

AEGON NV  
Form 424B5  
May 13, 2003  
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FILED PURSUANT TO RULE 424B5

FILE NO. 333-71438

**The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MAY 13, 2003**

**Prospectus Supplement**

**May , 2003**

**(To Prospectus dated October 22, 2001)**

**\$500,000,000**

**AEGON N.V.**

(a Netherlands public company with limited liability)

**% Senior Notes due 2013**

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We will pay interest on the senior notes on June 1 and December 1 of each year, beginning on December 1, 2003. The senior notes will mature on June 1, 2013 unless redeemed prior to that date. We may, at our option, redeem the senior notes in whole at any time and in part from time to time prior to maturity at a price determined as described in this prospectus supplement.

The senior notes will be unsecured and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.

Investing in the senior notes involves risks. See **Risk Factors** beginning on page S-4.

	Per	
	Senior Note	Total
Public offering price (1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to AEGON N.V. (1)	%	\$

(1) Plus accrued interest, if any, from May , 2003 if settlement occurs after that date.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the senior notes only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about May , 2003.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Citigroup**

*Co-Lead Manager*

**Banc One Capital Markets, Inc.**

*Co-Managers*

**ABN AMRO Incorporated**

**CREDIT SUISSE FIRST BOSTON**

**JPMorgan**

**UBS Warburg**

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We have not, and the underwriters have not, taken any action to permit a public offering of the senior notes outside the United States or to permit the possession or distribution of this prospectus supplement and the accompanying prospectus outside the United States. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the senior notes and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. We reserve the right to withdraw this offering of senior notes at any time.

This prospectus supplement and the accompanying prospectus are not a prospectus under the Euronext Amsterdam rules and are not approved by Euronext Amsterdam.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

You should rely only on information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell senior notes, and seeking offers to buy senior notes, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or the time of any sale of the senior notes. Our business, financial condition, results of operations and prospects may have changed since that date. In this prospectus supplement and the accompanying prospectus, we, us and our refer to AEGON N.V. and any or all of our subsidiaries and joint ventures as the context requires.

This prospectus supplement contains the terms of the offering of the senior notes. Certain additional information about us is contained in the accompanying prospectus. This prospectus supplement, or the information incorporated by reference in this prospectus supplement or in the accompanying prospectus, may add, update or change information in the accompanying prospectus. If the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement or in the accompanying prospectus is inconsistent with the accompanying prospectus, this prospectus supplement or the information incorporated by reference in this prospectus supplement or in the accompanying prospectus, as applicable, will apply and will supersede the information in the accompanying prospectus. Terms used in this prospectus supplement that are otherwise not defined will have the meanings given to them in the accompanying prospectus or Indenture (defined in Description of the Senior Notes beginning on page S-13 of this prospectus supplement).

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in *Where You Can Find More Information About Us* on page S-23 of this prospectus supplement and pages 4 and 5 of the accompanying prospectus.

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**OFFERING SUMMARY**

*This summary may not contain all of the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the financial data and related notes and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, before making a decision to invest in the senior notes.*

Securities offered	\$500,000,000 aggregate principal amount of senior notes due June 1, 2013
Interest rate	%
Interest payment dates	June 1 and December 1 of each year, beginning December 1, 2003.
Redemption	We may, at our option, redeem the senior notes in whole at any time and in part from time to time prior to maturity at the principal amount of the senior notes to be redeemed plus interest accrued but unpaid at the redemption date.
Ranking	The senior notes will be senior unsecured obligations of AEGON N.V. and will rank equally in right of payment with all its existing and future senior unsecured and unsubordinated indebtedness. The senior notes will be subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness and effectively subordinated to any indebtedness and other liabilities, including obligations to policyholders, of our subsidiaries to the extent of the assets of those subsidiaries.
Certain covenants	We will issue the senior notes under the Indenture which contains covenants that restrict our ability, with significant exceptions, to: <ul style="list-style-type: none"> <li>consolidate or merge with another company or</li> <li>convey, transfer or lease property and assets substantially as an entirety to another company; or</li> <li>incur debt secured by certain liens on current or future assets or revenues of AEGON N.V. or our subsidiaries</li> </ul>
Form and Denomination	The senior notes will be issued in denominations of \$1,000 and integral multiples of \$1,000. <p>The senior notes will be represented by one or more global certificates in fully registered, book-entry form without interest coupons, will be deposited with the trustee as custodian for The Depository Trust Company ( DTC ), and will be registered in the name of Cede &amp; Co. or another nominee designated by DTC, except in limited circumstances.</p>

Use of proceeds

We intend to use substantially all the net proceeds of this offering to repay short-term indebtedness primarily consisting of commercial paper.

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**USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$ million. We intend to use the net proceeds of this offering to repay short-term indebtedness primarily consisting of commercial paper. The commercial paper we expect to repay with the net proceeds of this offering has a weighted average maturity of two weeks and a weighted average interest rate of 1.30%.

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**RISK FACTORS**

*Your investment in the senior notes entails risks. You should carefully consider the risk factors below, as well as the other information contained in this prospectus supplement and the accompanying prospectus, and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before investing in the senior notes.*

**Interest rate volatility may adversely affect our profitability**

In periods of increasing interest rates, policy loans and surrenders and withdrawals may tend to increase as policyholders seek investments with higher perceived returns. This process may result in cash outflows requiring that we sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realized investment losses. Any investment loss due to interest rate changes is deferred and amortized over the remaining average life of the assets sold under Dutch accounting principles. Regardless of whether we realize an investment loss, these cash payments would result in a decrease in total invested assets and a decrease in net income. Among other things, premature withdrawals may also cause us to accelerate amortization of policy acquisition costs, which would also reduce our net income.

Conversely, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive to consumers, resulting in increased premium payments on products with flexible premium features, and a higher percentage of insurance policies remaining in force from year to year. During such a period, investment earnings may be lower because the interest earnings on fixed income investments likely will have declined in parallel with market interest rates. In addition, mortgages and bonds in the investment portfolio will be more likely to be repaid or redeemed as borrowers seek to borrow at lower interest rates, and we may be required to reinvest the proceeds in securities bearing lower interest rates. Accordingly, during periods of declining interest rates, profitability may suffer as a result of a decrease in the spread between interest rates credited to policyholders and returns on the investment portfolio.

The profitability of spread-based business depends in large part upon the ability to manage interest rate spreads, and the credit and other risks inherent in the investment portfolio. We may not be able to successfully manage interest rate spreads or the potential negative impact of those risks.

**A decline in the securities markets may adversely affect our profitability and shareholders' equity as well as our sales of savings and investment products and the amount of assets under management**

Fluctuations in the securities markets and other economic factors have adversely affected and may continue to adversely affect our profitability as well as our sales of our separate account unit linked products, pension products, variable annuities, variable life insurance, and mutual funds. The level of volatility in the markets in which we invest and the overall investment returns earned in those markets also affect our profitability and can reduce our shareholders' equity. In particular, declines in the stock or bond markets have required and may continue to require us to accelerate amortization of policy acquisition costs and to establish additional reserves for minimum guaranteed benefits, which reduces our net income and can reduce the level of surplus funds we carry on our balance sheet. These market conditions may also significantly reduce the popularity of our savings and investment products, which could lead to lower sales and net income.

**Differences between actual claims experience and underwriting and reserve assumptions may require liabilities to be increased**

Our earnings depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we use in setting the prices for products and establishing the liabilities for obligations for technical provisions and claims. To the extent that our actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, we may be required to increase our liabilities, which may reduce our net income. In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force have been recorded as assets on the balance sheet and are being amortized into income over time. If the assumptions relating to

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the future profitability of these policies (such as future claims, investment income and expenses) are not realized, the amortization of these costs could be accelerated and may even require write-offs due to unrecoverability. This could have a material adverse effect on our business, results of operations and financial condition.

**Fluctuations in currency exchange rates may affect our reported results of operations**

As an international life insurance company, we are subject to currency risk. Equity held in subsidiaries is kept in local currencies to the extent shareholders' equity is required to satisfy regulatory and self-imposed capital requirements. We hold the remainder of our capital base (capital securities, subordinated and senior debt) in various currencies in amounts we believe correspond approximately to the book value of our activities in those currencies to minimize any impact on our equity ratios. Currency risk in the investment portfolios is managed using asset/liability matching principles. In 2000, we discontinued hedging the income streams from the main non-Dutch units and, as a result, our earnings may fluctuate due to currency translation. The principal exposure we have to currency fluctuations are the differences between U.S. dollars and euro as well as U.K. pounds and euro.

**A downgrade in ratings may increase policy surrenders and withdrawals, adversely affect relationships with distributors and negatively affect our results of operations**

Claims paying ability and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade (or the potential for such a downgrade) of us or any of our rated insurance subsidiaries could, among other things, materially increase the number of policy surrenders and withdrawals by policyholders of cash values from their policies, adversely affect relationships with broker-dealers, banks, agents, wholesalers and other distributors of our products and services, negatively impact new sales, and adversely affect our ability to compete and thereby have a material adverse effect on our business, results of operations and financial condition. Negative changes in credit ratings may increase our cost of funding. Our credit ratings are currently on review for possible downgrade by Moody's Investors Service.

**Changes in government regulations in the countries in which we operate may affect our profitability**

Our insurance business is subject to comprehensive regulation and supervision in all countries in which we operate. The primary purpose of such regulation is to protect policyholders, not holders of our securities.

Changes in existing insurance laws and regulations may affect the way in which we conduct our business and the products we may offer. In addition, changes in pension and employee benefit regulation, social security regulation, financial services regulation, taxation and the regulation of securities products and transactions may also adversely affect our ability to sell new policies or our claims exposure on existing policies. Additionally, the insurance laws or regulations adopted or amended from time to time may be more restrictive or may result in higher costs than current requirements. See Item 4 of our annual report on Form 20-F for the year ended December 31, 2002 under the caption "Regulation".

**Litigation and regulatory investigations may adversely affect our business, results of operations and financial condition**

We face significant risks of litigation and regulatory investigations and actions in connection with our activities as an insurer, employer, securities issuer, investment advisor, investor and taxpayer. Lawsuits, including class actions and regulatory actions may be difficult to assess or quantify, may seek recovery of very large and/or indeterminate amounts, including punitive and treble damages, and their existence and magnitude may remain unknown for substantial periods of time. A substantial legal liability or a significant regulatory action could have a material adverse effect on our business, results of operations and financial condition.

**Defaults in our fixed maturity and mortgage loan portfolios may adversely affect profitability**

Issuers of fixed maturity securities and mortgage loan borrowers have defaulted and may continue to default on principal and interest payments with respect to securities we hold. Significant terrorist



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actions, as well as general economic conditions, have led to and may continue to result in significant decreases in the value of the securities in which we invest. A continuation of or increase in defaults on, or other reductions in the value of, these securities could have a material adverse effect on our business, results of operations and financial condition.

### **Liquidity risk of certain investment assets**

Our investments in privately placed securities, mortgage loans, real estate, including real estate joint ventures and other limited partnership interests are relatively illiquid. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments at attractive prices, in a timely manner, or both.

### **We may be unable to manage our risks successfully through derivatives**

We are exposed to currency fluctuations, changes in the fair value of our investments, the impact of interest rate changes and changes in mortality and longevity. We use common derivative financial instruments such as interest rate swaps, options, futures and foreign exchange contracts to hedge our exposures related to both investments backing our insurance products and company borrowings. We may not be able to manage successfully through the use of derivatives the risks to which we are exposed. In addition, a counterparty may fail to honor the terms of its derivatives contracts with us. Our inability to manage our risks successfully through derivatives or a counterparty's failure to honor its obligations to us could have a material adverse effect on our business, results of operations and financial condition.

### **Payments on our indebtedness may be affected by limitations on subsidiaries regarding the payment of dividends**

Our ability to make payments on debt obligations and pay certain operating expenses is dependent upon the receipt of dividends from our subsidiaries. Certain of these subsidiaries have regulatory restrictions which can limit the payment of dividends.

### **Tax law changes may adversely affect the sale and ownership of insurance products**

Insurance products enjoy certain tax advantages, particularly in the United States and The Netherlands, which permit the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products. Taxes, if any, are payable on accumulated tax-deferred earnings when earnings are actually paid. The U.S. Congress has, from time to time, considered possible legislation that would eliminate the deferral of taxation on the accretion of value within certain annuities and life insurance products. In addition, the U.S. Congress passed legislation in 2001 that provided for reductions in the estate tax and the possibility of permanent repeal of the estate tax continues to be discussed, which could have an impact on insurance products and sales in the United States. Recent changes in tax laws in The Netherlands have reduced the attractiveness of certain of our individual life products. The current administration in The Netherlands has indicated that it is contemplating further changes in law that would eliminate the tax advantages of certain of our products, including group savings products. Any changes in U.S. or Dutch tax law affecting our products could have a material adverse effect on our business and results of operations.

### **Competitive factors may adversely affect our market share**

Competition in our business segments is based on service, product features, price, commission structure, financial strength, claims paying ability ratings and name recognition. We face intense competition from a large number of other insurers, as well as non-insurance financial services companies such as banks, broker-dealers and asset managers, for individual customers, employer and other group customers and agents and other distributors of insurance and investment products. The recent consolidation in the global financial service industry has also enhanced the competitive position of some of our competitors by broadening the range of their products and services, and increasing their distribution channels and their access to capital. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the Internet, may result in increasing competition as well as pressure on margins for certain types of

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products. These competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase our profitability.

### **We may be unable to retain personnel who are key to our business**

As a global financial services enterprise with a decentralized management structure, we rely, to a considerable extent, on the quality of local management in the various countries in which we operate. The success of our operations is dependent, among other things, on our ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which we operate is intense. Our ability to attract and retain key personnel, and in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent, which may offer compensation packages that include considerable equity-based incentives through stock option or similar programs.

### **Judgments of U.S. courts may not be enforceable against us**

Judgments of U.S. courts, including those predicated on the civil liability provisions of the federal securities laws of the United States, may not be enforceable in Dutch courts. As a result, our investors that obtain a judgment against us in the United States may not be able to require us to pay the amount of the judgment.

### **Reinsurers to whom we have ceded risk may fail to meet their obligations**

Our insurance subsidiaries cede premiums to other insurers under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on its evaluation of the specific risk, subject, in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse for the ceded amount in the event the claim is paid. However, our insurance subsidiaries remain liable to their policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations assumed by it.

**We may have difficulty managing our expanding operations and we may not be successful in acquiring new businesses or divesting existing operations**

In recent years we have effected a number of acquisitions and divestitures around the world and we may make further acquisitions and divestitures in the future. Growth by acquisition involves risks that could adversely affect our operating results and financial condition, including the diversion of financial and management resources from existing operations, difficulties in assimilating the operations, technologies, products and personnel of the acquired company, significant delays in completing the integration of acquired companies, the potential loss of key employees or customers of the acquired company, potential losses from unanticipated litigation, and tax and accounting issues.

Our acquisitions could result in the incurrence of additional indebtedness, costs, contingent liabilities and amortization expenses related to goodwill and other intangible assets. Divestitures of existing operations could result in our assuming or retaining certain contingent liabilities. All of the foregoing could materially adversely affect our businesses, financial condition and results of operations. Future acquisitions may also have a dilutive effect on the ownership and voting percentages of existing shareholders.

There can be no assurance that we will successfully identify suitable acquisition candidates or that we will properly value acquisitions we make. We are unable to predict whether or when any prospective acquisition candidate will become available or the likelihood that any acquisition will be completed once negotiations have commenced.

