

AEGON NV  
 Form 424B2  
 June 22, 2006

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Filed Pursuant to Rule 424(B)(2)  
 Registration No. 333-71438

Prospectus Supplement  
 (To Prospectus dated May 20, 2005)

**\$500,000,000**

**AEGON N.V.**

(a Netherlands public company with limited liability)

**6.875% Perpetual Capital Securities**

We are issuing \$500,000,000 aggregate principal amount of 6.875% perpetual capital securities, or Capital Securities, which will be issued pursuant to an indenture, as supplemented by a supplemental indenture, between us and Citibank, N.A., as trustee.

The Capital Securities are perpetual securities that have no fixed maturity or redemption date. However, at our option, we may redeem the Capital Securities in whole (but not in part) at their aggregate principal amount, together with any Outstanding Payments (as defined herein), on September 15, 2011 or any interest payment date thereafter, and upon the occurrence of certain tax and regulatory events described in this prospectus supplement under "Description of the Capital Securities." The Capital Securities will be issued in denominations of \$25 and will constitute direct, unsecured and subordinated securities.

The Capital Securities will bear interest at a rate of 6.875% per annum on their outstanding principal amount from (and including) the issue date, payable in U.S. dollars quarterly in arrears on March 15, June 15, September 15 and December 15, commencing on September 15, 2006, subject to the conditions described in this prospectus supplement under "Description of the Capital Securities." You will receive interest payments on your Capital Securities only in cash. As more fully described in this prospectus supplement, we may defer interest payments for any period of time; provided, however, that such deferred payments will become immediately due and payable if we make any payment on, or repurchase or redeem (subject to certain exceptions), our Junior Securities or Parity Securities (each as defined herein). Although you will always receive cash in satisfaction of any payments, we may, in certain circumstances, elect and, in the case of deferred payments, be required to satisfy our obligation to make such payments in cash by issuing our Common Shares which, when sold, will provide a sufficient amount of cash necessary to make all such payments.

We will apply to list the Capital Securities on the New York Stock Exchange. Trading of the Capital Securities is expected to begin within 30 days after the initial delivery of the Capital Securities.

**Investing in the Capital Securities involves risks. See "Risk Factors" beginning on page S-12.**

	Price to Public(1)	Underwriting Discount(2)	Proceeds to AEGON N.V.(3)
Per Capital Security	100%	3.15%	96.85%
Total	\$500,000,000	\$15,750,000	\$484,250,000

- (1) Plus accrued interest, if any, from June 28, 2006 if settlement occurs after that date.
- (2) We will pay the underwriters compensation of 3.15% per Capital Security for sales of \$250,000 or less in aggregate principal amount of Capital Securities and 2.00% per Capital Security for sales in excess of \$250,000 in aggregate principal amount of Capital Securities to a single purchaser.
- (3) Before deducting expenses. See "Underwriting."

We have granted the underwriters a 30-day option to purchase up to an additional \$50,000,000 principal amount of Capital Securities to cover over-allotments, if any, at the offering price less the underwriting discount. If the option is exercised in full, the total Price to Public, Underwriting Discount, and Proceeds to AEGON N.V. will be \$550,000,000, \$17,325,000 and \$532,675,000, respectively. Any Capital Securities issued or sold under the option will have the same terms and conditions as the Capital Securities.

**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 will deliver the Capital Securities in book-entry form only through the facilities of The Depository Trust Company on or about June 28, 2006. Beneficial interests in the Capital Securities will be shown on, and transfers thereof will be effected only through, records maintained by The Depository Trust Company and its participants, including Clearstream Banking, société anonyme, and Euroclear Bank SA/NV.

	<hr/> <b>Citigroup</b>	<hr/> <b>Merrill Lynch &amp; Co.</b>	
<b>Morgan Stanley</b>	<hr/> <b>UBS Investment Bank</b>		<b>Wachovia Securities</b>
<b>ABN AMRO Incorporated</b>	<hr/> <b>BNP Paribas</b>	<hr/> <b>JPMorgan</b>	<b>RBC Capital Markets</b>

The date of this Prospectus Supplement is June 21, 2006.

