



23 July 2009

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Nexus3 Notes (the "Notes") -Notification of Credit Event

We refer to the Notes and the Portfolio Agreement entered into between Deutsche Bank AG, Sydney Branch and Nexus Bonds Limited ("**Nexus**") dated 3 November 2004 (the "**Portfolio Agreement**"). Terms used in this letter have the meaning set out in the Portfolio Agreement.

Please find attached

1. a Credit Event Notice and Notice of Publicly Available Information from Deutsche Bank to Nexus under the Portfolio Agreement in relation a Bankruptcy Credit Event in respect of a Reference Entity in the Reference Portfolio, Lear Corp, that has occurred on or about 7 July 2009; and
2. an initial Final Price Estimate in relation to the Defaulted Reference Obligation of Lear Corp.

For and on behalf of

**Deutsche Bank AG, Sydney branch
(as Operating Agent for Nexus Bonds Limited)**

Attorney:
Name: *Martin Thomas*

Attorney:
Name: *PAUL UMBRAZONOVAS*

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Attention: Nexus Bonds Limited, Operating Agent

**CREDIT EVENT NOTICE AND
NOTICE OF PUBLICLY AVAILABLE INFORMATION**

Credit Derivative Transaction Details: Trade Date of 3 November 2004 and Effective Date of 14 December 2004, in respect of the Nexus3 Notes Series of Notes

Reference is made to the Credit Derivative Transaction described above (the "**Transaction**") between Nexus Bonds Limited as Seller and Deutsche Bank AG, Sydney branch as Buyer. Capitalised terms used and not otherwise defined in this letter shall have the meanings given to them in the confirmation of the Transaction.

This letter is our Credit Event Notice to you that a Bankruptcy Credit Event occurred on or about 7 July, 2009 with respect to the Reference Entity having the identifier 350471 in the Reference Registry, when Lear Corp voluntarily filed for reorganisation under Chapter 11 of the US Bankruptcy Code.

As at the date of this notice, the Defaulted Notional Amount in respect of the relevant Defaulted Reference Obligation is AUD 25,500,000.

This letter also comprises our Notice of Publicly Available Information with respect to this Credit Event. Accordingly, we provide copies of the Publicly Available Information attached hereto.

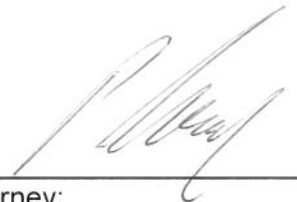
Nothing in this letter shall be construed as a waiver of any rights we may have with respect to the Transaction.

For and on behalf of

Deutsche Bank AG, Sydney branch



Attorney: *Martin Thomas*
Name:



Attorney:
Name: *PAUL UMBREIT*

Publicly Available Information

LEAR CORP Bankruptcy

Auto parts maker Lear Corp. files for Chapter 11

<http://www.google.com/hostednews/ap/article/ALeqM5gQg78Lh18noT5SR56gOA5se8a97AD999SDRG0>

By DAN STRUMPF – **Associated Press**

NEW YORK (AP) — Automotive parts supplier Lear Corp. filed for bankruptcy protection on Tuesday after receiving support from lenders and bondholders to reorganize its struggling business.

The move had been expected from the maker of vehicle seats and electronics, which missed an interest payment on its bond debt last week and revealed its intention to seek Chapter 11 bankruptcy protection from its creditors. The Southfield, Mich.-based company made the filing in the U.S. Bankruptcy Court for the Southern District of New York.

It listed \$1.27 billion in assets and \$4.54 billion in liabilities. Subsidiaries outside the U.S. and Canada are not part of the filings, the company said.

"We are conducting business as usual and are very pleased to have received strong support from our lender and bondholder groups for our debt restructuring plan," CEO Bob Rossiter said in a statement.

Under Chapter 11 reorganization, a company can stay in operation under court protection while it sheds debts and unprofitable assets.

