Deutsche Bank

3 November 2009

The Directors
Nexus Bonds Limited
Level 16, Deutsche Bank Place
Cnr Hunter & Phillip Streets
Sydney NSW 2000

Deutsche Bank AG
ABN 13 064 165 162
Deutsche Bank Place
Level 16, Cnr of Hunter & Phillip Streets
Sydney NSW 2000 Australia
GPO Box 7033 Sydney NSW 2001

Tel: 61 2 9258 1234
Fax: 61 2 9258 1400

Nexus Portfolio Floating Rate 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 12 November 2003 (the "**Portfolio Agreement**"). Terms used in this letter have the meaning set out in the Portfolio Agreement.

Please find attached 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, CIT Group Inc , that has occurred on or about 1 November 2009.

We will provide an initial Final Price Estimate in relation to the Defaulted Reference Obligation of CIT Group Inc as soon as it is available.

For and on behalf of

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

Attorney:
Name: IAN MARTIN

Attorney:
Name: Martin Manes

Deutsche Bank

3 November 2009

Nexus Bonds Limited
Level 16, Deutsche Bank Place
Cnr Hunter & Phillip Streets
Sydney NSW 2000
Australia

Deutsche Bank AG
ABN 13 064 165 162
Deutsche Bank Place
Level 16, Cnr of Hunter & Phillip Streets
Sydney NSW 2000 Australia
GPO Box 7033 Sydney NSW 2001

Tel: 61 2 9258 1234
Fax: 61 2 9258 1400

Attention: Nexus Bonds Limited, Operating Agent

CREDIT EVENT NOTICE AND NOTICE OF PUBLICLY AVAILABLE INFORMATION

Credit Derivative Transaction Details: Trade Date of 12 November 2003 and Effective Date of 16 December 2003, in respect of the Nexus Portfolio Linked Floating Rate Notes Series

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 01 November 2009 with respect to the Reference Entity having the identifier #5272763, when CIT Group Inc. 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 3,000,000.**

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:
Name: IAN MARTIN

Attorney:
Name: Martin Thomas.

Publicly Available Information

UPDATE 4-CIT Group files for bankruptcy, among biggest in US

Mon Nov 2, 2009 6:43am IST
http://in.reuters.com/articlePrint?articleId=INN0140886320091102

* Company plans to cut debt by about $10 billion

* US seen losing most of $2.3 bln TARP funds invested

* Bondholders to get equity in new company plus new debt

* Common stockholders to get nothing (Recasts; adds analyst quote, detail on bankruptcy plan, background on CIT and byline)

By Dan Wilchins and Elinor Comlay

NEW YORK, Nov 1 (Reuters) - CIT Group Inc (CIT.N: Quote, Profile, Research), a lender to hundreds of thousands of small and medium-sized businesses, filed for bankruptcy on Sunday, as the global financial crisis left it unable to fund itself and the recession clobbered its loans.

The bankruptcy, one of the largest in U.S. corporate history, has been widely expected for months and is unlikely to provide a massive near-term shock to the financial system. But CIT's trouble could further weigh on the fragile U.S. economy.

The bankruptcy is also a blow for the U.S. government, which invested $2.33 billion in CIT in December through the Troubled Asset Relief Program and will likely lose most of it.

Taxpayers will receive money only after bank debt and bond investors are repaid. The bankruptcy would translate to the first realized loss for the government from TARP, although it may recover some funds over time.

CIT had fought activist investor Carl Icahn, who said he was CIT's largest bondholder, over its future plans. But late last week the two resolved their differences. Most of CIT's creditors have already approved its reorganization plan, and the company said it hopes to emerge from bankruptcy by the end of the year, around when Chief Executive Jeff Peek is slated to resign.

Getting through bankruptcy quickly is crucial for CIT if it wishes to keep its customers, which include Dunkin' Donuts franchisees and film producer Dark Castle Entertainment.

"The longer a financial institution stays in bankruptcy, the more the value of the business dissipates. It's faith and trust and perception that are so important for a financial institution," said Jack Williams, a bankruptcy law professor at Georgia State University College of Law.