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We have not, and the underwriters have not, taken any action to permit a public offering of the Capital Securities outside the United States or to permit the possession or distribution of this prospectus supplement and the accompanying prospectus outside the United States in any jurisdiction where action for that purpose is required. 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 Capital Securities and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. We reserve the right to withdraw this offering of Capital Securities at any time.

This prospectus supplement and the accompanying prospectus are not a prospectus for the purpose of the Securities Trade Supervision Act 1995 and have not been approved by the Netherlands Authority for the Financial Markets ("AFM").

For information relating to transactions that stabilize the market price of the Capital Securities in connection with the offering, see "Underwriting Price Stabilization and Short Positions."

### 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 Capital Securities, and seeking offers to buy Capital Securities, 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 Capital Securities. 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," "our" and "AEGON" 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 Capital Securities. 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 the Indenture (as defined under "Description of the Capital Securities" beginning on page S-18 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 under "Where You Can Find More Information About Us" on page S-15 of this prospectus supplement and page 3 of the accompanying prospectus.

**THE OFFERING**

*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, including the section entitled "Risks relating to our business" beginning on page 9 of our 2005 Annual Report on Form 20-F, and the accompanying prospectus, before making a decision to invest in the Capital Securities. Terms that are defined under "Description of the Capital Securities" or in the accompanying prospectus have the same meaning when used herein.*

The Capital Securities will be a separate series of subordinated debt securities of AEGON N.V. as described in this prospectus supplement and the accompanying prospectus and will be issued under an Indenture, as supplemented by a fifth supplemental indenture between AEGON N.V., and Citibank, N.A., as trustee.

Issuer	AEGON N.V.
Securities Offered	6.875% Perpetual Capital Securities, in an aggregate principal amount of \$500,000,000.
Redemption	The Capital Securities are perpetual securities and have no fixed maturity date or redemption date and the holders have no right to call for their redemption. The Capital Securities are redeemable at our option, in whole (but not in part) at their aggregate principal amount, together with any Outstanding Payments, on September 15, 2011 which we refer to as the " <b>First Call Date</b> ," or any Interest Payment Date thereafter. The Capital Securities are also subject to redemption upon the occurrence of a Tax Event or for regulatory reasons, each as described in this prospectus supplement under "Description of the Capital Securities Redemption and Purchases."
Interest	The Capital Securities will bear interest from (and including) the issue date at a rate of 6.875% per annum.  Subject to the conditions described in this prospectus supplement, we will make interest payments in an amount equal to the interest accrued from (and including) the immediately preceding Interest Payment Date in respect of which interest has been paid or from (and including) the date of issue, if no interest has been paid, to (but excluding) the applicable Interest Payment Date.
Calculation of Interest	Interest on the Capital Securities will be computed and paid on the basis of a 360-day year consisting of 12 months of 30 days each.
Interest Payment Dates	Subject as described below, interest on the Capital Securities will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2006. We refer to these dates as Interest Payment Dates.

If any Interest Payment Date or the redemption date of the Capital Securities falls on a day that is not a Business Day, we will make the required payment on the next succeeding Business Day, and no additional interest will accrue in respect of any payment made on the next succeeding Business Day.

Regular Record Dates

We will pay interest through the paying agent to the person in whose name a Capital Security is registered at the close of business on March 1, June 1, September 1 and December 1.

Status and Subordination

The Capital Securities constitute our direct, unsecured, subordinated securities and rank equally without any preference among themselves and rank equally with any Parity Securities and Parity Guarantees and rank in priority to any Junior Securities or Junior Guarantees. The rights and claims of the holders of Capital Securities are subordinated to the claims of our Senior Creditors, present and future.

When we refer to Senior Creditors, we mean all our present and future creditors:

who are unsubordinated creditors;

whose claims are, or are expressed to be, subordinated (whether only in the event of a winding-up (*faillissement* or *vereffening na ontbinding*) or otherwise) only to the claims of our unsubordinated creditors; and

who are subordinated creditors, other than those whose claims are, or are expressed to rank, equally with, or junior to, the claims of holders of Capital Securities.

