

AEGON Global Institutional Markets PLC

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HOLDING COMPANY

AEGON N.V.

DOMICILE

Ireland

LICENSED

None

**RatingsDirect
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Rating Detail

On Nov. 7, 2005, Standard & Poor's Ratings Services said that it will assign a 'AA' rating to the notes that will be issued under AEGON Global Institutional Markets PLC's €3.0 billion senior secured medium-term note program. The first issuance of notes is expected in due course.

Profile

Program closing date: Oct. 5, 2005

Issuer: AEGON Global Institutional Markets PLC

Financial guarantor: AEGON Financial Assurance Ireland Ltd.

Reinsurance provider: AEGON Schadeverzekering N.V.

Net-worth-maintenance provider: AEGON N.V.

Trustee: The Bank of New York

Principal paying agent: The Bank of New York

Irish listing agent: A&L Listing Ltd.

Arranger: UBS Ltd.

Major Rating Factors

Strengths:

- The program is supported through a reinsurance agreement from AEGON Schadeverzekering N.V. (AEGON Schade), a 'AA' rated company.
- The asset portfolio is to be managed by AEGON USA Investment Management LLC and AEGON USA Realty Advisors Inc. Asset-liability management is considered strong.

- The capital thresholds of AEGON Global Institutional Markets PLC (AGIM) and AEGON Financial Assurance Ireland Ltd. (AFA) are continuously monitored and must be maintained at a preestablished level for a new issuance to be brought to market.
- The structure provides for direct recourse to the assets and capital of AGIM and AFA in addition to the support of the financial guarantee and the reinsurance agreement.
- AEGON N.V.'s liquidity is strong and well managed.
- AEGON's consolidated capital adequacy is very strong, and Standard & Poor's expects it to remain in the 'AA' range based on the capital-management policies in force.

Weaknesses:

Because the rating on the notes is tethered to the rating on AEGON Schade, a company viewed for rating purposes by Standard & Poor's as core to AEGON N.V., there is exposure to the risks associated with the insurance entities of AEGON N.V. These include challenging operating environments in the established Dutch and U.S. markets for life, pensions, and investment business as well as exposure to movements in major financial markets, particularly in the U.S.

Rationale

The 'AA' rating on the notes to be issued by AGIM is based on the reinsurance agreement between AFA and AEGON Schade. When a series of notes is issued, it will carry the current financial enhancement rating of AEGON Schade. The program has been structured so that if AGIM cannot make a scheduled payment to the noteholders, then it will make a claim to AFA under the financial guarantee. The beneficiary under the financial guarantee is the trustee. If AFA does not have sufficient capital to meet the claim, it will make a claim to AEGON Schade under the reinsurance policy. AFA and AEGON Schade will both be required to make payments that will allow AGIM to make timely payments—as set forth in the transaction documents—to the noteholders.

The assets from the proceeds of the notes—along with capital—will be kept in a segregated account at the trustee or custodian on behalf of AGIM and AFA. The proceeds of the notes are not being used for financial leverage at AEGON, and, accordingly, Standard & Poor's views the debt resulting from this program as operating leverage for AEGON N.V.

As noted below, the program also benefits from a net-worth-maintenance agreement as well as a direct security interest (floating charge) in the assets. These two factors are not part of Standard & Poor's rating analysis.

Program Structure

The program is structured so that the issued notes are assigned, unless specified otherwise in the terms and conditions of the series, a 'AA' rating.

AEGON Global Institutional Markets PLC is a public limited liability company established in Ireland for the purpose of issuing notes denominated in any currency, mainly to non-U.S. investors. The notes will constitute direct, senior secured, and unconditional obligations of AGIM. Each series of notes will rank equally—without preference or priority in point of security—among all other series of notes. AGIM will use the proceeds received from the note issuance to acquire assets that will enable it to make the required payments on the notes. AEGON USA Investment Management LLC and AEGON USA Realty Advisors Inc. will be responsible for asset management.