Attorneys for the company made their first appearance in bankruptcy court Tuesday afternoon.

Lear Attorney Marc Kieselstein said the company plans to file a plan of reorganization in the next 30 to 60 days and hopes to do so on the early end of that time frame. He said Lear and other auto parts makers have been battered by the weak economy, but the company has support for its reorganization from the majority of its debt-holders.

"What we have seen is a drop-off (in business) that has outpaced ... suppliers' ability to cut costs," Kieselstein said.

U.S. Judge Martin Glenn — acting in place of U.S. Judge Allan Gropper, who had been assigned Lear's case — approved typical "first day" motions, giving Lear permission to pay pre-bankruptcy wages, taxes and certain obligations to its customers.

Glenn also approved the company's use of cash collateral — or money used to continue funding the company's day-to-day operations — on an interim basis. Lear is the first major automotive parts maker to seek court protection since Visteon Corp., the former parts arm of Ford Motor Co., filed in May. Auto parts suppliers have been hammered by the economic downturn as consumers continue to avoid buying cars and trucks and automakers slash production.

The Chapter 11 filings by General Motors Corp. and Chrysler Group LLC and the idling of most of their factories has dealt a particularly hard blow to the auto supply base.

Lear has been particularly hard hit by the slump. It is heavily dependent on the struggling North American and European auto markets, with 36 percent of its sales coming from North America and 49 percent coming from Europe.

Lear, which posted \$13.6 billion in sales for 2008, is a key supplier for both GM and Ford. The pair represent the company's two largest customers and account for a combined 40 percent of its sales.

On Tuesday, Lear said it is hoping for an "expedited" bankruptcy process. The parts maker said it has support from more than 50 percent of its bondholders and about 69 percent of its secured lenders for its reorganization plan.

In its bankruptcy filing, it listed its top 50 creditors, with many of the largest including its bondholders and suppliers. Its biggest creditor is the Bank of New York Mellon, which holds nearly \$1.3 billion in bond debt. Among its parts suppliers, Milwaukee-based Johnson Controls Inc. was the largest with about \$5 million owed.

Shares of Lear, which trade on over-the-counter markets since the New York Stock Exchange delisted the stock, have plunged over the last year after the automobile market began slumping and the company began racking up quarterly losses. Shares closed Monday at 29 cents and fell 2 percent to 28 cents in Tuesday morning trading. During a bankruptcy proceeding, common shareholders are typically wiped out.

It announced it was preparing to file for bankruptcy protection last week after a grace period expired on a \$38 million interest payment that would service its 8.5 percent senior notes due 2013 and its 8.75 percent senior notes due 2016.

It previously received a commitment for \$500 million in "debtor-in-possession," or DIP, loans to finance its bankruptcy from a group of lenders led by J.P. Morgan and Citigroup. It has asked the bankruptcy court to allow it to continue to provide pay and benefits for its workers without interruption and to continue to allow it to provide payments for its U.S. and Canada pensions.

A hearing on whether to approve the use of the DIP funding is scheduled for July 30.

AP Business Writer Michelle Chapman and AP Auto Writer Bree Fowler contributed to this report.

(This version CORRECTS spelling of Judge Allan Gropper's first name in 9th graf.)

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Auto parts maker Lear Corp files for bankruptcy

Tue Jul 7, 2009 8:20pm IST

<http://in.reuters.com/article/innovationNews/idINTRE56616220090707?sp=true>



NEW YORK (**Reuters**) - U.S. auto parts maker Lear Corp (LEAR.PK: [Quote](#), [Profile](#), [Research](#)) filed for Chapter 11 bankruptcy protection on Tuesday, a day after setting out plans to restructure its \$3.6 billion debt burden under a proposed deal with creditors.

The filing represents the largest in a string of recent failures of auto parts suppliers and highlights the pressure on the sector from sharply curtailed production and bankruptcies at automakers General Motors Corp (GMGMQ.PK: [Quote](#), [Profile](#), [Research](#)) and Chrysler.