For the avoidance of doubt, the Capital Securities rank equally with our existing perpetual capital securities, which we refer to as our Existing Capital Securities. As of the date hereof, we have issued and outstanding five series of Existing Capital Securities in aggregate principal amounts of €950 million, \$500 million, \$1 billion, \$500 million and \$250 million, respectively.

Winding-Up Claims

The Capital Securities will rank on our winding-up (*faillissement* or *vereffening na ontbinding*) in priority to distributions on Junior Securities, Junior Guarantees and all classes of our share capital and will rank equally with each other and among themselves and will rank equally with any of our Parity Securities and Parity Guarantees, including our Existing Capital Securities then outstanding, but will be subordinated in right of payment to the prior payment in full of the claims of our Senior Creditors, present and future.

Condition of Payment

No Payment in respect of the Capital Securities will be payable except to the extent that we are Solvent and not subject to a Regulatory Event, as applicable, and could make such Payment and still be Solvent and still not be subject to a Regulatory Event, as applicable, immediately thereafter.

Required Deferral of Payments

**Required Deferral Prior to Our Becoming Subject to Capital Adequacy Regulations**

If at any time before we become subject to Capital Adequacy Regulations we determine that we are not Solvent or that a Payment on the Capital Securities will result in us becoming not Solvent, we will be required to defer further Payments on the Capital Securities for any period of time until we become Solvent and are able to make the relevant Payment and remain Solvent. We must make such determination on the 20th Business Day prior to the date on which any Payment would, in the absence of a deferral in accordance with the terms and conditions of the Capital Securities, be due and payable.

Unless we elect to further defer such Payment pursuant to our optional right to defer referred to below, a Payment so deferred must be satisfied on the Interest Payment Date next following the 19th Business Day after we determine that we have become Solvent and that such Payment would not result in us becoming not Solvent again. We also may satisfy at any time any Payment so deferred by giving not less than 16 Business Days' prior notice to the trustee and the holders of the Capital Securities of such satisfaction (provided that at the time of satisfying such payment we are Solvent).

No interest will accrue on Payments we are required to defer.

**Required Deferral After Our Becoming Subject to Capital Adequacy Regulations**

If at any time after we have become subject to Capital Adequacy Regulations a Regulatory Event should occur and during the period such Regulatory Event is continuing, we will be required to defer further Payments on the Capital Securities for any period of time until we are no longer subject to a Regulatory Event and are able to make the relevant Payment without the occurrence of a Regulatory Event. We must make such determination on the 20th Business Day prior to the date on which any Payment would in the absence of deferral in accordance with the terms and conditions of the Capital Securities, be due and payable.

Unless we elect to further defer such Payment pursuant to our optional right to defer referred to below, a Payment so deferred must be satisfied on the Interest Payment Date next following the 19th Business Day after we determine that we are no longer subject to a Regulatory Event and that such Payment would not result in us becoming subject to a Regulatory Event again. We also may satisfy at any time any Payment so deferred by giving not less than 16 Business Days' prior notice of such satisfaction (provided that at the time of satisfying such Payment, we are no longer subject to a Regulatory Event).

No interest will accrue on Payments we are required to defer.

Optional Deferral of Payments

Subject to the payment restriction described below, we may elect to defer any Payment on the Capital Securities for any period of time. However, if we make this election, the Payment so deferred will bear interest at the Interest Rate for the full period of optional deferral.

Mandatory Payment Events; Mandatory Partial Payment Events

If a Mandatory Payment Event or Mandatory Partial Payment Event occurs then all Mandatorily Deferred Payments and Optionally Deferred Payments will become mandatorily due and payable in full on the date of the event as described under "Description of the Capital Securities Dividend Pusher; Mandatory Payments and Mandatory Partial Payments." We will only satisfy our obligations to pay such Mandatorily Deferred Payments or Optionally Deferred Payments in accordance with the provisions of the Alternative Interest Satisfaction Mechanism.