CIT does intend to stay in business, and its operating subsidiaries were not part of the New York bankruptcy court filing. CIT is still making new loans and honoring commitments to fund customers, people familiar with the matter said.

Once CIT emerges from bankruptcy, it hopes to move businesses including vendor finance, which companies use to offer financing to their customers, and factoring, which helps companies finance their unpaid bills to customers, into its bank subsidiary. (For more information on how CIT's customers may react, please double- click here: [ID:nN01411235]

If regulators approve the move, CIT hopes to fund new loans and leases for those businesses with bank deposits.

S&P 500 stock index futures opened slightly lower on Sunday and the U.S. dollar edged higher as news of the bankruptcy spurred traders to reduce risk-taking.

The bankruptcy filing is unlikely to crater financial markets, said Chip Hanlon, president of Delta Global Advisors in Huntington Beach, California, but he noted it's not a positive.

"If anything it may be psychological and weigh on people's mind about how things are overall. It adds to peoples' question marks about how healthy the economy is," Hanlon said.

THE PLAN

CIT, which filed for protection under Chapter 11 in the Southern District of New York, plans to reduce its total debt by about $10 billion in bankruptcy.

As of the middle of this year, CIT and its operating units had $71 billion of assets and $64.9 billion of debt. That would make CIT's bankruptcy one of the largest in U.S. history, although most of the assets are not at the holding company that filed for protection from creditors. (For more information on big U.S. bankruptcies, please double-click here: [ID:nN01254538])

Under the bankruptcy plan approved by CIT's lenders, creditors will end up owning the company. Most bondholders will also end up with new CIT debt whose face value is about 70 percent of the face value of their old debt. Preferred shareholders, including the U.S. government, will get money only after lenders are paid back. The U.S. Treasury acknowledged it will likely end up with little.

"We will be following developments very closely with an eye towards protecting taxpayers ... but as the company's disclosure on the prepackaged bankruptcy makes clear ... recovery to preferred and common equity holders will be minimal," Treasury spokesman Andrew Williams said.

CIT's shares peaked above $60 apiece in 2007, but closed on Friday at 72 cents. (For information about CIT losing its membership in the Standard & Poor's 500 and other facts about CIT, please double click here: [ID:nN30390350])

The new CIT debt is secured by about $30 billion of assets. Those same assets secured about $7.5 billion of financing that CIT has received in recent weeks. To the extent CIT has further difficulty repaying debt, the lenders of the $7.5 billion facilities are first in line to be paid back from the roughly $30 billion pool.

THE STORY

CIT CEO Peek joined the company in 2003, and aimed to make the small lender much bigger and more profitable. He built up consumer lending businesses, including subprime mortgages and student loans, and boosted its investment banking and securitization efforts. (For more information on CIT's history, please double-click here: [ID:nN30429880])

The company financed itself mainly by borrowing from bond markets. But as the credit crunch intensified and the company lost its investment-grade credit ratings, funding became prohibitively expensive for CIT.

Numerous other financial companies that relied heavily on bond markets to fund themselves -- including Fannie Mae, Freddie Mac, and Lehman Brothers -- have failed.

The recession also left CIT with piles of bad loans. As of mid-year, nearly 10 percent of loans in its corporate finance unit were bad.

CIT, founded in 1908, has historically been one of the biggest lenders to small and mid-sized businesses, a sector that is starved for credit now. U.S. President Barack Obama is offering taxpayer money to community banks in an effort to kickstart lending to these companies, which employ about half of the U.S. work force.

CIT had hoped that its status as a major lender to small businesses would help it win more political support as it tried to right itself earlier this year.

But in July, the Federal Deposit Insurance Corp refused to guarantee CIT debt issuances, and the company scrambled to find other ways to fund itself.

A group of CIT bondholders lent it $3 billion in July, on a secured basis, and the company found bond holders willing to exchange $1 billion of old debt for new securities.

Those moves bought CIT some time, but it still had about $800 million of unsecured debt maturing in the beginning of November, and more than $3 billion of unsecured debt maturing by the end of March.