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**There is no public market for the senior notes.**

The senior notes will constitute new issues of securities with no established trading market. If a trading market does not develop or is not maintained, holders of senior notes may find it difficult or impossible to resell their senior notes. If a trading market were to develop, the senior notes may trade at prices that are higher or lower than their initial offering price, depending on many factors, including prevailing interest rates, our operating results and financial condition, and the market for similar securities. Certain underwriters have advised us that they currently intend to make a market in the senior notes. However, the underwriters are not obligated to do so and may discontinue any market-making activity at any time without notice. Accordingly, there can be no assurance regarding any future development of a trading market for the senior notes or the ability of holders of the senior notes to sell their senior notes at all or the price at which such holders may be able to sell their senior notes.

**The senior notes will rank below our secured debt and the liabilities of our subsidiaries.**

The senior notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The senior notes will be subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness and effectively subordinated to any indebtedness and other liabilities, including obligations to policyholders, of our subsidiaries to the extent of the assets of those subsidiaries. Further the indenture does not limit our ability to create additional indebtedness or to secure any such indebtedness with additional assets. If we incur additional indebtedness and secure such indebtedness with our assets, your rights to receive payments under the senior notes will be junior to the rights of the holders of such future secure indebtedness.

The senior notes are obligations exclusively of AEGON N.V. Our subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due on the senior notes or to provide us with funds for its payment obligations. Our right to receive any assets of any of our subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganization, and therefore the right of the holders of the senior notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including obligations to policyholders. The senior notes do not restrict the ability of our subsidiaries to incur additional indebtedness or other liabilities. In addition, the senior notes are unsecured. Thus, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

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The following table sets forth our consolidated capitalization (1) as of March 31, 2003 and (2) as of March 31, 2003, as adjusted to give effect to this offering of senior notes, use of the net proceeds from the offering and certain other recent events described below. It is important that you read this table in conjunction with, and it is qualified by reference to, Selected Historical Financial Data and the historical financial statements and related notes in our annual report on Form 20-F for 2002 filed with the U.S. Securities and Exchange Commission (SEC), including the section titled Operating and Financial Review and Prospects, as well as in the information relating to our results for the three months ended March 31, 2003 furnished to the SEC on Form 6-K and, in each case, incorporated by reference in this prospectus.

	<b>As of March 31, 2003</b>	
	<b>Actual</b>	<b>Adjusted<sup>(1)</sup></b>
	<b>(in millions of €)</b>	
Preferred shares <sup>(2)</sup>	53	53
Common shares <sup>(2)</sup>	173	180
Surplus funds	13,296	13,289
<b>Shareholders' equity</b>	<b>13,522</b>	<b>13,522</b>
Perpetual cumulative subordinated loans	1,517	1,517
Trust pass-through securities	472	472
<b>Capital securities</b>	<b>1,989</b>	<b>1,989</b>
Subordinated debt	605	605
Senior debt related to insurance activities	3,003	3,003
<b>Total capital base</b>	<b>19,119</b>	<b>19,119</b>

(1) Adjusted to reflect this offering, use of the net proceeds from the offering, the issuance by us on April 9, 2003 of €1bn aggregate principal amount of 4.625% senior debt securities due 2008 as well as the payment by us on May 13, 2003 of 57,783,164 newly issued common shares in dividends to common shareholders and the amendments to our Articles of Association approved on May 9, 2003.

(2)

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On March 31, 2003, our issued share capital consisted of 440,000,000 preferred shares and 1,444,579,122 common shares, each par value  $\square$ 0.12 per share. On May 9, 2003 our shareholders approved certain amendments to our Articles of Association that among other things will result in a reduction in the number of outstanding preferred shares to 211,680,000 along with a corresponding increase in the nominal value of each preferred share. We expect the amendments to become effective shortly after completion of this offering.

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## SELECTED HISTORICAL FINANCIAL DATA

In the table below, we provide you with our selected historical financial data. We have prepared this information using our consolidated financial statements for the five years ended December 31, 2002 and the three months ended March 31, 2003 and 2002. The financial statements for the five fiscal years ended December 31, 2002 have been audited by Ernst & Young Accountants, independent auditors. The selected consolidated financial data for the three months ended March 31, 2003 and 2002 have been derived from our unaudited consolidated financial statements, which have been prepared on the same basis as our audited financial statements and, in the opinion of our management, reflect all normal recurring adjustments necessary for a fair presentation of our financial position and results of operations as of the end of and for such periods. The results for the three months ended March 31, 2003 may not be indicative of the operating results to be expected for the entire year.

The consolidated financial statements are prepared in accordance with generally accepted Dutch accounting principles (Dutch accounting principles), which differ in certain significant respects from generally accepted accounting principles in the United States (U.S. GAAP). You can find a description of the significant differences between Dutch accounting principles and U.S. GAAP and a reconciliation of certain income statement and balance sheet items to U.S. GAAP in note 5 to our consolidated financial statements, which are incorporated by reference from our annual report on Form 20-F for the year ended December 31, 2002.

When you read this selected historical financial data, it is important that you read it in conjunction with, and it is qualified by reference to, the historical financial statements and related notes in our annual report on Form 20-F for 2002 filed with the SEC, including the section titled "Operating and Financial Review and Prospects", as well as in the information relating to our results for the three months ended March 31, 2003 furnished to the SEC on Form 6-K and, in each case, incorporated by reference in this prospectus supplement and the accompanying prospectus.

All per share amounts have been calculated based on the weighted average number of common shares outstanding after giving effect to all stock dividends and stock splits through March 31, 2003.

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As of and for the three months ended March 31,		As of the for the year ended				
		December 31,				
2003	2002	2002	2001	2000	1999	1998
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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(unaudited)  
(in millions of EUR, except per share amounts and ratios)

**Consolidated income statement information:**

Amounts based upon Dutch accounting principles<sup>(1)</sup>

Premium income	5,653	5,972	21,356	21,578	20,771	14,980	11,550
Investment income	2,036	2,493	9,372	9,933	9,612	6,690	5,003
Total revenues <sup>(2)(3)</sup>	7,783	8,558	31,144	31,895	30,707	22,374	17,179
Income before tax	444	845	1,849	3,243	2,839	2,181	1,634
Net income <sup>(3)</sup>	393	617	1,547	2,397	2,066	1,570	1,247
Net income per common share <sup>(4)</sup>							
Net income	0.26	0.44	1.08	1.76	1.57	1.28	1.08
Net income, fully diluted	0.26	0.44	1.08	1.75	1.55	1.26	1.06

Amounts based upon U.S. GAAP<sup>(1)</sup>

Premium income			10,191	10,214	7,509	5,784	4,928
Investment income			8,640	11,001	12,576	7,013	5,656
Total revenues <sup>(2)(3)</sup>			19,247	21,599	20,457	13,501	11,210
Income from continuing operations before tax			(691)	1,158	3,295	1,950	1,928
Net income			(2,230)	632	2,588	1,601	1,471
Net income per common share <sup>(4)</sup>							
Basic			(1.61)	0.46	1.97	1.31	1.28
Diluted			(1.61)	0.46	1.94	1.29	1.25

**Consolidated balance sheet information:**

Amounts based upon Dutch accounting principles<sup>(1)</sup>

Total assets	237,367	272,118	238,206	264,061	244,216	228,808	131,196
Technical provisions	194,405	226,680	197,642	220,523	206,097	190,145	102,959
Long-term liabilities (including current portion)	5,597	5,672	6,480	7,855	6,528	5,735	3,891
Shareholders' equity	13,522	16,600	14,231	15,292	12,844	13,543	7,934

Amounts based upon U.S. GAAP<sup>(1)</sup>

Total assets			268,316	299,603	281,580	262,694	138,083
Technical provisions			217,022	240,297	225,602	206,007	108,355
Long-term liabilities (including current portion)			7,220	10,462	15,749	14,770	3,804
Trust pass-through securities (TRUPS) and monthly income preferred stock (MIPS)			491	584	553	512	87
Shareholders' equity			17,554	20,669	18,965	17,050	9,612

**Other:**

Life insurance in force			1,244,741	1,248,452	1,163,443	972,560	300,466
Investment income for the account of policyholders <sup>(2)</sup>	(1,549)	981	(11,524)	(9,515)	(3,495)	13,533	8,466
Annuity deposits, including GIC/funding agreements <sup>(2)</sup>	6,486	7,805	28,419	26,381	25,506	17,445	6,723
Share capital			226	224	215	216	185
Ratio of earnings to fixed charges using amounts based on Dutch accounting principles <sup>(5)</sup>	3.3	5.4	3.4	4.7	4.6	3.9	3.2
Ratio of earnings to fixed charges using amounts based on U.S. GAAP <sup>(5)</sup>	(6)	(6)	(6)	1.8	3.0	2.8	3.6

**Number of common shares:**

	(in thousands)						
Balance at January 1	1,444,579	1,422,253	1,422,253	1,350,524	668,426	583,180	289,863
Stock split					668,426		289,863
Issuance of shares				55,000		82,546	
Stock dividends			22,326	16,484	13,194	2,319	2,195
Exercise of options				245	478	381	1,259
Balance at end of period	1,444,579	1,422,253	1,444,579	1,422,253	1,350,524	668,426	583,180

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(1) Our consolidated financial statements were prepared in accordance with Dutch accounting principles, which differ in certain respects from U.S. GAAP. See Note 5 to our consolidated financial statements for information concerning the differences between Dutch accounting principles and U.S. GAAP. Amounts based on U.S. GAAP are not available as of, and for the three month period ended, March 31, 2003.

(2)

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Excluded from the income statements prepared in accordance with Dutch accounting principles are receipts related to investment-type annuity products and investment income for the account of policyholders. In addition, universal life-type deposits are excluded from premium revenue in the income statements prepared in accordance with U.S. GAAP.

- (3) Foreign currency items in the consolidated income statements have been converted at weighted average rates for the period presented.
- (4) Per share data have been computed in conformity with U.S. GAAP requirements. Such data are calculated based on the weighted average number of common shares outstanding after giving effect to all stock dividends and stock splits through March 31, 2003. Diluted per share data give effect to all dilutive securities.
- (5) For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income before tax plus fixed charges. Fixed charges are calculated by adding (1) interest expensed and capitalized (2) amortized premiums, discounts and capitalized expenses related to indebtedness and (3) dividends on preferred shares.
- (6) The deficiency of our earnings to fixed charges based on U.S. GAAP was  $\square$ 691 during 2002. Amounts based on U.S. GAAP are not available for the three-month period ended March 31, 2003.

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## DESCRIPTION OF THE SENIOR NOTES

The following description of the particular terms of the senior notes supplements the description of the general terms and provisions of the debt securities set forth under "Description of Debt Securities" beginning on page 10 in the accompanying prospectus. The accompanying prospectus contains a detailed summary of additional provisions of the senior notes and of the Indenture, dated as of October 11, 2001, between AEGON N.V., AEGON Funding Corp. and AEGON Funding Corp. II and Citibank, N.A., as trustee, under which the senior notes will be issued (the "**Indenture**"). Certain provisions of this section are summaries of the accompanying prospectus and subject to its detailed provisions. You should read all the provisions of the accompanying prospectus and the Indenture. The following description of the senior notes replaces the accompanying prospectus in the event of any inconsistency.

### General

The senior notes will mature on June 1, 2013 (the "**Maturity Date**") and will bear interest at the rate of \_\_\_\_\_ % per year. Interest will accrue from May \_\_\_\_\_, 2003.

Interest on the senior notes will be payable semi-annually in arrears on June 1 and December 1 of each year, commencing December 1, 2003, to the persons in whose names the senior notes are registered at the close of business on the preceding May 15 or November 15, as the case may be. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The senior notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in fully registered form.

Principal of and interest on the senior notes will be payable at the office or agency maintained for such purpose, or at our option, payment of interest may be made by check mailed to the holders of the senior notes at their respective addresses set forth in the register of holders of senior notes. Until otherwise designated by us, the office or agency maintained for such purpose will be the corporate trust office of the trustee.

### Further Issues

AEGON N.V. may, from time to time and without the consent of the holders of the senior notes, create and issue additional senior notes of a series having the same ranking and the same interest rate, maturity and other terms as the senior notes, except for the issue price and issue date and, in some cases, the first interest payment date. Any such additional senior notes having such similar terms will, together with the senior notes, constitute a single series of notes under the Indenture.

The senior notes are not entitled to any sinking fund.

### **Ranking**

The senior notes will be senior unsecured obligations of AEGON N.V. and will rank equally in right of payment with all of the other senior unsecured and unsubordinated indebtedness of AEGON N.V. from time to time outstanding. The senior notes will rank senior to any subordinated indebtedness. The senior notes will be subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness and effectively subordinated to any indebtedness and other liabilities, including obligations to policyholders, of our subsidiaries to the extent of the assets of those subsidiaries.

The Indenture does not limit the amount of unsubordinated indebtedness that we may issue, incur or assume at any time.

### **Limitation on Liens**

The provisions of the Indenture described in the accompanying prospectus under **Description of the Debt Securities Limitation on Liens** will apply to the senior notes.

### **Payment of Additional Amounts**

If any deduction or withholding for any current or future taxes or governmental charges of the Netherlands is required, we have agreed to pay Additional Amounts as described under **Description of Debt Securities Payment of Additional Amounts** in the accompanying prospectus.

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### **Redemption**



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We may redeem the senior notes in whole or in part, at our option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the senior notes to be redeemed and (ii) the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus        basis points, together with, in each case, accrued interest on the principal amount of the senior notes to be redeemed to the date of redemption. In connection with such optional redemption the following defined terms apply:

**Treasury Rate** means, a per annum rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a per annum yield) determined on the redemption date to be the per annum rate equal to the semi-annual bond equivalent yield to maturity for United States Treasury securities maturing June 1, 2013, as determined by reference to the weekly average yield to maturity for United States Treasury securities maturing on June 1, 2013 as reported in the most recent Statistical Release H.15(519) of the Board of Governors of the Federal Reserve.

**Remaining Scheduled Payments** means, with respect to each senior note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related date of redemption but for such redemption, provided, however, that, if that date of redemption is not an interest payment date with respect to such senior notes, the amount of the next succeeding scheduled interest payment thereon will be reduced to the amount of interest accrued thereon to that date of redemption.

If we are required to pay Additional Amounts as a result of any amendment to or change in the laws of the Netherlands or in the application or official interpretation of such laws we will have the right to redeem the senior notes in whole, but not in part, as described under Description of Debt Securities Tax Redemption in the accompanying prospectus.

Notice of any redemption will be mailed at least 15 days, but not more than 60 days, before the redemption date to each holder of senior notes to be redeemed at the address for such holder appearing in the security register relating to the senior notes. Unless we default in payment of the redemption price, on and after the redemption date interest ceases to accrue on such senior notes or portions thereof called for redemption.

Unless otherwise redeemed, the senior notes will mature at par on June 1, 2013.

### **Defeasance**

We may discharge or defease the senior notes as described under Description of Debt Securities Defeasance in the accompanying prospectus.

### **THE TRUSTEE; PAYING AGENTS AND TRANSFER AGENTS**

Citibank, N.A. is the trustee under the Indenture. The trustee and its affiliates also perform certain commercial and investment banking services for us, for which they receive customary fees, and may serve as trustee pursuant to indentures and other instruments entered into by us or trusts established by us in connection with future issues of securities. The trustee will be the paying agent and transfer agent for the senior notes.

## **BOOK-ENTRY; DELIVERY AND FORM**

The senior notes will be represented by one or more global notes that will be deposited with and registered in the name of DTC or its nominee. We will not issue certificated senior notes, except in the limited circumstances described below. Transfers of ownership interests in the global notes will be effected only through entries made on the books of DTC participants acting on behalf of beneficial

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owners. You, as the beneficial owner of senior notes, will not receive certificates representing ownership interests in the global notes, except in the event that use of the book-entry system for the senior notes is discontinued. You will not receive written confirmation from DTC of your purchase. The direct or indirect participants through whom you purchased the senior notes should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The direct and indirect participants are responsible for keeping accurate account of the holdings of their customers like you. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the global notes.

