located," but not all parties affected by the bankruptcy case may be aware of that, so a special order is called for.

"Such an order is particularly appropriate in (Lehman's) Chapter 11 case because (Lehman) operates global businesses across different countries," the company's attorneys wrote in court documents.

Topping the list of Lehman's unsecured debts is approximately \$138 billion in senior bond debt, followed by another \$17 billion in subordinated and junior bond debt, according to documents filed at 1:45 a.m. ET in the New York bankruptcy court.

The bankruptcy filing by the Wall Street firm followed a failed effort to find a buyer or persuade the U.S. government to bail it out of massive real-estate-related losses. The bankruptcy petition said Lehman's assets are worth \$639 billion.

Citibank and the Bank of New York are trustees for the huge load of bond debt that tops Lehman's list of unsecured liabilities, court documents say.

AOZORA of Tokyo is listed as the largest bank lender, with a loan of \$463 million. Next is Mizuho Corporate Bank Ltd. of Tokyo, with a \$289 million loan

Additionally, Lehman listed as unsecured debts a \$275 million bank loan from Citibank, a \$250 million bank loan from BNP Paribas, a \$231 million bank loan from Japan's Shinsei Bank Ltd., a \$185 million bank loan from UFJ Bank Ltd. of Japan, a \$177 million bank loan from Sumitomo Mitsubishi Banking Corp. of Tokyo and a series of other sizable bank loans

Mizuho Corporate Bank, Shinkin Central Bank, and Chuo Mitsu Trust & Banking, all of Japan, the Bank of Nova Scotia's Singapore branch, Lloyds Bank in New York, Hua Nan Commercial Bank of Taipei and Bank of China, New York Branch, are all on the list of unsecured creditors

owed more than \$50 million by Lehman

The Wall Street firm said none of the broker-dealer subsidiaries or other subsidiaries of Lehman Brothers Holdings Inc. will be included in the Chapter 11 filing and all of the broker-dealers will continue to operate. Customers of Lehman Brothers, including customers of its wholly owned subsidiary, Neuberger Berman Holdings LLC, may continue to trade or take other actions with respect to their accounts, Lehman said.

The Lehman board authorized the filing of the Chapter 11 petition in order to protect its assets and maximize value, the firm said.

The New York law firm of Weil Gotshal & Manges is representing Lehman Brothers. The case has been assigned to Judge James M. Peck.

--By Peg Brickley, Dow Jones Newswires; 215-462-0953; peg.brickley@dowjones.com (END) Dow Jones Newswires

Lehman Lists Debts Of \$613B In Chapter 11 Filing Monday

Lehman Brothers Holdings Inc. (LEH) filed for Chapter 11 bankruptcy Monday in New York, listing debts of \$613 billion and naming as unsecured creditors owed hundreds of millions of dollars banks from Tokyo, Hong Kong, New York, Singapore and Taipei, among others.

Topping the list of Lehman's unsecured debts is approximately \$138 billion in senior bond debt, followed by another \$17 billion in subordinated and junior bond debt, according to documents filed at 1.45 am ET in the U.S. Bankruptcy Court for the Southern District of New York.

The bankruptcy filing by the Wall Street firm followed a failed effort to find a buyer or persuade the U S government to bail it out of massive real-estate-related losses. The bankruptcy petition said Lehman's assets are worth \$639 billion.

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Mizuho Corporate Bank, Shinkin Central Bank, and Chuo Mitsui Trust & Banking, all of Japan, the Bank of Nova Scotia's Singapore branch, Lloyds Bank in New York, Hua Nan Commercial Bank of Taipei and Bank of China, New York Branch, are all on the list of unsecured creditors owed more than \$50 million by Lehman.

The Wall Street firm said none of the broker-dealer subsidiaries or other subsidiaries of Lehman Brothers Holdings Inc. will be included in the Chapter 11 filing and all of the broker-dealers will continue to operate. Customers of Lehman Brothers, including customers of its wholly owned subsidiary, Neuberger Berman Holdings LLC, may continue to trade or take other actions with respect to their accounts, Lehman said

The Lehman board authorized the filing of the Chapter 11 petition in order to protect its assets and maximize value, the firm said

The New York law firm of Weil Gotshal & Manges is representing Lehman Brothers. The case has not yet been assigned to a judge

--By Peg Brickley, Dow Jones Newswires; 215-462-0953; peg.brickley@dowjones.com

Repos, Derivatives Complicate Lehman Brothers Bankruptcy

By Patrick Fitzgerald

OF DOW JONES NEWSWIRES

Lehman Brothers Holdings Inc (LEH), which sought bankruptcy protection Monday after failing to find a buyer to rescue it over the weekend, faces the daunting task of reconciling complicated securities transactions to head off a meltdown in the broader financial markets.

Lehman's collapse into Chapter 11 follows a scramble over the weekend to find a buyer to save the investment bank from collapse. Sale prospects quickly dimmed, and the Federal Reserve and Treasury Department balked at a bailout.

Lehman, the fourth-largest investment bank in the U.S., filed for Chapter 11 to "preserve its assets and maximize value for the benefit of all stakeholders," a task complicated by its exposure to derivative agreements. Those agreements include credit default swaps, a type of insurance on corporate debt defaults -- and so-called tri-party repurchase agreements -- a form of debt commonly used by investment banks and other financial firms.

(This article also appears in Daily Bankruptcy Review, a publication from Dow Jones & Co.)

Investment banks like Lehman depend on collateral-backed credit lines, which are characterized as repurchase agreements, or repos. In Lehman's case, that collateral includes securities backed by commercial and residential mortgages and real estate. According to bankruptcy-court filings, Lehman owed \$188 billion under such tri-party repurchase agreements as of May 31.

"When the market value of the pledged assets began to deviate from the pledged value of those assets, secured lenders imposed "haircuts" (discounts) on Lehman Brothers," Chief Financial Officer Ian T. Lowitt said in court papers filed Monday with the U.S. Bankruptcy Court in Manhattan.

Lehman Brothers' reduced access to secured funding, the lifeblood for an investment bank, created "a chain reaction of adverse economic consequences," Lowitt said. With diminished cash to fund transactions, major credit rating agencies put Lehman's ratings on negative watch with potential for multiple downgrades.

On Sunday afternoon, the International Swaps and Derivatives Association, a trade group for the derivatives industry, held an emergency trading session to let firms unwind their derivatives transactions with Lehman by finding other parties to take Lehman's place.

Deals struck at the session were conditioned on Lehman filing for bankruptcy by midnight Sunday, a deadline Lehman failed to make. The ISDA, however, is extending the deadline so deals struck at the session can take effect.

Repos and other derivatives are afforded a special exemption under bankruptcy law and provide counterparties a "safe harbor" from the automatic stay. That provision, a cornerstone of U.S. bankruptcy law, prevents creditors from immediately seizing property for payment of a debt.

Lehman is asking New York Bankruptcy Judge James Peck for an injunction barring its creditors from seizing its assets.

--Patrick Fitzgerald, Dow Jones Newswires; 202-862-3544; patrick.fitzgerald@dowjones.com

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