Last week, CIT secured an additional $4.5 billion of financing from investors, which will help carry it through bankruptcy. Icahn on Friday said he has agreed to provide a $1 billion credit facility to CIT as well. That agreement followed weeks of tussling with management.

Icahn had pushed CIT to wind itself down and use maturing assets to pay off debt, instead of trying to fund new business out of its bank. (Reporting by Dan Wilchins and Elinor Comlay; Additional reporting by Caroline Humer and Chris Sanders in New York, Timothy Ahmann in Washington, and Anirban Nag in Sydney; Editing Bernard Orr)

CIT Group Files Bankruptcy, Seeks to Reduce Debt (Update2)
http://www.bloomberg.com/apps/news?pid=20670001&sid=axReRf.2yetg

By Tiffany Kary and Dawn McCarty

Nov. 2 (Bloomberg) -- CIT Group Inc., the 101-year-old commercial lender that saw its funding dry up in the credit crunch, filed for bankruptcy in an effort to cut $10 billion in debt following a failed debt exchange and U.S. taxpayer bailout.

CIT listed $71 billion in assets and $64.9 billion in liabilities in a Chapter 11 petition yesterday in U.S. Bankruptcy Court in Manhattan. The Treasury Department said the government probably won't recover much, if any, of the $2.3 billion in taxpayer money that went to CIT.

The lender, which funds about 1 million businesses such as Dunkin' Brands Inc. and Eddie Bauer Holdings Inc., plans to exit court protection next month after bondholders voted in favor of a "prepackaged" plan. None of CIT's operating subsidiaries, including Utah-based CIT Bank, were included in the filing, and operations will proceed as normal, CIT said in a statement.

"Short term, it's going to cause some difficulties for startups and smaller borrowers," said Jean Everett, a partner at Hiscock & Barclay LLP focusing on financial institutions and lending. "CIT lent across so many sectors, it's sort of difficult to predict how it'll affect each sector."

The bankruptcy, the fifth-largest by assets, "will allow CIT to continue to provide funding to our small business and middle-market customers," Chief Executive Officer Jeffrey Peek said yesterday in a statement.

December Confirmation

The case was reassigned today to U.S. Bankruptcy Judge Allan Gropper from Judge Robert Gerber. CIT asked Gropper to schedule a confirmation hearing on its reorganization plan as soon as possible after Dec. 1. Shareholders may be wiped out as common and preferred stock is likely to be canceled when the company ends its reorganization.

CIT asked for court permission to borrow $500 million from Bank of America Corp., saying the loan would fill a financing "void" after other lenders refused to extend it more credit.

The company has $1 billion from investor Carl Icahn to fund operations while it reorganizes. The credit line, to be drawn on until Dec. 31, will be a so-called debtor-in-possession loan. It also expanded its $3 billion credit facility by another $4.5 billion on Oct. 28.

CIT had asked bondholders to exchange $30 billion in debt for new securities and equity. Icahn made a competing offer.

After New York-based CIT's offer expired at midnight on Oct. 29, the company said it was tallying 150,000 ballots. Debt holders rejected the exchange offer, with 90 percent of holders who voted opting for the company's prepackaged bankruptcy plan.

'Control Fate'

"We've been arguing for this type of result all along, whereby the bondholders can control the company's fate and where management can't just squander the company's resources," said Egan-Jones Ratings Co. President Sean Egan. "I think this outcome is absolutely fantastic."

The failure of CIT's bank-holding company is the biggest measured by assets since regulators seized Washington Mutual Inc.'s banking unit in September 2008. Washington Mutual and IndyMac Bancorp Inc. are other banks with unmanageable debt that sought court protection to wind down their holding companies. Both put their retail banking units in the hands of the Federal Deposit Insurance Corp. CIT became a bank-holding company in December to qualify for a Treasury bailout.

"Disruptions in the credit markets coupled with the global economic deterioration that began in 2007, and downgrades in the company's credit ratings" hindered CIT's ability to obtain financing, according to an Oct. 2 filing with the U.S. Securities and Exchange Commission.