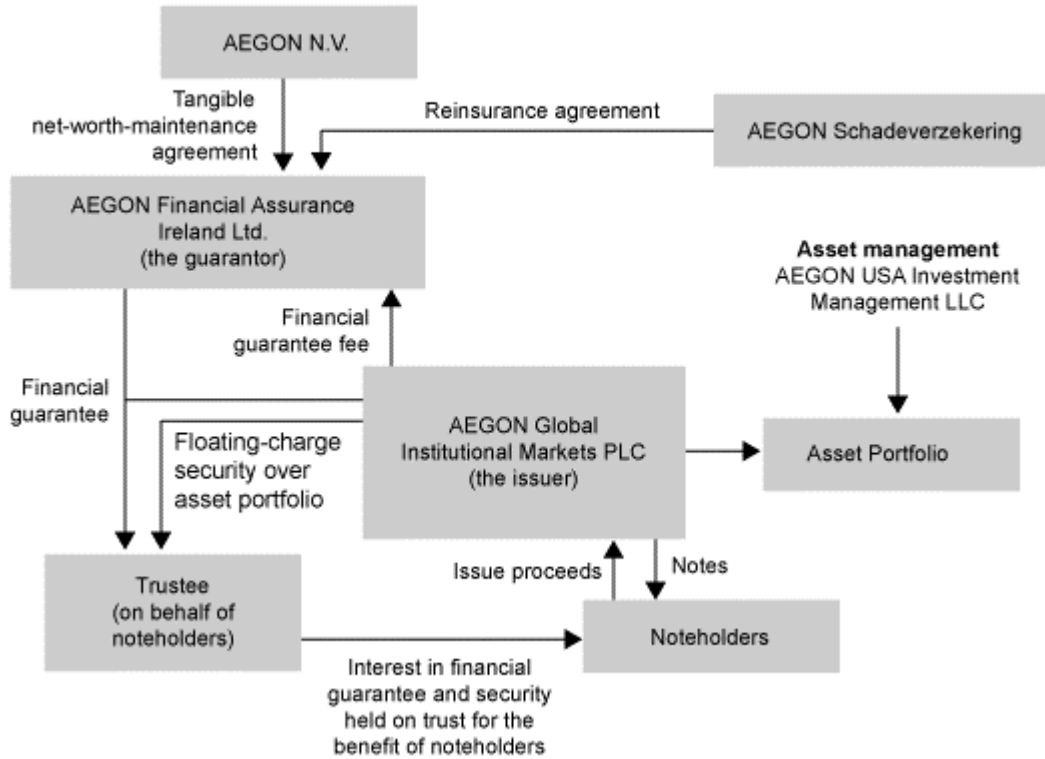
AEGON Financial Assurance Ireland Ltd. is a limited liability company in Ireland that has been established for the purpose of writing financial guarantees that cover principal and interest payments due on the notes issued by AGIM. Each series of notes will have benefit from a financial guarantee provided by AFA in favor of the trustee to be entered into on or before the applicable issue date. A note cannot be issued without a financial guarantee being in place. Under the financial guarantee, AFA unconditionally and irrevocably agrees to pay to the trustee amounts unpaid by AGIM in respect of scheduled payments of principal and interest (including any additional amounts relating to prepayment and accelerated amounts) in respect of the notes. AFA has been assigned a 'AA' financial strength rating. The outlook is stable.

AEGON Schade ('AA' financial strength rating), incorporated in The Netherlands and part of the AEGON Netherlands country unit, has entered into a reinsurance agreement with AFA to reinsure all of AFA's liabilities. If losses at AGIM or AFA cause AFA's capital to drop to less than 1% of the aggregate principal amount of notes outstanding, AEGON Schade will pay AFA within one day of a claim filed by AFA, an amount that is sufficient to restore AFA's capital to the 1% threshold. As a result of the reinsurance agreement, AFA has been assigned an insurer financial strength rating of 'AA'. In addition, AEGON Schade has been assigned a 'AA' financial enhancement rating.

All assets at AGIM and AFA are held in either a custodial account at Citibank N.A or with the trustee. A security interest has been given to the note trustee through a floating charge. Upon an event of default, subject to any fixed charges on the assets in the custodial account, the trustee will take possession of the custodial account for the benefit of the note holders.

In addition, AEGON N.V., the ultimate parent company, has agreed to provide a net-worth-maintenance agreement to AFA under which AEGON N.V. would be required to put capital into AFA if its tangible net worth were to drop below an amount equal to a predefined threshold which is equal to at least 3% of its total liabilities under financial guarantee policies which it issues up to a maximum outstanding of three billion euros.

Program Structure



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