

SPARC Limited
P.O. BOX 1093GT
Queensgate House
South Church Street
George Town
Grand Cayman
Cayman Islands

29 September 2008

To: **Noteholders of each Relevant Series**

cc: **UBS AG, London Branch as Registrar**
Attn: SPV Operations
Tel: +44 20 7567 9983
Fax: +44 20 7567 0034
Email: DL-SPVOPS@ubs.com

NOTICE OF VALUATION OBLIGATIONS

Reference is made to the several Series of Notes specified in the Schedule hereto (each, a "Relevant Series").

We hereby notify you that UBS AG London Branch as Swap Counterparty has served a Notice of Valuation Obligations (the "Notice") to us on 29 September 2008 on the following terms:

- (i) in respect of Series 1a Notes:
 - (a) the Deliverable Obligation that comprises the Valuation Portfolio of Lehman Brothers Holdings Inc. is USD5,100,000 in principal amount of 5.75 per cent. Subordinated Notes due 3 January 2017 issued by Lehman Brothers Holdings Inc. (ISIN: US524908UB47) (the "Valuation Obligation for Series 1a Notes");
 - (b) the estimated outstanding principal balance of the Valuation Obligation for Series 1a Notes that is intended to be valued is USD5,100,000;
- (ii) in respect of Series 1b Notes:
 - (a) the Deliverable Obligation that comprises the Valuation Portfolio of Lehman Brothers Holdings Inc. is USD1,194,872 in principal amount of 5.75 per cent. Subordinated Notes due 3 January 2017 issued by Lehman Brothers Holdings Inc. (ISIN: US524908UB47) (the "Valuation Obligation for Series 1b Notes");
 - (b) the estimated outstanding principal balance of the Valuation Obligation for Series 1b Notes that is intended to be valued is USD1,194,872; and
- (iii) in respect of both Series 1a Notes and Series 1b Notes, the date on which the respective Valuation Obligation is to be valued (the "Valuation Date") will be 17 October 2008.

In the Notice, the Swap Counterparty reserved its right to serve subsequent Notice(s) of Valuation Obligations to us to change the Valuation Date and/or the Valuation Obligation or the amount of cash specified in the Notice and/or the detailed description hereof at any time on or prior to the 10th Business Day before the Final Valuation Date (i.e. 135 Business Days after the date on which we delivers the Credit Event Notice) and the last Notice of Valuation Obligations served within this period shall override all previous notices. The Swap Counterparty may correct any errors or inconsistencies in the detailed description of the Valuation Obligation specified in the Notice by notice to the Calculation Agent and us prior to the applicable Valuation Date. Upon receipt of any

subsequent Notice(s) of Valuation Obligations or correction notice from the Swap Counterparty, we shall promptly deliver a notice on similar terms to you.

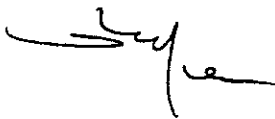
A copy of the Notice is attached in Schedule 2 for your reference.

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 as Issuer

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).

SCHEDULE 2

Notice of Valuation Obligations from the Swap Counterparty to the Issuer

UBS AG
1 Finsbury Avenue,
London,
EC2M 2PA

Tel. +44-20-7567 8000

www.ubs.com

29 September 2008

To: **SPARC Limited as Issuer**
P.O. BOX 1093GT
Queensgate House
South Church Street
George Town
Grand Cayman
Cayman Islands

cc: **UBS AG London Branch as Calculation Agent**
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

cc: **The Law Debenture Trust Corporation p.l.c. as Trustee**
Attn: The Manager, Commercial Trusts
Tel: +4420 7606 5451
Fax: +44 20 7696 5208

NOTICE OF VALUATION OBLIGATIONS

Reference is made to the several Series of Notes specified in the Schedule hereto (each, a "Relevant Series") and the related Charged Agreement constituting among other things, a credit swap transaction (each, a "Credit Swap Transaction").

We hereby notify you in our capacity as Swap Counterparty that this notice constitutes a Notice of Valuation Obligations (as defined in the relevant Charged Agreement) under each Credit Swap Transaction, and

(i) in respect of Series 1a Notes:

- (a) the Deliverable Obligation that comprises the Valuation Portfolio of Lehman Brothers Holdings Inc. is USD5,100,000 in principal amount of 5.75 per cent. Subordinated Notes due 3 January 2017 issued by Lehman Brothers Holdings Inc. (ISIN: US524908UB47) (the "Valuation Obligation for Series 1a Notes");
- (b) the estimated outstanding principal balance of the Valuation Obligation for Series 1a Notes that is intended to be valued is USD5,100,000;

(ii) in respect of Series 1b Notes:

- (a) the Deliverable Obligation that comprises the Valuation Portfolio of Lehman Brothers Holdings Inc. is USD1,194,872 in principal amount of 5.75 per cent. Subordinated

UBS Investment Bank is a business group of UBS AG

UBS AG is registered as a branch in England & Wales Branch No. BR004507 (A public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051, Basel and Bahnhofstrasse 45, CH-8001 Zurich). Registered Address: 1 Finsbury Avenue, London EC2M 2PP. A member of the London Stock Exchange.

Notes due 3 January 2017 issued by Lehman Brothers Holdings Inc. (ISIN: US524908UB47) (the "Valuation Obligation for Series 1b Notes");

- (b) the estimated outstanding principal balance of the Valuation Obligation for Series 1b Notes that is intended to be valued is USD1,194,872; and
- (iii) in respect of both Series 1a Notes and Series 1b Notes, the date on which the respective Valuation Obligation is to be valued (the "Valuation Date") will be 17 October 2008.

We reserve our right to serve subsequent Notice(s) of Valuation Obligations to change the Valuation Date and/or the Valuation Obligation or the amount of cash specified in this notice and/or the detailed description hereof at any time on or prior to the 10th Business Day before the Final Valuation Date (i.e. 135 Business Days after the date on which we deliver the Credit Event Notice) and the last Notice of Valuation Obligations served within this period shall override all previous notices. We may correct any errors or inconsistencies in the detailed description of the Valuation Obligation specified in this notice by notice to the Calculation Agent and the Issuer prior to the applicable Valuation Date.

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 Credit Swap Transaction.

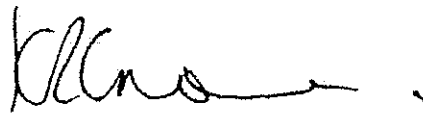
Nothing in this letter shall be construed as a waiver of any rights that UBS may have with respect to any Relevant Series.

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

Yours sincerely



Name: Jonathan Norris
Title: Executive Director



By: Kurt Crommelin
Title: Executive Director

For and on Behalf of

UBS AG, London Branch as Swap Counterparty

SCHEDULE 1

1. Series 2007-1a USD First-to-Default Callable Credit-Linked Notes due 2010 and extendable to 2014 (ISIN XS0303679525).
2. Series 2007-1b HKD First-to-Default Callable Credit-Linked Notes due 2010 and extendable to 2014 (ISIN XS0303681265).