So long as DTC or its nominee is the registered owner and holder of the global notes, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the senior notes represented by the global notes for all purposes under the Indenture. Except as provided below, you, as the beneficial owner of interests in the global notes, will not be entitled to have senior notes registered in your name, will not receive or be entitled to receive physical delivery of senior notes in definitive form and will not be considered the owner or holder thereof under the Indenture. Accordingly, you, as the beneficial owner, must rely on the procedures of DTC and, if you are not a DTC participant, on the procedures of the DTC participants through which you own your interest, to exercise any rights of a holder under the Indenture.

Neither we, the trustee, nor any other agent of ours or agent of the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in global notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. DTC's practice is to credit the accounts of DTC's direct participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in a security as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payment date. The underwriters will initially designate the accounts to be credited. Beneficial owners may experience delays in receiving distributions on their senior notes because distributions will initially be made to DTC and they must be transferred through the chain of intermediaries to the beneficial owner's account. Payments by DTC participants to you will be the responsibility of the DTC participant and not of DTC, the Trustee or us. Accordingly, we and any paying agent will have no responsibility or liability for: any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in senior notes represented by a global securities certificate; any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global securities certificate held through those participants; or the maintenance, supervision or review of any of DTC's records relating to those beneficial ownership interests.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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We have been informed that, under DTC's existing practices, if we request any action of holders of senior notes, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder of senior notes is entitled to take under the Indenture, DTC would authorize the direct participants holding the relevant beneficial interests to take such action, and those direct participants and any indirect participants would authorize beneficial owners owning through those direct and indirect participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Clearstream and Euroclear have provided us with the following information and neither we nor the underwriters take any responsibility for its accuracy:

### **Clearstream**

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ( Clearstream Participants ) and facilitates the

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clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Clearstream's U.S. Participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to senior notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream.

### **Euroclear**

Euroclear was created in 1968 to hold securities for participants of Euroclear ( Euroclear Participants ) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator ) under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is a Belgian bank. As such it is regulated by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions ). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to senior notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

Euroclear has further advised AEGON N.V. that investors that acquire, hold and transfer interests in the senior notes by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities certificates.

#### **Global Clearance and Settlement Procedures**

Initial settlement for the senior notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will

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be settled in immediately available funds using DTC's Same Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depository; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving senior notes through DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. Depositaries.

Because of time zone differences, credits of senior notes received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such senior notes settled during such processing will be reported to the relevant Euroclear Participants or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of senior notes by or through a Clearstream Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of senior notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither we nor the paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

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### **NETHERLANDS TAXATION**

This description of the material Dutch tax consequences of owning senior notes replaces Taxation Taxation in the Netherlands in the accompanying prospectus.

#### **General**

*The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of an interest in the senior notes. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the senior notes. Each prospective holder of the senior notes should consult a professional tax adviser with respect to the tax consequences of an investment in the senior notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.*

*This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.*

*This summary does not address the Netherlands tax consequences of a holder of the senior notes who holds a substantial interest (aanmerkelijk belang) in AEGON, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a holder holds a substantial interest in AEGON, if such holder, alone or together with his or her partner (statutory defined term) or certain other related persons where the holder is an individual, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of AEGON or of 5 percent or more of the issued capital of a certain class of shares of AEGON, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in AEGON.*

## Withholding Tax

No Netherlands withholding tax is due upon payments on the senior notes.

## Corporate Income Tax and Individual Income Tax

### *Residents of the Netherlands*

If the Holder is subject to Netherlands corporate income tax and the senior notes are attributable to its (deemed) business assets, income derived from the senior notes and gains realised upon the redemption and disposal of the senior notes are generally taxable in the Netherlands.

If the Holder is an individual, resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), the income derived from the senior notes and the gains realised upon the redemption and disposal of the senior notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Holder has an enterprise or an interest in an enterprise, to which enterprise the senior notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the senior notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If the above-mentioned conditions (i) or (ii) do not apply to the individual Holder, the actual income derived from the senior notes and the actual gains realised with respect to the senior notes will not be taxable. Instead, such holder will be taxed at a flat rate of 30% on deemed income from savings and investments (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's yield basis (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the senior notes will be included in the individual's yield basis.

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### *Non-residents of the Netherlands*

A Holder that is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor, if he or she is an individual, has opted to be taxed as a resident of the Netherlands) is not taxable in respect of income derived from the senior notes and gains realised upon the redemption and disposal of the senior notes, unless:

- (i) the Holder has an enterprise or an interest in an enterprise, that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which Netherlands permanent establishment or permanent representative the senior notes are attributable, or
- (ii) the Holder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the senior notes are attributable; or
- (iii) the Holder is an individual and such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in the Netherlands with respect to the senior notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

## Gift and Inheritance Taxes

### *Residents of the Netherlands*

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the senior notes by way of a gift by, or on the death of, a Holder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

### *Non-residents of the Netherlands*

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the senior notes by way of gift by, or as a result of the death of, a Holder who is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, unless:

- (i) such Holder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which Netherlands permanent establishment or permanent representative the senior notes are or were attributable; or
- (ii) the senior notes are or were attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or
- (iii) in the case of a gift of the senior notes by an individual who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death, being a resident or deemed to be a resident of the Netherlands.

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*Treaties*

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

**Other Taxes and Duties**

No Netherlands value added tax, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in the Netherlands by a Holder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the senior notes.

**Proposed EU Directive on the Taxation of Savings Income**

On 21st January, 2003, the European Council of Economics and Finance Ministers (ECOFIN) provisionally agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Additionally, it was agreed by ECOFIN that the adoption of the proposals by the European Union would require certain other non-Member State countries to adopt a similar withholding system in relation to such payments. ECOFIN announced that the proposals were to take effect from 1st January, 2004 although it is understood that the proposals may now take effect from 1st January, 2005, subject to certain conditions being satisfied before 30th June, 2004.

**U.S. TAXATION**

For a description of the material U.S. tax consequences of owning senior notes, see **Taxation** **Taxation in the United States** in the accompanying prospectus.

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**UNDERWRITING**

Subject to the terms and conditions contained in the underwriting agreement, the underwriters named below have severally agreed to purchase, and we have agreed to sell, the principal amount of senior notes set forth opposite their names below at the public offering price less the underwriting discount set forth on the cover page of this prospectus supplement:



<u>Underwriter</u>	<u>Principal Amount of Senior Notes</u>
Banc of America Securities LLC	
Citigroup Global Markets Inc.	
Banc One Capital Markets, Inc.	
ABN Amro Incorporated	
Credit Suisse First Boston Corporation	
J.P. Morgan Securities Inc.	
UBS Warburg LLC	
<b>Total</b>	<b>\$</b>

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the senior notes offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to purchase all the senior notes offered hereby if they purchase any of the senior notes.

The underwriters may agree to allocate a number of senior notes to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the joint underwriters to underwriters that may make Internet distributions on the same basis as other allocations.

We have been advised by the representatives of the underwriters that the underwriters propose to offer some of the senior notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the senior notes to dealers at the public offering price less a concession not to exceed % of the principal amount of the senior notes. The underwriters may allow, and dealers may re-allow a concession not to exceed % of the principal amount of the senior notes on sales to other dealers. After the initial offering of the senior notes to the public, the representatives may change the public offering price and other selling terms.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the other may be required to make in respect of any of these liabilities.

The senior notes will constitute new issues of securities with no established trading market. If a trading market does not develop or is not maintained, holders of senior notes may find it difficult or impossible to resell their senior notes. If a trading market were to develop, the senior notes may trade at prices that are higher or lower than their initial offering price, depending on many factors, including prevailing interest rates, our operating results and financial condition, and the market for similar securities. Certain underwriters have advised us that they currently intend to make a market in the senior notes. However, the underwriters are not obligated to do so and may discontinue any market-making activity at any time without notice. Accordingly, there can be no assurance regarding any future development of a trading market for the senior notes or the ability of holders of the senior notes to sell their senior notes at all or the price at which such holders may be able to sell their senior notes.

In connection with the offering, Banc of America Securities LLC and Citigroup Global Markets Inc., on behalf of the underwriters, may purchase and sell senior notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of senior notes in excess of the principal amount of senior notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate

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covering transactions involve purchases of the senior notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of senior notes made for the purpose of preventing or retarding a decline in the market price of the senior notes while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when, Banc of America Securities LLC or Citigroup Global Markets Inc., in covering syndicate short positions or making stabilizing purchases, repurchases senior notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the senior notes. They may also cause the price of the senior notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Some of the underwriters and their affiliates are providing, have provided and may in the future provide investment banking services and financial services to us in the ordinary course of business and for which they have and will receive customary compensation.

**SELLING RESTRICTIONS**

No action has been or will be taken in any jurisdiction, except in the United States, that would permit a public offering of the senior notes, or the possession, circulation or distribution of this prospectus or any other material relating to this offering or the senior notes, in any jurisdiction where action for that purpose is required.

In connection with any offering of senior notes outside the United States, each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom, which we refer to as the FSMA) received by it in connection with the issue or sale of any senior notes in circumstances in which section 21(1) of the FSMA does not apply to us; and

it has complied, and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to the senior notes in, from or otherwise involving the United Kingdom.

The senior notes have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948 as amended) (the **Securities and Exchange Law** ). Each underwriter has represented and agreed that it will not offer or sell any senior notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which in term means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale,

directly or indirectly in Japan or to a resident of Japan, except pursuant to an exemption for the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus supplement is not intended to constitute a public offer in Belgium. The Belgian Banking and Finance Commission has not reviewed nor approved this document or commented on its accuracy or adequacy or recommended or endorsed the purchase of the senior notes. This prospectus may not be distributed to the Belgian public. Each underwriter has represented and agreed that it will not:

offer for sale, sell or market in Belgium the senior notes by means of a public offer under Belgian Law; or

sell the senior notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of July 14, 1991 on consumer protection and trade practices unless such sale is made in compliance with the Belgian law of July 14, 1991 on consumer protection and trade practices and with its implementing legislation.

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Any offers will only be made in Belgium according to articles 1 and 2 of the Royal Decree of July 7, 1999 or to persons who subscribe to a minimum amount of €250,000 each or to Qualifying Institutional Investors acting for their own account and listed in article 3, 2 of the Royal Decree of July 7, 1999.

The senior notes may only be offered, sold, delivered or transferred, directly or indirectly in or outside the Netherlands, to persons or entities which trade or invest in securities in the conduct of a profession or trade (which include banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors, and treasury departments and finance companies of large enterprises).

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### **WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

We file annual reports with and furnish other information to the SEC. You may read and copy any document that we have filed with or furnished to the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Our SEC filings are also available to the public through the SEC's web site at <http://www.sec.gov>. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room in Washington, D.C. and in other locations.

## Edgar Filing: AEGON NV - Form 424B5

As allowed by the SEC, this prospectus supplement and the accompanying prospectus do not contain all the information you can find in our registration statement or the exhibits to the registration statement. The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that:

incorporated documents are considered part of this prospectus supplement and the accompanying prospectus;

we can disclose important information to you by referring you to those documents;

information that we file with the SEC after the date of this prospectus supplement that is incorporated by reference in this prospectus supplement and the accompanying prospectus automatically updates and supersedes this prospectus supplement and the accompanying prospectus; and

information that is more recent than is included in this prospectus supplement and the accompanying prospectus automatically updates and supersedes information in documents incorporated by reference with a date earlier than this prospectus supplement.

This prospectus supplement incorporates by reference our documents listed below:

Annual Report on Form 20-F for the fiscal year ended December 31, 2002;

Report on Form 6-K furnished to the SEC on April 10, 2003;

Report on Form 6-K furnished to the SEC on April 25, 2003;

Report on Form 6-K furnished to the SEC on May 12, 2003 relating to our financial results for the three months ended March 31, 2003;

Report on Form 6-K furnished to the SEC on May 12, 2003 relating to the results of our extraordinary general meeting of shareholders on May 9, 2003; and

each of the following documents that we file with or furnish to the SEC after the date of this prospectus supplement from now until we terminate the offering of securities under this prospectus supplement, the accompanying prospectus and the registration statement:

reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act, and

reports filed or furnished on Form 6-K that indicate that they are incorporated by reference in this prospectus.

These documents contain important information about us and our financial condition. You may obtain copies of these documents in the manner described above. You may also request a copy of these filings (excluding exhibits) at no cost by contacting us as follows:

Investor Relations  
AEGON N.V.  
P.O. Box 202  
2501 CE The Hague  
The Netherlands  
Tel: 011-31-70-344-8305  
Fax: 011-31-70-383-2773  
E-mail: groupir@aegon.nl

Investor Relations  
AEGON USA, Inc.  
1111 North Charles Street  
Baltimore, MD 21201  
USA  
Tel: 1-410-576-4577  
Fax: 1-410-347-8685  
E-mail: ir@aegonusa.com

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**VALIDITY OF SECURITIES**

Certain matters in connection with this offering will be passed upon for us by Allen & Overy, New York, New York and Amsterdam, The Netherlands. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell, London, England and New York, New York.

**EXPERTS**

Ernst & Young Accountants, independent auditors, have audited our consolidated financial statements and schedules included in our annual report on Form 20-F for the year ended December 31, 2002, as set forth in their report, which is incorporated by reference in this prospectus supplement. Our financial statements and schedules are incorporated by reference in reliance on Ernst & Young Accountants' report, given on their authority as experts in accounting and auditing.

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**PROSPECTUS**

**AEGON N.V.**

(a Netherlands public company with limited liability)

and

# AEGON Funding Corp.

(a Delaware corporation)

and

# AEGON Funding Corp. II

(a Delaware corporation)

**U.S. \$4,000,000,000**

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AEGON N.V. may offer its common shares and senior or subordinated debt securities, including debt securities convertible or exchangeable into its common shares, for sale through this prospectus.

AEGON Funding Corp. and AEGON Funding Corp. II may offer senior or subordinated debt securities guaranteed by AEGON N.V. for sale through this prospectus.

We may offer these securities from time to time in one or more offerings with a total initial offering price of up to U.S. \$4,000,000,000. We may also offer any combination of these securities.

We will provide the specific terms of the securities that we are offering in supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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**Table of Contents****FORWARD-LOOKING STATEMENTS**

This prospectus contains and incorporates by reference forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industries in which we operate, management's beliefs and assumptions made by management. Such statements include, in particular, statements about our plans, strategies and prospects. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Except as required under the Federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements after they are made, whether as a result of new information, future events or otherwise.

Some of the important factors that could cause actual outcomes and results to differ materially from forward-looking statements we make may include factors described under "Risk Factors" in any related prospectus supplement, factors described in our other filings

with the SEC and the following factors:

changes in general economic conditions, particularly in the U.S., The Netherlands and the United Kingdom;

changes in performance of financial markets, including emerging markets;

the frequency and severity of insured loss events;

changes affecting mortality and morbidity levels and trends;

changes affecting interest rate levels;

changes affecting currency exchange rates, including the euro/U.S. dollar and euro/pound sterling exchange rates;

increasing levels of competition in the U.S., The Netherlands, the United Kingdom and emerging markets;

changes in laws and regulations;

regulatory changes relating to insurance industries;

acts of God, acts of terrorism and acts of war;

changes in policies of central banks and/or foreign governments; and

general competitive factors, in each case on a global, regional and/or national basis.

## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission utilizing the shelf registration process. Under the shelf registration process, we may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the securities. The prospectus supplement may also add to or update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information About Us**.



