



29 March 2006

The Directors
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, corner of Hunter & Phillip Streets
Sydney NSW 2000 Australia
GPO Box 7033 Sydney NSW 2001

Tel: 61 2 8258 1234
Fax: 61 2 8258 3632

Direct: 61 2 8258 2978

Dear Sirs

Update in relation to Nexus4 Topaz Notes from the Portfolio Manager, Société Générale Asset Management Alternative Investments SA ('SGAM AI')

Further to our letter of 6 March 2006 in relation to the Dana Corporation (**Dana**) Credit Event within the Nexus4 Topaz Notes Portfolio, please find attached an update on the management of the Portfolio prepared by SGAM AI.

Please note that this update relates solely to Nexus4 Topaz Notes and Dana is not included in the portfolios linked to Nexus1 Notes (ASX code NXBHA), Nexus2 Notes (NXBHB) and Nexus3 Notes (NXBHC).

The next scheduled report due on Nexus4 Topaz Notes is the quarterly Portfolio Composition Report as at 31 March 2006 due in April 2006.

Yours faithfully

Two blue ink signatures are present. The first signature is on the left, and the second is on the right, both appearing to be handwritten in blue ink.

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

Alternative Investments

To:
Deutsche Bank AG, Sydney Branch
Deposit Bank
Nexus4 Topaz Notes

Interim update – Dana Corp credit event

Dana Corp. filed for bankruptcy on the 3rd of March 2006 (the "Default Date") for its US operations. Dana Corp. is the world's biggest maker of light-truck axles. Dana Corp. follows Delphi Corp, Tower Automotive Inc. and Collins & Aikman Corp. into Chapter 11 protection from creditors.

1. Rationale for including Dana Corp. in the initial Portfolio:

Dana Corp. was included by SGAM AI in the Portfolio as of the Issue Date of Nexus4 Topaz Notes on the following basis:

- Dana Corp's business reorganization started in 2001 through 2004 in order to reduce capacity and lower fixed costs (more than 40 facilities were closed with a workforce reduction of over 13 000 i.e. 25% staff cut).
- The improvement in credit ratios led S&P and Fitch to upgrade Dana Corp's rating at the end of 2004, from BB to BBB- and from BB+ to BBB- respectively.
- Relatively diversified customer base - Ford and GM accounted for only 25% and 11% of sales in 2004.
- Diversification benefits in the heavy vehicle technologies segment (27% of 2004 sales).
- Dana Corp. was rated Ba2/BBB-/BBB- by Moody's, S&P's and Fitch on its unsecured debt on the Issue Date of Nexus4 Topaz Notes which was considered as an attractive investment from a relative value point of view.

2. Why was Dana Corp. not removed from the Portfolio?

The full year profit was revised on 15 September 2005 from USD 200m to USD 100m, which was still positive, on account of higher raw material, energy prices and lower production volumes. There was an announcement that second quarter earnings would be restated with a net reduction estimated at only USD 10mm to USD 15mm. However, Dana stated that it had obtained covenant waivers under its credit facility until May 31, 2006 as well on its USD 200m account receivable program until April 14, 2006. Therefore, liquidity position was considered still reasonable with USD 845m of cash vs. USD 572m of short term debt. Based on the above, SGAM AI reasonably believed that the profit warning in September 2005 was not sufficient to proceed with the withdrawal of Dana Corp from the portfolio.

Dana Corp. unexpectedly announced further accounting problems on October 10, 2005 that led to a restatement of earnings for 2004 and first half of 2005 with a potential significant asset write-down.

From the end of 2005 until just prior to Dana Corp. filing for bankruptcy in early March, the SGAM AI did not believe that Dana Corp. would file for Chapter 11 principally due to its access to liquidity and capacity to renegotiate the secured credit facility with its banks.

While we are disappointed with the above events and the impact on Nexus4 Topaz Notes, we remain committed to managing the Portfolio linked to the Nexus4 Topaz Notes.

Yours sincerely

Jacques Lucas
Global Head of Structured Asset Management

decision based on this statement, including but not limited to, the legal, tax, and funding implications so as to enable you to appraise and understand the financial consequences of any decision based on this statement.