

To: Distributors and holders of Pyxis Notes

Pyxis Notes

In the following, we provide answers to some questions which apply generally to the Pyxis Notes, but holders should be aware that each series of Pyxis Notes is different and the status of their series may therefore differ in some respects from the general answers given here. The structure of the Pyxis Notes and the rights of holders are explained more fully in the prospectuses for the issues.

See the section of the issue prospectuses headed "Information about us and how our Notes are secured" for a general description of the collateral and the swap arrangements.

What is the current status of Lehman Brothers Holdings Inc.?

On 15 September 2008 Lehman Brothers Holdings Inc. ("LBHI") filed a petition (the "**Petition**") under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court of the Southern District of New York.

What is the role of Lehman Brothers Holdings Inc. in the Pyxis Notes?

LBHI is the swap guarantor and is the guarantor of the collateral for the Pyxis Notes.

The swap counterparties for the Pyxis Notes are wholly-owned subsidiaries of LBHI.

What is the collateral for the Pyxis Notes?

The collateral consists of debt obligations of Lehman. Holders of the Pyxis Notes rely on the creditworthiness of Lehman for payments on their Notes.

How does this affect the Pyxis Notes?

According to ISDA (the International Swaps and Derivatives Association Inc., an industry body), the filing of the Petition constitutes an event of default under swaps such as the swap arrangements which Pyxis Finance Limited, the issuer of the Pyxis Notes, has entered into with Lehman. This means that the Pyxis Notes will, subject to conditions and to a number of other procedures, be subject to early redemption.

What happens if the Pyxis Notes are redeemed early?

After the termination of the swap arrangements, the Pyxis Notes would become subject to early redemption and the collateral for the Pyxis Notes would be sold in the market. The proceeds of sale of the collateral would be adjusted to take account of any payment which is due to, or due from, Lehman on termination of the swap arrangements and for the costs, fees and expenses of making the sale. The proceeds would then be available for repayment of the Pyxis Notes. The amount of the available proceeds will depend on many factors, including the nature and current market value of the collateral underlying the particular series of Pyxis Notes. However, it is likely that the redemption of the Pyxis Notes would be at significantly less, than their principal amount because the proceeds of sale of the collateral will reflect the fact that Lehman, with its guarantor LBHI having filed the Petition, is unlikely to be able to meet its payment obligations under the collateral in full.

How much will holders get back? When will they get it?

The amount holders will get back depends on many things, but mainly on the current market value (assuming a purchaser can be found) of the Lehman debt obligations which are the collateral underlying a series of Pyxis Notes and on whether an early termination amount is due to or from Lehman on termination of the swap arrangements. The early redemption of the Pyxis Notes of particular series and the sale of collateral, termination of swap

arrangements and eventual distribution of proceeds to holders are not within the control of Lehman and may be expected to take some time to resolve.

Who are the trustees for the Pyxis Notes? What action are they taking?

Lehman has made initial contact with the trustee for the Pyxis Notes. Further information is expected shortly from the trustee as to next steps.

Lehman Brothers Asia Limited
As Arranger of the Pyxis Notes

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