

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

15 October 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

SECOND NOTICE OF VALUATION OBLIGATIONS

Reference is made to the several Series of Notes specified in the Schedule hereto (each, a "Relevant Series") and to a Notice of Valuation Obligations (the "First Issuer Notice") dated 29 September 2008 from us to you.

In the First Issuer Notice, we notified you that UBS AG London Branch as Swap Counterparty had delivered a Notice of Valuation Obligations to us on 29 September 2008 designating a Valuation Date of 17 October 2008 for both Series 1a and Series 1b Notes. UBS AG London Branch, as the Calculation Agent, is currently seeking to appoint an independent party to verify the Credit Event Redemption Amount for both Series 1a and Series 1b Notes and it is expected that more time is required before UBS AG London Branch can finalise the terms of appointment with respect to such independent party. In view of this, UBS AG London Branch as Swap Counterparty has delivered a second Notice of Valuation Obligations to us changing the Valuation Date as provided in the First Issuer Notice.

We hereby notify you that UBS AG London Branch as Swap Counterparty delivered the second Notice of Valuation Obligations (the "Second Notice") to us on 15 October 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 31 October 2008.

This second Notice of Valuation Obligations shall supersede the First Issuer Notice in its entirety.

In the Second Notice, the Swap Counterparty reserved its right to serve subsequent Notice(s) of Valuation Obligations to us to further 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 Second 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: Chris Watler

Title: Authorised Signatory

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

Second Notice of Valuation Obligations from the Swap Counterparty to the Issuer