## **AEGON N.V.**

AEGON N.V. (AEGON), through its member companies we collectively refer to as the AEGON Group, is a leading international insurance group with its headquarters in The Hague, The Netherlands. Its shares are quoted on the stock exchanges of Amsterdam, Frankfurt, New York, London, Zurich and Tokyo. Ranked by market capitalization, total assets and profits, the AEGON Group is one of the world's ten largest listed insurance groups. The AEGON Group has major operations in the U.S., The

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Netherlands, the United Kingdom, Canada and Mexico. The AEGON Group is also present in Hungary, Spain, Belgium, Germany, Hong Kong, Italy, Luxembourg, the Philippines and Taiwan, and has representative offices in China and India. With roots dating back 150 years, the AEGON Group has extensive experience in the insurance industry. Crucial differences exist in local markets and for this reason the AEGON Group emphasizes a decentralized organization structure. Our operating companies, with knowledgeable and experienced local management and employees, market their own, unique products using tailored distribution channels.

Close to 90% of the AEGON Group's core business is life insurance and pension related savings and investment products. The AEGON Group is also active in accident and health insurance, property and casualty insurance and limited banking activities. Consistent with a policy of spreading risks to achieve reliable performance, the AEGON Group seeks to maintain a good balance of business within the AEGON Group, both geographically and among product groups. AEGON's headquarters are located at Mariahoeveplein 50, P.O. Box 202, 2501 CE The Hague, The Netherlands (telephone 011-31-70-344-3210; internet: [www.aegon.com](http://www.aegon.com)).

### **AEGON FUNDING CORP.**

AEGON Funding Corp. (AFC) was incorporated on May 21, 1999 under the laws of the State of Delaware. AFC is an indirect wholly owned subsidiary of AEGON and has no subsidiaries of its own.

AFC was established as a financing vehicle to be used to raise funds for the U.S. subsidiaries of AEGON. AFC's registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, and the telephone number of this office is 1-302-658-7581.

### **AEGON FUNDING CORP. II**

AEGON Funding Corp. II (AFC II) was incorporated on September 19, 2000 under the laws of the State of Delaware. AFC II is an indirect wholly owned subsidiary of AEGON and has no subsidiaries of its own.

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AFC II was established as a financing vehicle to be used to raise funds for the U.S. subsidiaries of AEGON. AFC II's registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, and the telephone number of this office is 1-302-658-7581.

### WHERE YOU CAN FIND MORE INFORMATION ABOUT US

AEGON files annual reports with and furnishes other information to the Securities and Exchange Commission. You may read and copy any document filed with or furnished to the SEC by AEGON at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. AEGON's SEC filings are also available to the public through the SEC's web site at [www.sec.gov](http://www.sec.gov). Please call the SEC at 1-800-SEC-0330 for further information on the public reference room in Washington D.C. and in other locations.

As allowed by the SEC, this prospectus does not contain all the information you can find in our registration statement or the exhibits to the registration statement. The SEC allows AEGON to incorporate by reference information into this prospectus, which means that:

incorporated documents are considered part of this prospectus;

AEGON can disclose important information to you by referring you to those documents;

information that AEGON files with the SEC after the date of this prospectus that is incorporated by reference in this prospectus automatically updates and supersedes this prospectus; and

information that is more recent than is included in this prospectus automatically updates and supersedes information in documents incorporated by reference with a date earlier than this prospectus.

This prospectus incorporates by reference the documents of AEGON listed below:

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Annual Report on Form 20-F for the fiscal year ended December 31, 2000;

Report on Form 6-K dated April 6, 2001;

Report on Form 6-K dated May 3, 2001;

Report on Form 6-K dated May 4, 2001;

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Report on Form 6-K dated May 21, 2001;

Report on Form 6-K dated May 30, 2001;

Report on Form 6-K dated May 31, 2001;

Report on Form 6-K dated June 19, 2001;

Report on Form 6-K dated July 3, 2001;

Report on Form 6 K dated August 10, 2001;

Report on Form 6-K dated September 25, 2001;

Report on Form 6-K dated October 4, 2001;

Report on Form 6-K/A dated October 11, 2001; and

each of the following documents that AEGON files with or furnishes to the SEC after the date of this prospectus from now until we terminate the offering of securities under this registration statement:

reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act, and

reports filed on Form 6-K that indicate that they are incorporated by reference in this prospectus.

These documents contain important information about the AEGON Group and our financial condition. You may obtain copies of these documents in the manner described above. You may also request a copy of these filings (excluding exhibits) at no cost by contacting us as follows:

Investor Relations

AEGON N.V.

P.O. Box 202

2501 CE The Hague

The Netherlands

Tel: 011-31-70-344-8305

Investor Relations

AEGON USA, Inc.

1111 North Charles Street

Baltimore, MD 21201

USA

Tel: 1-410-576-4577

Fax: 011-31-70-383-2773

Fax: 1-410-347-8685

E-mail: groupir@aegon.nl

E-mail: ir@aegonusa.com

No person is authorized to give any information or represent anything not contained in this prospectus and the accompanying prospectus supplement. We are only offering the securities in places where sales of those securities are permitted. The information contained in this prospectus and any accompanying prospectus supplement, as well as information incorporated by reference, is current only as of the date of that information. The AEGON Group's business, financial condition, results of operations and prospects may have changed since that date.

AFC and AFC II do not, and will not, file separate reports with the SEC.

## FINANCIAL AND EXCHANGE RATE INFORMATION

Except as otherwise noted, we present the financial statement amounts in this prospectus and in the documents incorporated by reference in this prospectus in accordance with generally accepted accounting principles in The Netherlands (Dutch GAAP), which differ in significant respects from generally accepted accounting principles in the U.S. (U.S. GAAP). For a discussion of the principal differences between Dutch GAAP and U.S. GAAP relevant to AEGON, see Note 5 to AEGON's audited consolidated financial statements included in AEGON's Annual Report on Form 20-F for the fiscal year ended December 31, 2000, and Note 3 to AEGON's unaudited financial statements contained in AEGON's report on Form 6-K/A dated October 11, 2001, which are incorporated by reference in this prospectus.

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We have derived the financial data in this prospectus presenting year-end figures from audited financial statements of AEGON. We have derived all financial data in this prospectus presenting interim figures from unaudited financial statements.

As used in this prospectus, NLG and guilder refer to the Dutch guilder, dollar and \$ refer to the U.S. dollar and euro refer to the unified currency that was introduced in connection with the European Economic and Monetary Union in The Netherlands and the other participating member states of the European Union on January 1, 1999. AEGON adopted the euro as its reporting currency beginning January 1, 1999. Effective January 1, 1999, the official euro / guilder exchange rate was fixed at a rate of euro 1.00 = NLG 2.20371. AEGON's financial statements for fiscal years prior to fiscal 1999 and certain other data included in this prospectus were originally stated in guilders, but have been translated to euros using this fixed exchange rate.

## ENFORCEMENT OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS

AEGON is a Netherlands corporation. A substantial number of the directors and management of AEGON, AFC and AFC II and certain of the experts named in this prospectus are residents of The Netherlands or other countries outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon AEGON or such persons with respect to matters arising under U.S. Federal securities laws or to enforce against them judgments of courts of the United States predicated upon civil liability under the Federal securities laws. Because of the absence of a convention between the United States and The Netherlands providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, it is uncertain whether a court in The Netherlands, in original actions or in actions for enforcement of judgments of United States courts, will find liability or enforce judgments predicated solely upon the Federal securities laws. Judgments of United States courts may be enforced by courts in The Netherlands only if such courts independently determine that fairness and good faith require such enforcement and that such enforcement does not contravene principles of public policy of The Netherlands. AEGON has consented to service of process in New York City for claims based upon the indenture, the debt securities and the guarantees described under Description of Debt Securities .

## USE OF PROCEEDS

Unless otherwise set forth in the applicable prospectus supplement, we intend to use the proceeds from the sale of securities offered through this prospectus for the AEGON Group's general corporate purposes, which include financing our operations, debt repayment and refinancing, capital expenditures and acquisitions. The specific purpose of any individual issuance of securities will be described in the applicable prospectus supplement.

## RATIOS OF EARNINGS TO FIXED CHARGES

The following table shows AEGON's historical ratios of earnings to fixed charges for the periods indicated, computed in accordance with Dutch GAAP and U.S. GAAP.

	Six months ended June 30, 2001 (unaudited)	Year ended December 31, (audited)				
		2000	1999	1998	1997	1996
Dutch GAAP	4.8	4.6	3.9	3.2	2.7	2.5
U.S. GAAP	4.1	5.1	3.6	3.6	3.5	2.3

## CALCULATION OF RATIOS

The data used to prepare the ratios have been derived from our consolidated financial statements.

For purposes of these tables, earnings means income before tax plus fixed charges.

Fixed charges are calculated by adding:

- (1) interest expensed and capitalized; and
- (2) amortized premiums, discounts and capitalized expenses related to indebtedness.

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**DESCRIPTION OF SHARE CAPITAL OF AEGON N.V.**

The following is a summary of the terms of AEGON's share capital, including brief descriptions of provisions contained in AEGON's articles of incorporation, as last amended on May 30, 2000. These summaries and descriptions do not purport to be complete statements of these provisions.

**SHARE CAPITAL**

As of June 30, 2001, the total authorized capital stock of AEGON consisted of 2,600,000,000 common shares and 1,400,000,000 preferred shares, each par value euro 0.12 per share. At the same date, there were 1,417,027,697 common shares and 440,000,000 preferred shares issued, of which 31,178,080 common shares were held by AEGON as treasury shares.

All of AEGON's issued common shares are fully paid and not subject to calls for additional payments of any kind. AEGON's common shares are held by shareholders worldwide in bearer and registered form. Holders of shares of New York registry hold their common shares in registered form (New York Shares).

As of June 30, 2001, 549,684,370 common shares were registered in AEGON's registry in The Netherlands, of which 517,271,586 common shares were held by Vereniging AEGON, AEGON's controlling shareholder. As of that date 132,286,231 shares were held as New York Shares. The balance of the issued common shares was held in bearer form.

**DIVIDENDS**

Under Dutch law and AEGON's articles of incorporation, the holders of AEGON common shares are entitled to payment of dividends out of the profits remaining after the creation of a reserve account, if any. The Executive Board of AEGON may determine the dividend payment date for the common shares and preferred shares, which may vary for registered and bearer shares, the record date for payment applicable to holders of registered common shares and, with the approval of the AEGON's

Supervisory Board, the currency or currencies in which dividends will be paid. For dividends on New York Shares, AEGON may make payment in U.S. dollars. With respect to common shares, AEGON typically declares both an interim dividend during the fiscal year and a final dividend after the shareholders have approved AEGON's annual accounts. These dividends typically may be paid in cash or common shares at the option of the shareholder.

Preferred dividends are payable on the capital actually paid in on the preferred shares, and each such dividend, on an annual basis, is equal to the European Central Bank's fixed interest percentage for basic refinancing transactions, increased by 1.75%, as determined on the first Euronext Amsterdam working day of the financial year to which the dividend relates.

## **VOTING RIGHTS**

All holders of AEGON common shares and preferred shares are entitled to attend personally or by proxy any general meeting of shareholders upon compliance with the procedures described below. Each holder of common shares or preferred shares is entitled to one vote for each share held by him and represented at the meeting.

A general meeting of shareholders is required to be held not later than June 30 in each year. General meetings of shareholders are called by AEGON's Supervisory Board or AEGON's Executive Board and are required to be held in The Hague, The Netherlands or certain other cities in The Netherlands. In order to attend a general meeting of shareholders, holders of bearer shares must produce evidence that such shares were held on a date specified in the notice of the meeting. Holders of registered shares must be listed on a date specified in the notice of the meeting as being the holders of shares in a register, irrespective of whether or not they are the owners of such shares on the date of the meeting.

Action is taken at general meetings by an absolute majority of the votes cast unless a larger majority is explicitly provided by law or by the articles of incorporation.

AEGON may not vote shares held by it as treasury shares.

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### **CONTROL OF AEGON N.V.**

*Vereniging AEGON.* As of June 30, 2001, Vereniging AEGON held 100% of the outstanding preferred shares and 37.3% of the outstanding common shares (excluding shares held by AEGON as treasury shares). These holdings give Vereniging AEGON 52.4% of AEGON's voting shares and thus voting control of AEGON. Vereniging AEGON is a membership association under Dutch law. One of the principal characteristics of a membership association is that it has no share capital. The major objective of Vereniging AEGON is to promote the direct and indirect interests of AEGON Group companies, as well as insured parties, employees, shareholders and other relations of those companies. Vereniging AEGON expects to achieve its objective by, among other things, maintaining and executing voting control of AEGON. The table below shows the ownership percentage of Vereniging AEGON as of June 30, 2001.

Title of Class	Numbered	Percent of Class
	Owned	Outstanding <sup>(1)</sup>
Common Shares	517,271,586	37.3%
Preferred Shares	440,000,000	100%

Vereniging AEGON has two administrative bodies: the general membership and executive committee. The general membership currently consists of 20 individuals who were elected as members of Vereniging AEGON. Of these 20 individuals, 16 represent a broad cross-section of Dutch society, and are called elected members. Of the other four members of the general membership, two are elected from the AEGON Supervisory Board and two are elected from the AEGON Executive Board. No employee (or former employee) of AEGON or its subsidiaries may be elected to the general membership.

*Appointment of the AEGON Supervisory Board and Executive Board.* AEGON has a two-tier management system consisting of an executive board and a supervisory board. Members of the Supervisory Board and the Executive Board are appointed by the Supervisory Board. The number of members of the Supervisory Board is determined from time to time by the Supervisory Board but may not consist of less than seven members. Reference is made to Item 6. Directors, Senior Management and Employees in AEGON's Annual Report on Form 20-F for the year ended December 31, 2000.

*Shareholder Proposals.* Proposals by shareholders are required to be placed on the agenda of a general meeting of shareholders, but only if such proposals have been signed by the holder or holders of at least 0.1% of the total capital issued and are submitted in writing to AEGON at least two months and not more than three months prior to the meeting, unless in the opinion of the Supervisory Board and the Executive Board there are important company interests that should prevent this from happening.

*Amendment of Articles.* AEGON's articles of incorporation may be amended at any general meeting of shareholders where at least 50% of the issued capital is represented, by an absolute majority of the votes cast. If the required quorum is not represented at the shareholder meeting, the amendment may be approved at a subsequent meeting to be called and held within four weeks with the same required vote, but without such quorum requirement. Any amendment of the articles of incorporation must have been proposed by the Executive Board and approved by the Supervisory Board.

*Annual Accounts.* The Supervisory Board adopts annually AEGON's annual accounts with respect to the previous calendar year, accompanied by a certificate of an independent accountant certifying such annual accounts. The annual accounts are submitted for approval to the annual general meeting of shareholders by the Executive Board, and the Executive Board is also required to present to the annual general meeting of shareholders a report of management with respect to the previous calendar year.

## LIQUIDATION RIGHTS

In the event of the liquidation of AEGON, the general meeting of shareholders determines the remuneration of the liquidators and of the members of the Supervisory Board. The assets remaining after payment of all debts, liquidation expenses and taxes are to be distributed first to the holders of



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preferred shares in the amount of their paid-in capital. The amount left after such payment will be distributed to the holders of common shares.

## **PREEMPTIVE RIGHTS**

Except in certain instances prescribed by law, the holders of common shares have preemptive rights on a pro rata basis to purchase any common shares to be issued. Holders of preferred shares, as such, have no preemptive rights in respect of any common shares.