Unsecured Claims

According to the petition, CIT's largest unsecured claim holders were Bank of America, as collateral agent for a $7.5 billion claim, and Bank of New York Mellon Corp., as a trustee for retail bonds with a claim of $3.2 billion. Canadian senior unsecured notes have a claim for $2.1 billion, and Citigroup Inc. also has a $2.1 billion claim as an administrative agent to bank debt due 2010.

CIT had said in its Oct. 2 outline of a prepackaged plan that it would give most noteholders new notes at 70 cents on the dollar plus new common stock, compared with the range of 70 cents to 90 cents and new preferred stock proposed in the exchange offer.

The lender, which reported $3 billion of losses in the past eight quarters, received $2.3 billion from the Treasury on Dec. 31, giving the U.S. preferred stock and warrants. The company wasn't given access to the FDIC's debt-guarantee program.

'Protecting Taxpayers'

"We will be following developments very closely with an eye toward protecting taxpayers during the bankruptcy proceeding," Treasury spokesman Andrew Williams said yesterday in an e-mailed statement. "But as the company's disclosure on the prepackaged bankruptcy makes clear, with debt holders receiving less than face value of their instruments, recovery to preferred and common equity holders will be minimal."

CIT said the debt exchange would have given it a quicker reorganization without the cost of defaulting on loans, unwinding derivatives or fees for bankruptcy lawyers.

Icahn, who said he's the largest bondholder with $2 billion of debt, had initially sought to block CIT's prepackaged plan, saying bondholders would get a better deal if the company went into a "free-fall bankruptcy." He offered to buy bonds for 60 cents on the dollar.

Rescue Loan

The company tried to stave off bankruptcy with a $3 billion rescue loan from bondholders in July to see it through a cash crunch. Bondholders stepped in after CIT failed to get another U.S. government bailout or enough loans to permit an out-of- court restructuring.

CIT's $3 billion facility, arranged by Barclays Plc, included investors led by Newport Beach, California-based Pacific Investment Management Co. and Centerbridge Partners LP in New York. Also providing financing were Oaktree Capital Management LLC and Capital Research & Management Co., both in Los Angeles, and Boston-based hedge fund Baupost Group LLC and Silver Point Capital LP in Greenwich, Connecticut.

CIT has said it's the third-largest U.S. railcar-leasing firm and the world's third-biggest aircraft financier. It also finances trade in Canada, Europe and Asia by lending to small manufacturers that sell to retailers.

The company asked the bankruptcy court to bar lenders from collecting on losses in the rail business, saying the demands might cost it $680 million.

Finances Trade

CIT accounts for about 70 percent of all short-term U.S. financing known as factoring, worth about $40 billion a year, according to Ray Ecke, president of Credit Management Resource in Oakland, New Jersey.

In factoring, suppliers and manufacturers sell payments owed for goods and services to companies such as CIT because they need immediate cash. The process gives vendors money to produce goods retailers have ordered. Retailers typically make payments within 90 days. After they do, a factor keeps a fee based on a percentage of the total order.

Peek, 62, who joined CIT in 2003 after failing to land the top job at Merrill Lynch & Co., moved the lender into subprime mortgages and student loans to pump up growth.

Assets at CIT jumped 77 percent from 2004 to the end of 2007 as it acquired companies that focused on vendor finance, education lending and medical, construction and industrial equipment loans. Net income surpassed $1 billion in 2006, a 39 percent increase over two years.

CIT's $500 million of notes due Nov. 3 fell to 68 cents on the dollar as of Oct. 29 from 80 cents at the beginning of the month, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority.

The lender's bankruptcy filing was made by Skadden, Arps, Slate, Meagher & Flom LLP, which the company said on July 11 it had hired as a legal adviser.

The case is In re CIT Group Inc., 09-16565, U.S. Bankruptcy Court for the Southern District of New York (Manhattan).

To contact the reporters on this story: Tiffany Kary in U.S. Bankruptcy Court for the Southern District of New York in Manhattan at tkary@bloomberg.net and; Dawn McCarty in Wilmington, Delaware, at dmccarty@bloomberg.net.

Last Updated: November 2, 2009 10:56 EST