Lear said the reorganization had won the support of the majority of its creditors and it expected to submit the proposals to the bankruptcy court in coming days.

"We intend to proceed on an expedited basis and expect to submit the plan to the Bankruptcy Court within 60 days," Lear Chief Executive Bob Rossiter said in a statement.

Under the plans set out on Monday, Lear would convert \$3.6 billion in debt into a combination of new debt, convertible stock and equity warrants.

The bankruptcy plan was supported by about 68 percent in principal amount of its secured lenders and more than 50 percent in principal amount of its bondholders.

Lear, which makes seating and electrical equipment for vehicles, ranks as the 11th largest global auto parts supplier by sales according to trade journal Automotive News.

LEAR STRUGGLES

The company was founded in 1917. It first sold shares to the public in 1994 and expanded through a string of 18 major acquisitions since then.

But the growth left Lear carrying a heavy debt burden and exposed to the slump in demand for the big SUVs and trucks that had represented a large share of its business.

Though it had begun extensive restructuring in 2005 to move some manufacturing operations to low-cost labor countries and consolidate its operating facilities, the economic slowdown and steep production cuts by General Motors Corp (GMGMQ.PK: [Quote](#), [Profile](#), [Research](#)) and Ford Motor Co (F.N: [Quote](#), [Profile](#), [Research](#)) hurt Lear sales.

GM is Lear's largest customer, representing about 23 percent of its global 2008 sales of \$13.6 billion.

Annual production of automobiles in North America dropped to 12.6 million in 2008 from 15 million vehicles the year before. Production is projected to sag to 8 million vehicles this year, according to court documents.

"A disproportionate share of (Lear's) past net sales and profitability in North America has been on light truck and large SUV platforms of domestic automakers, which are now experiencing significant competitive pressures as consumer purchasing patterns shift toward passenger cars, crossover vehicles and other vehicle platforms," Lear Vice President and Treasurer Shari Burgess said in court documents.

BANKRUPTCY

The company struggled still more when Chrysler shut almost all of its production as part of its bankruptcy reorganization.

The company had warned in March it might have to file for bankruptcy after breaching debt covenants at the end of last year and borrowing all of the \$1.2 billion in its main credit facility.

The company made its filing in the U.S. Bankruptcy Court for the Southern District of New York, listing total assets of about \$1.27 billion and total liabilities of about \$4.54 billion.

The company had generated 2008 sales of about \$13.6 billion. It operates about 210 facilities across 36 countries and provides automotive components for the daily assembly of approximately 12,000 vehicles in the United States and approximately 30,000 vehicles elsewhere in the world, according to court documents.

About 72,000 workers work for Lear worldwide.

At least 15 auto parts suppliers have filed for bankruptcy or had their assets seized by creditors in 2009, according to the Motor & Equipment Manufacturers Association, which represents the industry.

Lear's subsidiaries outside the United States and Canada are not part of the Chapter 11 filings.

The case is In re Lear Corp, US Bankruptcy Court, Southern District of New York, No. 09-14326. (Reporting by Ajay Kamalakaran and Hezron Selvi in Bangalore, Chelsea Emery in New York and Soyoung Kim in Detroit)



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We refer to the confirmation of the above Credit Derivative Transaction dated 3 November 2004 (the "**Confirmation**"). Terms used in this letter have the meaning given in the Confirmation.

As contemplated by the paragraph entitled "Final Price Estimate" in section 4 of the Confirmation, the Transaction Servicer has advised that the current Final Price Estimate in relation to the Defaulted Reference Obligation of the Defaulted Reference Entity Lear Corp is 68.0000% of the Defaulted Notional Amount.

Under the Confirmation, the Final Price Estimate will be updated quarterly until the Final Price is actually determined.

The actual Final Price determined may be more or less than the Final Price Estimate.

For and on behalf of
Deutsche Bank AG, Sydney branch

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