Preemptive rights in respect of common shares may be limited or precluded by a resolution approved by the general meeting of shareholders. See *Issuance of Additional Shares* below. In the notice of the meeting, the reasons for the proposal to limit or preclude the preemptive rights in respect of common shares and the intended issue price must be explained in writing. Preemptive rights may also be limited or precluded by the Executive Board if a resolution is approved by a general meeting of shareholders that confers this power on the Executive Board for a maximum of five years. This power may from time to time be extended, but never for a period longer than five years. A resolution approved at the general meeting of shareholders or taken by the Executive Board to limit or preclude the preemptive rights in respect of common shares requires the approval of the Supervisory Board. If AEGON makes a rights offering to the holders of common shares, the rights of holders of New York Shares to exercise the rights offered may be subject to a restriction that permits AEGON to sell those rights in a manner to be determined by the Executive Board and to remit the cash proceeds of that sale to the holders of New York Shares if the additional common shares are not registered under the Securities Act of 1933.

## **ISSUANCE OF ADDITIONAL SHARES**

Shares of AEGON's authorized but unissued capital stock may be issued at such times and on such conditions as may be determined at a general meeting of shareholders or by the Executive Board if authorized by the shareholders. At the general meeting of shareholders held on May 3, 2001, the shareholders authorized the Executive Board for a period of three years effective January 1, 2002 subject to the approval of the Supervisory Board:

- (a) to issue shares and grant rights to acquire shares up to the amount of AEGON's authorized capital; and
- (b) to limit or exclude shareholders' preemption rights with regard to the issuance of shares and rights to acquire shares.

The Supervisory Board subsequently approved this authorization. At the same general meeting, the shareholders revoked a similar authorization to the Executive Board granted at the general meeting of shareholders held May 4, 2000. In respect of the issuance of common shares and the granting of rights to acquire shares without preemption rights, the authority given under clause (a) is limited to common shares with an aggregate par value of:

1% of the capital, if the issuance is to employees or management of any AEGON Group company pursuant to an option plan that has been instituted for the entire AEGON Group;

10% of the capital; and

20% of the capital, if the issuance occurs in connection with the acquisition of an enterprise or a corporation.

For the purposes of this paragraph, the term *capital* means the par value amount of the common share capital issued at the moment this authority is used for the first time in a certain year. The authorizations described above may only be withdrawn by a resolution of the general meeting of shareholders following a proposal by the Executive Board that has been approved by the Supervisory Board.

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### **REPURCHASE BY AEGON OF ITS SHARES**

Subject to certain restrictions contained in the laws of The Netherlands and AEGON's articles of incorporation, the Executive Board may cause AEGON to purchase its own shares, provided that the total number of shares so repurchased may not exceed, in the aggregate, 10% of the issued capital. These purchases may be made only upon authorization by the general meeting of shareholders, which authorization is valid for a maximum of 18 months and must include the number of shares to be acquired, the way in which they may be acquired and the minimum and maximum purchase price. At the general meeting of shareholders held May 3, 2001, the shareholders authorized the Executive Board for a period of 18 months to acquire shares up to the maximum number allowed by law and AEGON's articles of incorporation, for a consideration not to exceed 10% of the quoted local market price.

### **CERTIFICATES FOR COMMON SHARES AND THEIR TRANSFER**

Certificates evidencing common shares are issuable, subject to the restrictions described below, in bearer or registered form, as the holder may elect. Certificates issued by the New York registrar are in registered form and are printed in the English language. Bearer shares are evidenced by certificates printed only in the Dutch language. Common shares in bearer form and New York Shares may be held by residents as well as non-residents of The Netherlands. Only common shares in bearer form may be traded on Euronext Amsterdam and the London, Frankfurt, Tokyo and Zurich stock exchanges. Only New York Shares may be traded on the New York Stock Exchange.

Upon presentation of a bearer certificate to AEGON's Dutch transfer agent, accompanied by a request that the shares evidenced by that certificate be transferred to New York Shares, the Dutch transfer agent will cancel the bearer shares and will instruct AEGON's New York transfer agent to issue a New York Share certificate evidencing those shares. Similarly, upon presentation to the New York transfer agent of New York Shares accompanied by an appropriate request, the New York transfer agent will cancel those New York Shares and will instruct the Dutch transfer agent to issue a bearer share certificate evidencing those shares.

Transfers of common shares in bearer form are accomplished by delivery of the share certificates. New York Shares may be transferred on the books of AEGON at the office of the New York transfer agent by surrendering the New York Shares with the deed of transfer on the New York Shares or in a separate instrument completed in full and signed by the transferor. Upon surrender, AEGON, acting through its New York transfer agent, will either note the transfer on the surrendered New York Shares or

issue replacement New York Shares registered in the name of the new owner. In addition, a shareholder is entitled, upon written request to AEGON and the surrender for cancellation of any share certificate previously issued, to have his name entered in the register of shareholders with respect to the shares owned by him and to receive, in lieu of a certificate, a non-negotiable declaration of registration of those shares.

## DESCRIPTION OF DEBT SECURITIES

The following is a summary of the general terms of the debt securities. Each time that we issue debt securities pursuant to this prospectus we will file a prospectus supplement with the Securities Exchange Commission that you should read carefully. The prospectus supplement may contain additional terms of those debt securities. The terms presented here, together with the terms contained in the prospectus supplement, will be a description of the material terms of the debt securities, but if there is any inconsistency between the terms presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here. You should also read the indenture under which we will issue the debt securities, which we have filed with the SEC as an exhibit to the registration statement of which this prospectus is a part. The terms of the debt securities include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939.

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#### GENERAL

The debt securities will be issued by AEGON, AFC or AFC II, as the case may be, under an indenture with Citibank, N.A., unless specified otherwise in a prospectus supplement.

Any debt securities issued by AFC or AFC II will be guaranteed by AEGON.

The total principal amount of debt securities that can be issued under the indenture is unlimited. Except as otherwise provided in the prospectus supplement relating to a particular series of debt securities, the indenture does not limit the amount of other debt, secured or unsecured, that we may issue. We may issue the debt securities in one or more series.

The prospectus supplement relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

the issuer of the debt securities, AEGON, AFC or AFC II;

the price of the debt securities offered;

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the title of the debt securities;

the total principal amount of the debt securities;

the date or dates, if any, on which the principal of and any premium on the debt securities will be payable;

any interest rate, the date from which interest will accrue, interest payment dates and record

dates for interest payments;

whether the debt securities are senior or subordinated debt securities;

the places at which payments of principal and interest are payable;

the terms of any optional or mandatory redemption, including the price for the redemption;

any sinking fund provisions;

whether payments on the debt securities will be payable in foreign currency or currency units or another form and whether payments will be payable by reference to any index or formula;

any changes or additions to the events of default or covenants described in this prospectus;

whether debt securities will be issued as discount securities and the amount of any discount;

whether the debt securities will be represented by one or more global securities;

whether the debt securities will be issued in registered or bearer form, and any restrictions that may apply;

any terms for the conversion or exchange of the debt securities for other securities of AEGON Group companies or any other entity (including any related cash-out option); and

any other terms of the debt securities.

We have the ability under the indenture to reopen a previously issued series of debt securities and issue additional debt securities of that series or establish additional terms of the series. We are also permitted to issue debt securities with the same terms as previously issued debt securities. Unless otherwise indicated in the applicable prospectus supplement, the debt securities will not be listed on any securities exchange.

The senior debt securities will be unsecured, unsubordinated indebtedness and will rank equally with all other unsecured and unsubordinated debt of their issuer. The subordinated debt securities will be unsecured indebtedness and will be subordinated in right of payment to some existing and future debt of their issuer. See [Subordination](#) below.

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Some of the debt securities may be sold at a substantial discount below their stated principal amount. These debt securities will either bear no interest or will bear interest at a rate which at the time of issuance is below market rates. U.S. Federal income tax consequences and other special considerations applicable to discounted debt securities are discussed below under [Taxation in the United States](#) and may be discussed further in the prospectus supplement relating to these debt securities.

## **GUARANTEES**

If AFC or AFC II issues the debt securities, AEGON will fully and unconditionally guarantee the due and punctual payment of the principal of, any premium and any interest on those debt securities, when and as these payments become due and payable, whether at maturity, upon redemption or declaration of acceleration, or otherwise. The guarantees of senior debt securities will constitute an unsecured, unsubordinated obligation of AEGON and will rank equally with all other unsecured and unsubordinated obligations of AEGON. The guarantees of subordinated debt securities will constitute an unsecured obligation of AEGON and will be subordinated in right of payment to all senior indebtedness of AEGON.

AEGON will (1) agree that its obligations under the guarantees will be as principal obligor and not merely as surety, and will be enforceable irrespective of any invalidity, irregularity or unenforceability of the guaranteed debt securities or the indenture and (2) waive any right to require a proceeding against AFC or AFC II, as the case may be, before its obligations under the guarantees shall become effective. See [Enforcement of Civil Liabilities Against Foreign Persons](#) .

## **GOVERNING LAW**

The debt securities, the indenture and the guarantees will be governed by and construed in accordance with the laws of the State of New York. The laws of the State of New York would not require the trustee to pursue or exhaust its legal and equitable remedies against AFC or AFC II, as the case may be, prior to exercising its rights under the guarantee relating to the guaranteed debt securities. We cannot assure you that a Dutch court would give effect to this provision. However, AEGON will waive any right to require a proceeding against AFC or AFC II before its obligations under the guarantees shall become effective. There are no limitations under the laws of The Netherlands or the articles of incorporation of AEGON on the right of non-residents of The Netherlands to hold the debt securities issued by AEGON.

## **FORM, EXCHANGE AND TRANSFER**

Unless otherwise specified in the related prospectus supplement, the debt securities of each series will be issuable in fully registered form, without coupons, in denominations of \$1,000 and integral multiples thereof.

Unless otherwise specified in the related prospectus supplement, any payments of principal, interest and premium on registered debt securities will be payable and, subject to the terms of the indenture and the limitations applicable to global securities, debt securities may be transferred or exchanged, at any office or agency we maintain for such purpose, without the payment of any service charge except for any applicable tax or governmental charge.

## GLOBAL SECURITIES

The debt securities of a series may be issued in the form of one or more global certificates that will be deposited with a depository identified in a prospectus supplement. Unless a global certificate is exchanged in whole or in part for debt securities in definitive form, a global certificate may generally be transferred only as a whole and only to the depository or to a nominee of the depository or to a successor depository or its nominee.

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Unless otherwise indicated in any prospectus supplement, The Depository Trust Company (DTC) will act as depository. Beneficial interests in global certificates will be shown on records maintained by DTC and its participants, and transfers of global certificates will be effected only through these records.

DTC has provided us the following information, and we take no responsibility for its accuracy. DTC is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the clearance and recording of the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for participant s accounts. This eliminates the need for physical exchange of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Other organizations such as securities brokers and dealers, banks and trust companies that work through a participant, either directly or indirectly use DTC s book-entry system. The rules that apply to DTC and its participants are on file with the SEC.

Pursuant to DTC s procedures, upon the sale of debt securities represented by a global certificate to underwriters, DTC will credit the accounts of the participants designated by the underwriters with the principal amount of the debt securities purchased by the underwriters. Ownership of beneficial interests in a global certificate will be shown on DTC s records (with respect to participants), by the participants (with respect to indirect participants and certain beneficial owners) and by the indirect participants (with respect to all other beneficial owners). The laws of some states require that certain persons take physical delivery in definitive form of the securities that they own. Consequently, the ability to transfer beneficial interests in a global certificate may be limited.

We will wire to DTC s nominee principal and interest payments with respect to global certificates. We and the trustees under the indenture will treat DTC s nominee as the owner of the global certificates for all purposes. Accordingly, we, the trustee and the paying agent will have no direct responsibility or liability to pay amounts due on the global certificates to owners of beneficial interests in the global certificates.

It is DTC's current practice, upon receipt of any payment of principal or interest, to credit participants' accounts on the payment date according to their beneficial interests in the global certificates as shown on DTC's records. Payments by participants to owners of beneficial interests in the global certificates will be governed by standing instructions and customary practices between the participants and the owners of beneficial interests in the global certificates, as is the case with securities held for the account of customers registered in street name. However, payments will be the responsibility of the participants and not of DTC, the trustee or us.

Debt securities of any series represented by a global certificate will be exchangeable for debt securities in definitive form with the same terms in authorized denominations only if:

DTC notifies us that it is unwilling or unable to continue as depository, or DTC is no longer eligible to act as depository, and we do not appoint a successor depository within 90 days; or

we determine not to have the debt securities of a series represented by global certificates and notify the trustee of our decision.

#### **PAYMENTS OF ADDITIONAL AMOUNTS**

If the prospectus supplement for a particular series of debt securities so provides, the issuer or guarantor will make all payments on the debt securities of that series without withholding or deduction for any taxes, or other governmental charges in effect on the date of issuance of the debt securities of that series or imposed in the future by or on behalf of The Netherlands, in the case of AEGON, or the United States, in the case of AFC or AFC II, or any authority in The Netherlands or the

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United States, as applicable. In the event any Dutch, in the case of payments by AEGON, or United States, in the case of payments by AFC or AFC II, taxes or other charges are imposed on payments on any debt security of that series held by you, the issuer or guarantor will pay to you such additional amounts as may be necessary so that the net amounts receivable by you after any payment, withholding or deduction of tax or charge will equal the amounts of principal, any interest and any premium which would have been receivable on the debt security if there were no such payment, withholding or deduction; provided, however, that (a) in the case of payments by AEGON, the amounts with respect to any Dutch taxes shall be payable only to holders that are not residents in The Netherlands for purposes of its tax laws; and (b) in the case of payments by AFC or AFC II, the amounts with respect to any United States taxes shall be payable only to holders that are non-U.S. persons not resident in the United States, foreign corporations or certain trusts or estates not subject to taxes, for United States tax purposes, and provided further, that the issuer or guarantor shall not be required to make any payment of any additional amounts on account of:

in the case of payments by AEGON, your being a resident of The Netherlands or having some connection with The Netherlands or United States (in the case of Dutch taxes) other than the mere holding of the debt security or the receipt of principal, any interest, or any premium on the debt security;

in the case of payments by AFC or AFC II, your being a resident of the United States or having some connection with the United States (in the case of United States taxes) other than the mere holding of the debt security or the receipt of principal,

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and interest, or any premium on the debt security;

your presentation of the debt security for payment more than 30 days after the later of (1) the due date for such payment or (2) the date we provide funds to make such payment to the trustee;

any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

any tax, assessment or other governmental charge payable other than by withholding from payments on the debt security;

in the case of payments by AFC or AFC II, with respect to United States taxes, any tax imposed by reason of the holder's past or present status as a tax-exempt organization with respect to the United States or as a corporation which accumulates earnings to avoid United States Federal income tax;

any tax, assessment or other governmental charge which would not have been imposed or withheld if the holder had declared his or her non-residence in The Netherlands, in the case of payments by AEGON, or the United States, in the case of payments by AFC or AFC II, or made a similar claim for exemption so that, upon making the declaration or the claim, the holder would either have been able to avoid the tax, assessment or charge or to obtain a refund of the tax, assessment or charge;

any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of, premium, if any, or any interest on, any debt security, if such payment can be made without such withholding by any other paying agent; or

any combination of items above;

nor shall additional amounts be paid with respect to any payment of the principal of, premium, if any, or any interest on any debt security to any holder who is a fiduciary, a partnership or a beneficial owner and who is other than the sole beneficial owner of the payment to the extent the fiduciary or a member of the partnership or a beneficial owner would not have been entitled to any additional amount had it been the holder of the debt security.

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#### **TAX REDEMPTION**

If the prospectus supplement for a particular series of debt securities so provides, the issuer or guarantor may redeem that series of debt securities before its maturity, in whole but not in part, if, at any time after the date of issuance of that series of securities, as a result of any:

amendment to, or change in, the laws of The Netherlands, in the case of payments by AEGON, or the United States, in the case of payments by AFC or AFC II, or any political subdivision thereof, or



change in the application or official interpretation of such laws or regulations,

where the amendment or change becomes effective after the date of the issuance of the series of debt securities, the issuer or guarantor become, or will become, obligated to pay any additional amounts as provided above under Payments of Additional Amounts and cannot reasonably avoid such obligation.

Before the issuer or guarantor may redeem debt securities of a particular series as provided above, the issuer or guarantor must deliver to the trustee at least 30 days, but not more than 60 days, prior to the date fixed for redemption:

a written notice stating that the debt securities of a particular series are to be redeemed, specifying the redemption date and other pertinent information; and

an opinion of independent legal counsel selected by us to the effect that, as a result of the circumstances described above, we have or will become obligated to pay any additional amounts.

The issuer or guarantor will give you at least 30 days , but not more than 60 days , notice before any tax redemption of a series of securities. On the redemption date, the issuer or guarantor will pay you the principal amount of your debt security, plus any accrued interest (including any additional amounts) to the redemption date.

## **CONVERSION OR EXCHANGE**

The terms, if any, upon which debt securities of any series are convertible into or exchangeable for other securities will be set forth in the related prospectus supplement. These terms may include the conversion price, the conversion period, provisions as to whether conversion or exchange will be at the option of the holders of that series of debt securities or at our option, any events requiring an adjustment of the conversion price, provisions affecting conversion in the event of the redemption of such series of debt securities and other relevant provisions relating to those securities.

## **EVENTS OF DEFAULT**

The following are defined as events of default with respect to securities of any series outstanding under the indenture, unless otherwise stated in the related prospectus supplement:

- (a) failure to pay principal or premium, if any, on any debt security of that series when due, and continuance of such a default beyond any applicable grace period;
- (b) failure to pay any interest on any debt security of that series when due, and continuance of such a default for a period of 30 days beyond any applicable grace period;
- (c) failure to deposit any sinking fund payment, when due and continuance of such a default beyond any applicable grace period, on any debt security of that series;

- (d) failure to perform any of our other covenants or the breach of any of the warranties in the indenture after being given written notice and continuance of such a default for a period of 90 days beyond any applicable grace period; and
- (e) certain events in bankruptcy, insolvency or reorganization of AEGON, AFC or AFC II.

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If an event of default for any series of debt securities occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series may accelerate the maturity of the debt securities of that series (or, such portion of the principal amount of such debt securities as may be specified in a prospectus supplement). If an acceleration occurs, subject to specified conditions, the holders of a majority of the aggregate principal amount of the outstanding debt securities of that series may rescind and annul such acceleration. Because each series of debt securities will be independent of each other series, a default in respect of one series will not necessarily in itself result in a default or acceleration of the maturity of a different series of debt securities.

Other than its duties in case of an event of default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer the trustee reasonable indemnity. Subject to the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of that series.

A holder of debt securities of any series will not have any right to institute any proceeding with respect to the indenture unless:

the holder previously gave written notice to the trustee of an event of default;

the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series have made written request, and have offered reasonable indemnity to the trustee to institute such proceeding as trustee; and

the trustee fails to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series a direction inconsistent with such request, within 60 days after such notice, request and offer.

The limitations described above do not apply to a suit instituted by a holder of a debt security for the enforcement of payment of the principal, interest or premium on that debt security on or after the applicable due date specified in that debt security.

We will be required to furnish to each trustee annually a statement by our officers as to whether or not we are in default in the performance of any of the terms of the indenture.

## **SUBORDINATION**

The indebtedness evidenced by the subordinated debt securities will, to the extent set forth in the indenture with respect to each series of subordinated debt securities, be subordinate in right of payment to the prior payment in full of all of our senior debt, as defined, including any senior debt securities. The prospectus supplement relating to any subordinated debt securities will summarize the subordination provisions of the indenture applicable to that series including:

the applicability and effect of such provisions upon any payment or distribution of our assets to creditors upon any liquidation, bankruptcy, insolvency or similar proceedings;

the applicability and effect of such provisions in the event of specified defaults with respect to senior debt, including the circumstances under which and the periods in which we will be prohibited from making payments on the subordinated debt securities; and

the definition of senior debt applicable to the subordinated debt securities of that series.

In the event and during the continuation of any default in the payment of any senior debt continuing beyond any applicable grace period specified in the instrument evidencing that senior debt (unless and until the default shall have been cured or waived or shall have ceased to exist), no payments on account of principal, premium, if any, or interest, if any, on the subordinated debt securities or sums payable with respect to the conversion or exchange, if applicable, of the subordinated debt securities may be made pursuant to the subordinated debt securities.

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Upon payment or distribution of our assets to creditors upon dissolution or winding-up or total or partial liquidation or reorganization, whether voluntary or involuntary in bankruptcy, insolvency, receivership or other proceedings, the holders of our senior debt will be entitled to receive payment in full of all amounts due on the senior debt before any payment is made by us on account of principal, premium, if any, or interest, if any, on the subordinated debt securities.

By reason of this subordination, in the event of our insolvency, holders of subordinated debt securities may recover less, ratably, and holders of senior debt may recover more, ratably, than our other creditors. The indenture does not limit the amount of senior debt that we may issue.

## **LIMITATION ON LIENS**

If so specified in a prospectus supplement relating to a series of debt securities, so long as any of the debt securities of that series remain outstanding, the issuer and its subsidiaries may not secure any indebtedness in respect of borrowed moneys having an original maturity of more than two years by granting security upon any of their present or future assets or revenues unless they effectively provide that the same or equal and ratable security (or other security acceptable to the trustee) is accorded to all debt securities of that series for so long as the secured indebtedness is so secured. This limitation does not apply to:

security created over any shares in, assets of or securities owned by any subsidiaries that are not principally engaged in the business of life insurance and that do not contribute more than 10% of AEGON's total aggregate consolidated gross premium income as reflected in its most recent annual audited financial statements;

security created in the normal course of the insurance business carried on in a manner consistent with generally accepted insurance practice for that insurance business;

security or preference arising by operation of any law;

security over real property to secure borrowings to finance the purchase or improvement of that real property;

security over assets existing at the time of the acquisition of those assets; and

security not otherwise permitted by the above that secures borrowed money in an aggregate principal amount not exceeding 50% of AEGON's total aggregate consolidated indebtedness with an original maturity of more than two years.

## **DEFEASANCE**

Unless otherwise indicated in the related prospectus supplement, we may elect, at our option at any time, to have the provisions of the indenture relating (a) to defeasance and discharge of indebtedness or (b) to defeasance of certain restrictive covenants apply to the debt securities of any series, or to any specified part of a series.

In order to exercise either option, we must irrevocably deposit, in trust for the benefit of the holders of those debt securities, money or U.S. government securities, or both, which, through the payment of principal and interest in accordance with their terms, will provide amounts sufficient to pay the principal of and any premium and interest on those debt securities on the respective stated maturities in accordance with the terms of the indenture and those debt securities. Any additional conditions to exercising these options with respect to a series of debt securities will be described in an applicable prospectus supplement.

If we meet all the conditions to clause (a) above and elect to do so, we will be discharged from all our obligations with respect to the applicable debt securities and if those debt securities are subordinated debt securities, the provisions relating to subordination will cease to be effective (other than obligations to register transfer of debt securities, to replace lost, stolen or mutilated certificates and to maintain paying agencies). We shall be deemed to have paid and discharged the entire indebtedness represented by the applicable debt securities and to have satisfied all of our obligations under the debt securities and the indenture relating to those debt securities.

If we meet all the conditions to clause (b) above and elect to do so, we may omit to comply with and shall have no liability in respect of certain restrictive covenants as described in the related prospectus supplement and, if those debt securities are subordinated debt securities, the provisions of the indenture relating to subordination will cease to be effective, in each case with respect to those debt securities.

## **MODIFICATION OF THE INDENTURE**

Under the indenture, our rights and obligations and the rights of holders may be modified with the consent of the holders holding not less than a majority of the aggregate principal amount of the outstanding debt securities of each series affected by the modification. No modification of the principal or interest payment terms, and no modification reducing the percentage required for modifications or altering the provisions relating to the waiver of any past default, is effective against any holder without its consent. We and the trustee may also amend the indenture or any supplement to the indenture without the consent of the holders of any debt securities to evidence the succession or addition of another corporation to AEGON, AFC or AFC II, as the case may be, to evidence the replacement of the trustee with respect to one or more series of debt securities and for certain other purposes.

## **CONSOLIDATION, MERGER OR DISPOSITION OF ASSETS OF AEGON, AFC OR AFC II**

We may not consolidate with or merge into, or sell or lease substantially all of our assets to any person unless:

the successor person expressly assumes our obligations on the debt securities and under the indenture;

immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have occurred and be continuing; and

any other conditions specified in the related prospectus supplement are met.

## **CONCERNING THE TRUSTEE**

We and certain of our affiliates and subsidiaries may maintain deposit account and lines of credit and have other customary banking relationship with the trustee and its affiliates in the ordinary course of our and their respective businesses.

Pursuant to the Trust Indenture Act, should a default occur with respect to the debt securities constituting our senior debt securities or subordinated debt securities, the trustee would be required to resign as trustee with respect to the debt securities constituting either the senior debt securities or the subordinated debt securities under the indenture within 90 days of the default unless the default were cured, duly waived or otherwise eliminated or unless only senior debt securities or subordinated debt securities are outstanding under the indenture at the time of the default.

## **TAXATION**

## TAXATION IN THE NETHERLANDS

*General.* The following describes the principal Dutch tax consequences of the acquisition, holding and disposal of common shares in AEGON or an interest in the debt securities. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, hold, convert or dispose of the common shares or the debt securities. **Each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the common shares or the debt securities. The discussion of certain Dutch taxes below is included for general information only.**

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This summary is based on tax legislation, published case law, treaties, rules, regulations and similar documentation in force as of the date of this prospectus.

For the purposes of this discussion we have assumed that:

AFC and AFC II are not residents, nor deemed to be residents, of The Netherlands for Dutch tax purposes;

a corporate holder does not hold, directly or indirectly, an interest of 5% or more of the total issued capital of AEGON, and

an individual holder, alone, or together with his or her partner (statutory defined term) or certain other related persons does not hold, directly or indirectly, (a) an interest of 5% or more of the total issued capital of AEGON or 5% or more of a certain class of AEGON's shares, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in AEGON.

A holder that acquires an interest in excess of the thresholds mentioned above is strongly recommended to consult a professional tax adviser with respect to the Dutch tax consequences of an investment in the common shares.

### ***Common Shares of AEGON.***

#### **Dividend Withholding Tax**

Dividends and other revenue from the common shares will be generally subject to Dutch dividend withholding tax at a rate of 25%. Dividends include:

distributions in cash or in kind including deemed and constructive distributions;

liquidation proceeds, proceeds on redemption of the common shares and, as a rule, the consideration for the repurchase of common shares by AEGON in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes, unless the repurchase is exempt

on the basis of Article 4c of the Dividend Tax Act 1965;

the par value of shares issued to a holder of common shares or an increase of the par value of common shares, except when the increase is funded out of AEGON's paid-in capital as recognized for Dutch dividend withholding tax purposes; and

partial repayments of paid-in capital, if and to the extent there are net profits, unless the general meeting of the shareholders of AEGON has resolved in advance to make such repayment and provided that the nominal value of the common shares concerned has been reduced by an equal amount by way of an amendment of the articles of incorporation and the paid-in capital is recognized as capital for Dutch dividend withholding tax purposes.

In general, AEGON is required to remit all amounts withheld as Dutch dividend withholding tax to the Dutch tax authorities.

#### *Residents of The Netherlands*

In general, the Dutch dividend withholding tax withheld with respect to dividend distributions will be creditable for Dutch income tax purposes for the beneficial owner thereof, or, subject to certain conditions, may be recoverable in whole or in part by the Dutch resident beneficial owner of such dividend.

AEGON can refrain from withholding dividend withholding tax on the portion of the proceeds from the common shares in respect of which the temporary special distribution tax (as discussed below) is applicable, if the recipient of proceeds from the common shares is a resident of The Netherlands.

On request and if certain conditions are met, a refund of the Dutch dividend withholding tax applies to Dutch qualifying pension funds, certain exempt entities and Dutch investment institutions as defined in Article 28 of the Corporate Income Tax Act 1969.

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#### *Non-residents of The Netherlands*

If a holder is resident in a country other than The Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between The Netherlands and such country, and the holder is the beneficial owner of the dividends and a qualifying resident for purposes of the treaty, the holder will, depending on the terms of the particular treaty, qualify for full or partial relief at source or for a refund (in whole or in part) of the Dutch dividend withholding tax.

Residents of the United States that qualify for, and comply with the procedures for claiming benefits under the income tax convention between The Netherlands and the United States (NUUS income tax treaty), generally are eligible for a reduction of up to 15% of the Dutch withholding tax on dividend income. The NUUS income tax treaty provides a complete exemption for dividends received by exempt pension trusts and exempt organizations, as defined therein. A holder of the common shares will qualify for benefits under the NUUS income tax treaty (subject to compliance with the procedures for claiming benefits) if the holder:

is the beneficial owner of the common shares and the dividends paid on those common shares;

is resident in the United States;

is not also resident in another jurisdiction;

does not hold the common shares in connection with the conduct of business in The Netherlands; and

is an individual, an exempt pension trust or exempt organization (as defined in the NUUS income tax treaty), an estate or trust whose income is subject to U.S. taxation as the income of a resident, either in its hands or in the hands of its beneficiaries, or a corporation that is not subject to the treaty's limitation of benefits provision.

AEGON can refrain from withholding Dutch dividend withholding tax on the part of the dividend distribution in respect of which the distribution tax discussed below is applicable, if the recipient of the dividend distribution is a resident of The Netherlands, The Netherlands Antilles or Aruba, a member state of the European Union or a country with which The Netherlands has concluded a treaty for the avoidance of double taxation.

#### *Proposed Legislation*

Recently, a proposal for legislation was announced that may affect the eligibility for an exemption, reduction or refund of the Dutch dividend withholding tax. The proposed legislation would have retroactive effect as of April 27, 2001. A recipient of a dividend on the common shares will not be entitled to an exemption, reduction or partial refund of Dutch dividend withholding tax if the recipient is not considered the beneficial owner of such dividend. This is the case if:

the recipient of the dividend, in connection with the receipt of the dividend has incurred an obligation, as part of one or more related transactions, as a result of which the dividend in whole or in part has accrued or will accrue to the benefit of a person that is to a lesser extent entitled to an exemption, reduction or refund than the recipient of the dividend; and

such person, other than the recipient of the dividend, retains or acquires, directly or indirectly, a comparable interest in the common shares on which the dividends are paid, as such person had before the related transactions were entered into.

#### **Distribution Tax**

AEGON is subject to a temporary special distribution tax at a rate of 20% to the extent that any excessive dividends are distributed on the common shares in the period from January 1, 2001 up to and including December 31, 2005. This distribution tax is a corporate income tax, not a creditable or refundable withholding tax. For purposes of this distribution tax, dividends are considered



to be

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excessive when during a particular calendar year, the total amount of dividends distributed exceeds the highest of the following three amounts:

4% of the market capitalization of AEGON at the beginning of the relevant calendar year;

twice the amount of the average annual dividends (exclusive of extraordinary dividends) by reference to the three calendar years immediately preceding January 1, 2001; or

the adjusted statutory income of AEGON for the preceding book year.

The temporary special distribution tax is not levied insofar as the aggregate amount of dividend distributions during the period January 1, 2001 through December 31, 2005 is in excess of the balance of the fair market value of the net assets at the end of the fiscal year that ended prior to January 1, 2001 reduced by the paid-in capital recognized for Dutch tax purposes.

The distribution tax due is reduced pro rata for common shares that were held, at the time of the dividend distribution, for an uninterrupted period of three years, or as of September 14, 1999, by individuals or entities (other than investment institutions as defined in the Corporate Income Tax Act 1969) holding at least 5% of AEGON's nominal capital.

**Corporate Income Tax and Individual Income Tax**

*Residents of The Netherlands*

If a corporate holder is subject to Dutch corporate income tax, and the common shares are attributable to its business assets or deemed business assets, payments on the common shares and the gains realized upon the disposal of the common shares are taxable.

If an individual holder is resident or deemed to be a resident in The Netherlands for Dutch tax purposes (including an individual who has opted to be taxed as a resident of The Netherlands), payments on the common shares and gains realized upon the disposal of the common shares are taxable at the progressive rates of the Income Tax Act 2001, if:

(1) the holder of the common shares has an enterprise or an interest in an enterprise to which the common shares are attributable; or

(2)

the payments and gains qualify as income from miscellaneous activities in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the common shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (1) nor (2) applies to an individual holder of common shares, the common shares will be included in the individual's yield basis. Consequently, actual payments on the common shares and the actual gains realized upon the disposal of the common shares will not be taxable. Instead, the holder of the common shares will be taxed at a flat rate of 30% on deemed income from savings and investments (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's yield basis (*rendementsgrondslag*) within the meaning of Article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year, and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold.

#### *Non-residents of The Netherlands*

Dividend distributions on the common shares and capital gains realized upon the disposal of the common shares for a holder that is not resident nor deemed to be resident in The Netherlands for Dutch tax purposes (and, in the case of an individual holder, has not opted to be taxed as a resident of The Netherlands) are not taxable in The Netherlands, provided that:

the holder does not have an enterprise or an interest in an enterprise that is carried on through a permanent establishment or a permanent representative in The Netherlands to which the common shares are attributable;

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the holder is not entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the common shares are attributable; and

with respect to an individual holder, the dividend distributions or capital gains do not qualify as income from miscellaneous activities in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities in The Netherlands with respect to the common shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

#### **Gift and Inheritance Taxes**

##### *Residents of The Netherlands*

Generally, gift and inheritance taxes will be due in The Netherlands in respect of an acquisition of the common shares by way of a gift by, or on the death of, an individual holder who, for the purposes of the Dutch gift and inheritance tax, is resident or deemed to be resident in The Netherlands at the time of the gift or his or her death.

An individual of Dutch nationality is deemed to be a resident of The Netherlands for the purposes of the Dutch gift and inheritance tax if he or she has been resident in The Netherlands during the 10 years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of the Dutch gift and inheritance tax only if he or she has been residing in The Netherlands at any time during the 12 months preceding the time of the gift.

*Non-residents of The Netherlands*

No gift or inheritance taxes will arise in The Netherlands in respect of an acquisition of the common shares by way of gift by, or as a result of the death of, an individual holder who is neither resident nor deemed to be a resident of The Netherlands, unless:

the individual holder at the time of the gift has, or at the time of his or her death had, an interest in a Dutch enterprise to which the common shares are or were attributable;

the common shares are or were attributable to the assets of an enterprise that is effectively managed in The Netherlands and the donor is, or the deceased was, entitled, other than by way of securities or through an employment contract, to a share in the profits of that enterprise at the time of the gift or, as applicable, at the time of his or her death; or

in the case of a gift of the common shares by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, if at the time of his or her death such individual was a resident or deemed to be a resident of The Netherlands.

**Value Added Tax (VAT)**

In general, no Dutch VAT will arise with respect to the issuance of the common shares and with respect to dividend distributions, partial or complete repayment of paid-in capital or other payments and distributions on common shares.

**Capital Tax**

Dutch capital tax will, in principle, be due by AEGON at the rate of 0.55% of the fair market value of any contribution to the capital of AEGON upon the issuance of the common shares.

**Other Taxes and Duties**

No net wealth tax, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in The Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the common shares.

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***Debt Securities of AEGON, AFC and AFC II.***

## Withholding Tax

No Dutch withholding tax is due upon payments on the debt securities provided that, in the case of debt securities issued by AEGON, the payments do not depend, nor are deemed to depend, on profits or distributions of profits by AEGON.

## Corporate Income Tax and Individual Income Tax

### *Residents of The Netherlands*

If a holder of the debt securities is subject to Dutch corporate income tax and the debt securities are attributable to its business assets or its deemed business assets, payments on the debt securities and the gains realized upon the disposal of the debt securities will be taxable.

If a holder of the debt securities is an individual resident or deemed to be resident in The Netherlands for Dutch tax purposes (including an individual who has opted to be taxed as a resident of The Netherlands), payments on the debt securities and the gains realized upon the disposal of the debt securities will be taxable at the progressive rates of the Income Tax Act 2001, if:

- (1) the holder of the debt securities has an enterprise or an interest in an enterprise, to which enterprise the debt securities are attributable; or
- (2) such payments and gains qualify as income from miscellaneous activities in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the debt securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (1) nor (2) applies to an individual holder of the debt securities, the debt securities will be included in the individual's yield basis. Consequently, actual payments on the debt securities and the actual gains realized upon the disposal of the debt securities will not be taxable. Instead, the holder of the debt securities will be taxed at a flat rate of 30% on deemed income from savings and investments (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's yield basis (*rendementsgrondslag*) within the meaning of Article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold.

### *Non-residents of The Netherlands*

A corporate holder and individual holder of the debt securities that is not resident nor deemed to be resident in The Netherlands for Dutch tax purposes (nor, in the case of an individual holder, has opted to be taxed as a resident of The Netherlands) is not taxable in respect of a payment on the debt securities or the gains realized upon the disposal of the debt securities, provided that:

the corporate holder or individual holder of the debt securities does not have an interest in a Dutch enterprise to which Dutch enterprise the debt securities are attributable;

the corporate holder or the individual holder of the debt securities is not entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the debt securities are attributable; or

in respect of an individual holder such payments and gains do not qualify as income from miscellaneous activities in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities in The Netherlands with respect to the debt securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

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### **Gift and Inheritance Taxes**

#### *Residents of The Netherlands*

Generally, gift and inheritance taxes will be due in The Netherlands in respect of an acquisition of the debt securities by way of a gift by, or on the death of, an individual holder who for the purposes of the Dutch gift and inheritance tax is resident or deemed to be resident in The Netherlands at the time of the gift or his or her death.

An individual of Dutch nationality is deemed to be resident in The Netherlands for the purposes of the Dutch gift and inheritance tax, if he or she has been resident in The Netherlands during the 10 years preceding the gift or his or her death. An individual of any other nationality is deemed to be resident in The Netherlands for the purposes of the Dutch gift and inheritance tax only if he or she has been residing in The Netherlands at any time during the 12 months preceding the time of the gift.

#### *Non-residents of The Netherlands*

No gift or inheritance taxes will arise in The Netherlands in respect of an acquisition of the debt securities by way of gift by, or as a result of the death of, an individual holder who is neither resident nor deemed to be resident in The Netherlands, unless:

such individual holder at the time of the gift has or at the time of his or her death had, an interest in a Dutch enterprise to which Dutch enterprise the debt securities are or were attributable;

the debt securities are or were attributable to the assets of an enterprise that is effectively managed in The Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or

in the case of a gift of the debt securities by an individual who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such individual dies within 180 days after the date of the gift, if at the time of his or her death such individual was a resident or deemed to be a resident of The Netherlands.

### **Other Taxes and Duties**

No capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in The Netherlands by the corporate holder or the individual holder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the debt securities.

### **Proposed EU Savings Directive**

On July 18, 2001 the EU Commission published a proposal for a new directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, member states will be required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state, subject to the right of certain member states to opt instead for a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and clarification.

### **TAXATION IN THE UNITED STATES**

*General.* This section summarizes the material U.S. tax consequences to beneficial holders of the common shares and the debt securities. This summary addresses only the U.S. Federal income tax considerations for holders that acquire the securities at their original issuance and hold the securities as capital assets. This summary does not address all U.S. Federal income tax matters that may be

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relevant to a particular prospective holder. **Each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the common shares or the debt securities.** This summary does not address tax considerations applicable to a holder of security that may be subject to special tax rules including, without limitation, the following:

financial institutions;

insurance companies;

dealers or traders in securities or currencies;

tax-exempt entities;

persons that will hold the securities as part of a hedging or conversion transaction or as a position in a straddle for U.S. Federal income tax purposes;

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holders that own (or are deemed to own) 10% or more of the voting shares of the relevant issuer or guarantor; and

holders that have a functional currency other than the U.S. dollar.

Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of security.

This discussion does not cover every type of security that may be issued under this prospectus. If we intend to issue a security of a type not described in this summary, additional tax information will be provided in the prospectus supplement for the applicable security.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, U.S. Treasury regulations and judicial and administrative interpretations, in each case as in effect and available on the date of this prospectus. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective investor should consult its own tax advisor with respect to the U.S. Federal, state, local and foreign tax consequences of acquiring, owning or disposing of the securities.

For the purposes of this summary, a U.S. holder is a beneficial owner of securities that is, for U.S. Federal income tax purposes:

a citizen or resident of the United States;

a corporation, or other entity that is treated as a corporation for U.S. Federal income tax purposes, created or organized in or under the laws of the United States or any state of the United States (including the District of Columbia);

an estate the income of which is subject to U.S. Federal income taxation regardless of its source; or

a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If a partnership holds securities, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding securities should consult their tax advisor. A non-U.S. holder is a beneficial owner of securities that is not a U.S. holder.

### ***Tax Consequences to U.S. Holders.***

### **Common Shares of AEGON**

*Distributions*

The gross amount of any distribution (including any amounts withheld in respect of Dutch withholding tax) actually or constructively received by a U.S. holder with respect to common shares will be taxable to the U.S. holder as a dividend to the extent of AEGON's current and accumulated

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earnings and profits as determined under U.S. Federal income tax principles. The U.S. holder will not be eligible for any dividends received deduction in respect of the dividend otherwise allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder's adjusted tax basis in the common shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as capital gain from the sale or exchange of property. AEGON does not maintain calculations of its earnings and profits under U.S. Federal income tax principles. If AEGON does not report to a U.S. holder the portion of a distribution that exceeds earnings and profits, the distribution will generally be taxable as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution.

The amount of any distribution paid in currency other than U.S. dollars (a foreign currency) including the amount of any withholding tax thereon, will be included in the gross income of a U.S. holder in an amount equal to the U.S. dollar value of the foreign currencies calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the foreign currencies are converted into U.S. dollars. If the foreign currencies are converted into U.S. dollars on the date of receipt, a U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend. If the foreign currencies received in the distribution are not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the foreign currencies equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currencies will be treated as ordinary income or loss.

Dividends received by a U.S. holder with respect to common shares will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. Subject to certain conditions and limitations, and subject to the discussion in the next paragraph, any Dutch income tax withheld on dividends may be deducted from taxable income or credited against a U.S. holder's Federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by AEGON generally will constitute passive income, or, in the case of some U.S. holders, financial services income. In certain circumstances, a U.S. holder may be unable to claim foreign tax credits for foreign taxes imposed on a dividend if the U.S. holder (1) has not held the common shares for at least 16 days in the 30-day period beginning 15 days before the ex-dividend date, during which it is not protected from risk of loss; (2) is obligated to make payments related to the dividends; or (3) holds the common shares in arrangements in which the U.S. holder's expected profit, after non-U.S. taxes, is insubstantial.

In general, upon making a distribution to shareholders, AEGON is required to remit all amounts withheld as Dutch dividend withholding tax to the Dutch tax authorities and, in such circumstances, the full amount of the taxes so withheld would generally (subject to certain limitations and conditions) be eligible for the U.S. holder's foreign tax deduction or credit as described above. **Investors are urged to consult their tax advisers regarding the general creditability or deductibility of Dutch withholding taxes.**



A distribution of additional common shares to U.S. holders with respect to their common shares that is made as part of a pro rata distribution to all shareholders generally will not be subject to U.S. Federal income tax unless U.S. holders can elect that the distribution be payable in either additional common shares or cash. AEGON expects that U.S. holders would have this option upon each distribution. Accordingly, a distribution of additional common shares to U.S. holders with respect to their common shares where U.S. holders may elect that distribution be payable in additional common shares or cash will be taxable under the rules described above.

#### *Sale or Other Disposition of Shares*

A U.S. holder will generally recognize gain or loss for U.S. Federal income tax purposes upon the sale or exchange of common shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder's tax basis for those common shares. This gain or loss will be a capital gain or loss and will generally be treated as from sources

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within the United States, except that losses will be treated as foreign source to the extent the U.S. holder received dividends that were includible in the financial services income basket during the 24-month period prior to the sale. **Prospective investors should consult their own tax advisors with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that have held the common shares for more than one year) and capital losses (the deductibility of which is subject to limitations).**

If a U.S. holder receives foreign currency upon a sale or exchange of common shares, gain or loss, if any, recognized on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, the U.S. holder generally should not be required to recognize any gain or loss on such conversion.

#### *Redemption of Common Shares*

The redemption of common shares by AEGON will be treated as a sale of the redeemed shares by the U.S. holder (which is taxable as described above under *Sale or Other Disposition of Shares* ) or, in certain circumstances, as a distribution to the U.S. holder (which is taxable as described above under *Distributions* ).

#### *Passive Foreign Investment Company Considerations*

A corporation organized outside the United States generally will be classified as a passive foreign investment company (PFIC) for U.S. Federal income tax purposes in any taxable year in which, after applying certain look-through rules, either: (1) at least 75% of its gross income is passive income, or (2) on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. In arriving at this calculation, AEGON must also include a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions, but excludes any income derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business. Based on AEGON's estimated gross income, the average value of AEGON's gross assets and the nature of AEGON's active insurance business, AEGON does not believe that it will be classified as a PFIC in the current taxable year. AEGON's status in any taxable year will depend on its assets and activities in each year and no assurances can be provided in that regard. If AEGON were treated as a PFIC in any year during which a U.S. holder owns

common shares, certain adverse tax consequences could apply. **Investors should consult their own tax advisors with respect to any PFIC considerations.**

***Debt Securities of AEGON, AFC and AFC II.***

**Interest**

Interest paid on the debt securities, other than interest on a discount note that is not qualified stated interest (each as defined below under Original Issue Discount General ), will be taxable to a U.S. holder as ordinary interest income at the time it is received or accrued, depending on the U.S. holder's method of accounting for U.S. Federal income tax purposes.

A U.S. holder utilizing the cash method of accounting for U.S. Federal income tax purposes that receives an interest payment denominated in a foreign currency will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

If interest on a debt security is payable in a foreign currency, an accrual basis U.S. holder is required to include in income the U.S. dollar value of the amount of interest income accrued on a debt security during the accrual period. An accrual basis U.S. holder may determine the amount of the interest income to be recognized in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the part of

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the period within the taxable year. Under the second accrual method, the U.S. holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. holder may instead translate that interest expense at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder and will be irrevocable without the consent of the U.S. Internal Revenue Service.

A U.S. holder utilizing either of the foregoing two accrual methods will recognize ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a debt security). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilized by the U.S. holder).

Foreign currency received as interest on the debt securities will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realized by a U.S. holder on a sale or other disposition of that foreign currency will

be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

Interest on the debt securities received by a U.S. holder will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, the interest on the debt securities should generally constitute passive income, or in the case of certain U.S. holders, financial services income.

## Original Issue Discount

### *General*

A debt security, other than a debt security with a term of one year or less (a short-term note), will be treated as issued at an original issue discount (OID, and a debt security issued with OID, a Discount Note) for U.S. Federal income tax purposes if the excess of the sum of all payments provided under the debt security, other than qualified stated interest payments (as defined below), over the issue price of the debt security is more than a de minimis amount (as defined below). Qualified stated interest is generally interest paid on a debt security that is unconditionally payable at least annually at a single fixed rate. The issue price of the debt securities will be the first price at which a substantial amount of the debt securities are sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

In general, if the excess of the sum of all payments provided under the debt security other than qualified stated interest payments over its issue price is less than 0.25% of the debt security's stated redemption price at maturity multiplied by the number of complete years to its maturity (the de minimis amount), then such excess, if any, constitutes de minimis OID and the debt security is not a Discount Note. Unless the election described below under Election to Treat All Interest as OID is made, a U.S. holder of a debt security with de minimis OID must include such de minimis OID in income as stated principal payments on the debt security are made. The includible amount with respect to each such payment will equal the product of the total amount of the debt security's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the debt security.

A U.S. holder will be required to include OID on a discount debt security in income for U.S. Federal income tax purposes as it accrues calculated on a constant-yield method (described below) before the actual receipt of cash attributable to that income, regardless of the U.S. holder's method of accounting for U.S. Federal income tax purposes. Under this method, U.S. holders generally will be

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required to include in income increasingly greater amounts of OID over the life of Discount Notes. Investors should consult their own tax advisors to determine the U.S. Federal income tax implications of the constant-yield method and regarding the accrual of OID generally.

OID for any accrual period on a debt security that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. holder, as described under Interest above. Upon receipt of an amount attributable to OID in these

circumstances, a U.S. holder may recognize ordinary income or loss.

OID on a Discount Note will be treated as foreign source income for the purposes of calculating a U.S. holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, OID on a Discount Note should generally constitute passive income or, in the case of certain U.S. holders, financial services income.

#### *Acquisition Premium*

A U.S. holder that purchases a debt security for an amount less than or equal to the sum of all amounts payable on the debt security after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price and that does not make the election described below under *Election to Treat All Interest as OID* will have acquisition premium. Investors should consult their own tax advisors regarding the U.S. Federal income tax implications of acquisition premium.

#### *Market Discount*

A debt security, other than a short-term note, will be treated as purchased at a market discount (a market discount note) if the debt security's stated redemption price at maturity or, in the case of a Discount Note, the debt security's revised issue price, exceeds the amount for which the U.S. holder purchased the debt security by at least 0.25% of the debt security's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the debt security's maturity. If such excess is not sufficient to cause the debt security to be a market discount note, then such excess constitutes de minimis market discount and the debt security is not subject to the rules discussed in the following paragraphs. For these purposes, the revised issue price of a debt security generally equals its issue price, increased by the amount of any OID that has accrued on the debt security.

Any gain recognized on the maturity or disposition of a market discount note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on that debt security. Alternatively, a U.S. holder of a market discount note may elect to include market discount in income currently over the life of the debt security. Such an election shall apply to all debt instruments with market discount acquired by the electing U.S. holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount on a market discount note will accrue on a straight-line basis unless the U.S. holder elects to accrue such market discount on a constant-yield method. Such an election shall apply only to the debt security with respect to which it is made and may not be revoked. A U.S. holder of a market discount note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to that debt security in an amount not exceeding the accrued market discount on that debt security until the maturity or disposition of that debt security.

#### *Election to Treat All Interest as OID*

A U.S. holder may elect to include in gross income all interest that accrues on a debt security using the constant-yield method described above under the heading *Original Issue Discount - General*, with the modifications described below. For the purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium.

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In applying the constant-yield method to a debt security with respect to which this election has been made, the issue price of the debt security will equal its cost to the electing U.S. holder, the issue date of the debt security will be the date of its acquisition by the electing U.S. holder, and no payments on the debt security will be treated as payments of qualified stated interest. This election will generally apply only to the debt security with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a debt security with amortizable bond premium, then the electing U.S. holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. holder as of the beginning of the taxable year in which the debt security with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the IRS.

If the election to apply the constant-yield method to all interest on a debt security is made with respect to a market discount note, the electing U.S. holder will be treated as having made the election discussed above under **Original Issue Discount** **Market Discount** to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. holder.

**Debt Securities Purchased at a Premium**

A U.S. holder that purchases a debt security for an amount in excess of its principal amount may elect to treat such excess as amortizable bond premium. If this election is made, the amount required to be included in the U.S. holder's income each year with respect to interest on the debt security will be reduced by the amount of amortizable bond premium allocable (based on the debt security's yield to maturity) to such year. In the case of a debt security that is denominated in, or determined by reference to, a foreign currency, amortizable bond premium will be computed in units of foreign currency, and amortizable bond premium will reduce interest income in units of foreign currency. At the time amortizable bond premium offsets interest income, a U.S. holder realizes exchange gain or loss (taxable as ordinary income or loss) equal to the difference between exchange rates at that time and at the time of the acquisition of the debt securities. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludible from gross income) held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder and is irrevocable without the consent of the IRS.

**Sale, Exchange or Retirement of the Debt Securities**

A U.S. holder's tax basis in a debt security will generally equal its U.S. dollar cost, increased by the amount of any OID or market discount included in the U.S. holder's income with respect to the debt security and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. holder's income with respect to the debt security (each as determined above), and reduced by the amount of any payments with respect to the debt security that are not qualified stated interest payments and the amount of any amortizable bond premium applied to reduce interest on the debt security. The U.S. dollar cost of a debt security purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on (1) the date of purchase or (2) in the case of a debt security traded on an established securities market (as defined in the applicable U.S. Treasury regulations), that are purchased by a cash basis U.S. holder (or an accrual basis U.S. holder that so elects), on the settlement date for the purchase.

A U.S. holder will generally recognize gain or loss on the sale, exchange or retirement of a debt security equal to the difference between the amount realized on the sale, exchange or retirement and the tax basis of the debt security. The amount realized on

the sale, exchange or retirement of a debt security for an amount in foreign currency will be the U.S. dollar value of that amount on the date of disposition, except in the case of debt securities traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that are sold by an accrual basis U.S. holder that elects to utilize the U.S. dollar value on the settlement date for the sale.

Gain or loss recognized by a U.S. holder on the sale, exchange or retirement of a debt security that is attributable to changes in currency exchange rates will be ordinary income or loss and will consist of

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OID exchange gain or loss and principal exchange gain or loss. OID exchange gain or loss will equal the difference between the U.S. dollar value of the amount received on the sale, exchange or retirement of a debt security that is attributable to accrued but unpaid OID as determined by using the exchange rate on the date of the sale, exchange or retirement and the U.S. dollar value of accrued but unpaid OID as determined by the U.S. holder under the rules described above under Original Issue Discount General . Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. holder's purchase price of the debt security in foreign currency determined on the date of the sale, exchange or retirement, and the U.S. dollar value of the U.S. holder's purchase price of the debt security in foreign currency determined on the date the U.S. holder acquired the debt security. The foregoing foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange or retirement of the debt security, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. holder in excess of foreign currency gain recognized on the sale, exchange or retirement of a debt security would generally be U.S. source capital gain or loss (except to the extent such amounts are attributable to market discount, accrued but unpaid interest, or subject to the general rules governing contingent payment obligations). **Prospective investors should consult their own tax advisors with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that held the debt securities for more than one year) and capital losses (the deductibility of which is subject to limitations).**

A U.S. holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a debt security equal to the U.S. dollar value of the foreign currency at the time of the sale, exchange or retirement. Gain or loss, if any, realized by a U.S. holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

## **Payments by Guarantor**

A payment on guaranteed debt securities made by AEGON will be treated in the same manner as if made directly by the issuer.

## **Special Categories of Debt Securities of AEGON, AFC and AFC II**

Additional tax rules may apply to other categories of debt securities of AEGON, AFC and AFC II. The prospectus supplement for these debt securities may describe these rules. In addition, you should consult your tax advisor in these situations. These

categories of debt securities include:

debt securities that are convertible into common shares of AEGON;

debt securities that are issued in bearer form;

debt securities with contingent payments;

debt securities with variable rate payments;

indexed debt securities where payments will be payable by reference to any index or formula;

debt securities that are perpetual in maturity;

debt securities that are callable by the issuer before their maturity, other than typical calls at a premium; and

debt securities that are extendable at the option of the issuer or the holder.

### **Information Reporting and Backup Withholding**

If you hold your securities through a broker or other securities intermediary, the intermediary is required to provide information to the IRS concerning interest, OID or dividend, as the case may be, and retirement proceeds on your securities, unless an exemption applies. In addition, you must

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provide the intermediary with your taxpayer identification number for its use in reporting information to the IRS and comply with other IRS requirements concerning information reporting. If you are subject to these requirements but do not comply, the intermediary is required to backup withhold in respect of amounts payable to you on the securities. If the intermediary backup withholds payments, you may use the withheld amount as a credit against your Federal income tax liability. Some U.S. holders, including corporations and tax-exempt organizations, are exempt from these requirements. U.S. holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

### ***Tax Consequences to Non-U.S. Holders.***

*Withholding Taxes*

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Generally, payments of principal and interest, including OID, on the guaranteed debt securities will not be subject to U.S. withholding taxes. The same rules will apply to payments of additional amounts and payments made by a guarantor on a guaranteed debt security. However, if you hold guaranteed debt securities issued by AFC or AFC II, for the exemption from U.S. withholding taxes to apply to you, you must meet one of the following requirements:

You provide your name, address, and a signed statement that you are the beneficial owner of the guaranteed debt security and are not a U.S. holder. This statement is generally made on U.S. IRS Form W-8BEN;

You or your agent claim an exemption from withholding tax under an applicable tax treaty. This claim is generally made on U.S. IRS Form W-8BEN; or

You or your agent claim an exemption from withholding tax on the ground that the income is effectively connected with the conduct of a trade or business in the U.S. This claim is generally made on U.S. IRS Form W-8ECI.

You should consult your tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the application form has actual knowledge that the statements on the form are false.

Even if you comply with these conditions, U.S. withholding tax might arise on guaranteed debt securities issued by AFC and AFC II if the amount of interest is based on the earnings or other attributes of AFC and AFC II, as the case may be, or a related party. If this exception applies, additional information will be provided in the prospectus supplement.

### **Information Reporting and Backup Withholding**

If you provide the tax certifications needed to avoid withholding tax on interests, as described above, principal and interest payments received by you will automatically be exempt from U.S. information reporting requirements and backup withholding. Interest payments made to you by AFC and AFC II will be reported to the IRS. Sales proceeds you receive on a sale of your guaranteed debt through a broker may be subject to information reporting and backup withholding if you are not eligible for an exemption. In particular, information reporting and backup withholding may apply if you use the U.S. office of a broker, and information reporting (but not backup withholding) may apply if you use the foreign office of a broker that has certain connections to the U.S. You should consult your tax advisor concerning information reporting and backup withholding on a sale.

### **Sale, Exchange or Retirement of Securities**

if you sell, exchange or redeem common shares or debt securities, you will not be subject to U.S. Federal income tax on any gain unless one of the following applies:

the gain is connected with a trade or business that you conduct in the U.S.;

you are an individual, you are present in the U.S. for at least 183 days during the year in which you dispose of the guaranteed debt security, and certain other conditions are satisfied; or



the gain represents accrued interest or OID, in which case the rules for interest would apply.

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**U.S. Trade or Business**

if you hold your securities in connection with a trade or business that you are conducting in the U.S., any interest or dividend on the security and any gain from disposing the security generally will be subject to income tax as if you were a U.S. holder, and if you are a corporation, you may be subject to the branch profits tax on your earnings that are connected with your U.S. trade or business. This tax is 30%, but may be reduced or eliminated by an applicable income tax treaty.

**PLAN OF DISTRIBUTION**

We may sell the securities offered by this prospectus in and outside the United States in one or more of the following ways:

through underwriters;

through dealers;

through agents; or

directly to purchasers.

The distribution of the securities may be carried out from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the AEGON Group in the ordinary course of business.

The prospectus supplement relating to any offering will include the following information:

the terms of the offering;

the names of any underwriters, dealers or agents;

the purchase price of the securities;

the net proceeds to us from the sale of the securities;

any delayed delivery arrangements;

any underwriting discounts or other underwriters' compensation; and

any discounts or concessions allowed or reallowed or paid to dealers.

## **SALES THROUGH UNDERWRITERS OR DEALERS**

If we use underwriters in an offering using this prospectus, we will execute an underwriting agreement with one or more underwriters. The underwriting agreement will provide that the obligations of the underwriters with respect to a sale of the offered securities are subject to specified conditions precedent and that the underwriters will be obligated to purchase all of the offered securities if they purchase any. Underwriters may sell those securities through dealers. The underwriters may change the initial offering price and any discounts or concessions allowed or reallowed or paid to dealers. If we use underwriters in an offering of securities using this prospectus, the applicable prospectus supplement will contain a statement regarding the intention, if any, of the underwriters to make a market in the offered securities.

We may grant to the underwriters an option to purchase additional offered securities, to cover over-allotments, if any, at the public offering price (with additional underwriting discounts or commissions), as may be set forth in the related prospectus supplement. If we grant any over-allotment option, the terms of the over-allotment option will be set forth in the prospectus supplement relating to such offered securities.

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If we use a dealer in an offering of securities using this prospectus, we will sell the offered securities to the dealer as principal. The dealer may then resell those securities to the public or other dealers at a fixed price or varying prices to be determined at the time of resale.

## **DIRECT SALES AND SALES THROUGH AGENTS**

We may also use this prospectus to directly solicit offers to purchase securities. In this case, no underwriters or agents would be involved. Except as set forth in the applicable prospectus supplement, none of our directors, officers or employees will solicit or receive a commission in connection with those direct sales. Those persons may respond to inquiries by potential purchasers and perform ministerial and clerical work in connection with direct sales.

We may also sell the offered securities through agents we designate from time to time. In the prospectus supplement, we will describe any commission payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

## **DELAYED DELIVERY CONTRACTS**

We may authorize underwriters and agents to solicit offers by certain institutions to purchase securities pursuant to delayed delivery contracts providing for payment and delivery on a future date specified in the prospectus supplement. Institutions with which delayed delivery contracts may be made include commercial and savings banks, insurance companies, educational and charitable institutions and other institutions we may approve. The obligations of any purchaser under any delayed delivery contract will not be subject to any conditions except that any related sale of offered securities to underwriters shall have occurred and the purchase by an institution of the securities covered by its delayed delivery contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which that institution is subject. Any commission paid to agents and underwriters soliciting purchases of securities pursuant to delayed delivery contracts accepted by us will be detailed in the prospectus supplement.

## **INDEMNIFICATION**

Underwriters, dealers or agents participating in a distribution of securities using this prospectus may be deemed to be underwriters under the Securities Act. Pursuant to agreements that we may enter into, underwriters, dealers or agents who participate in the distribution of securities by use of this prospectus may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or contribution with respect to payments that those underwriters, dealers or agents may be required to make in respect of those liabilities.

## **VALIDITY OF SECURITIES**

Certain matters of United States law relating to the securities offered through this prospectus will be passed upon for AEGON, AFC and AFC II by Allen & Overy, New York, New York. Certain Dutch legal matters relating to the securities will be passed upon for AEGON by Allen & Overy, Amsterdam, The Netherlands.

## **EXPERTS**

Ernst & Young Accountants, independent auditors, have audited the consolidated financial statements and schedules included in AEGON's annual report on Form 20-F for the year ended December 31, 2000, as set forth in their report, which is incorporated by reference in this prospectus. AEGON's financial statements and schedules are incorporated by reference in reliance on Ernst & Young Accountants' report, given on their authority as experts in accounting and auditing.

**\$500,000,000**

**AEGON N.V.**

(a Netherlands public company with limited liability)

**% Senior Notes Due 2013**

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**PROSPECTUS SUPPLEMENT**

**May , 2003**

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*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Citigroup**

*Co-Lead Manager*

**Banc One Capital Markets, Inc.**

*Co-Managers*

**ABN AMRO Incorporated**

**CREDIT SUISSE FIRST BOSTON**

**JPMorgan**

**UBS Warburg**

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