Alternative Interest Satisfaction Mechanism

We will satisfy any Mandatorily Deferred Payments and Optionally Deferred Payments (with any interest accrued on such deferred payment, as applicable) using proceeds raised by the Alternative Interest Satisfaction Mechanism. In addition, we may elect at any time to satisfy any Payment using the Alternative Interest Satisfaction Mechanism. Applying this mechanism means that we will issue Common Shares for cash in an amount as required to provide enough cash for us to make full payments on the Capital Securities in respect of the relevant Payment. We will calculate the number of Common Shares that we must issue to raise the full amount of money due on the Capital Securities on the relevant Payment date. You will always receive Payments made in respect of the Capital Securities in cash.



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Sufficiency and Availability of Common Shares	We are required to keep available for issue enough Common Shares as we reasonably consider would be required for issuance in order to satisfy from time to time the next year's scheduled Interest Payments and any Mandatorily Deferred Payments or Optionally Deferred Payments.
Market Disruption Event	<p>If, in our opinion, a Market Disruption Event exists on or after the 15th Business Day preceding any date upon which we are due to satisfy a payment using the Alternative Interest Satisfaction Mechanism (which may be mandatory if it concerns a deferred payment and which we may elect to do in other cases), we may delay making payment to you until the Market Disruption Event no longer exists. Any such Mandatorily Deferred Payment or Optionally Deferred Payment will bear interest at the Interest Rate from the date on which such relevant Payment was due to be made if the Market Disruption Event continues for 14 days or more beyond the Interest Payment Date.</p> <p><b>"Market Disruption Event"</b> means:</p> <p>the occurrence or existence of any suspension of or limitation imposed on trading by reason of movements in price exceeding limits permitted by Euronext Amsterdam N.V. or the New York Stock Exchange or on settlement procedures for transactions in the Common Shares on Euronext Amsterdam N.V. or the New York Stock Exchange if, in any such case, that suspension or limitation is material in the context of the sale of the Common Shares;</p> <p>in our opinion, there has been a substantial deterioration in the price and/or value of the Common Shares; or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Common Shares;</p> <p>where, pursuant to the terms of the Indenture, monies are required to be converted from one currency into another currency in respect of any payment, the occurrence of any event that makes it impracticable to effect such conversion; or</p> <p>where, in our opinion, there will have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in our view be likely to prejudice materially the success of the offering and distribution of our Common Shares or dealings in the Common Shares in the secondary market, if any.</p>
Additional Amounts	We will pay Additional Amounts to you to gross up Interest Payments upon the imposition of Dutch withholding tax, subject to customary exceptions.

Redemption for Tax Reasons

Upon the occurrence of certain tax events, we may redeem the Capital Securities in whole (but not in part) on the next Interest Payment Date, including before, on or after the First Call Date, at their aggregate principal amount, together with any Outstanding Payments.

Redemption or Conversion for Regulatory Reasons

If, at any time after we become subject to Capital Adequacy Regulations, the relevant regulator has determined that securities of the nature of the Capital Securities cannot qualify as "own funds" or "core capital" (Tier 1 capital or equivalent) for the purposes of determination of such Capital Adequacy Regulations, then we may redeem the Capital Securities in whole (but not in part) at their aggregate principal amount together with any Outstanding Payments.

Subject to compliance with applicable regulatory requirements, we may also elect, at any time, to convert or exchange the Capital Securities in whole (but not in part) for another series of capital securities having materially the same terms.

Remedy for Non-Payment

If any Payment Default occurs and continues with respect to the Capital Securities, the trustee may pursue all legal remedies available to it, including commencing a judicial proceeding for the collection of the sums due and unpaid or a bankruptcy proceeding in the Netherlands (but not elsewhere), but the trustee may not declare the principal amount of any outstanding Capital Securities to be due and payable.

A "**Payment Default**" will occur with respect to the Capital Securities if we fail to pay or set aside for payment the amount due to satisfy any payment on the Capital Securities when due, and such failure continues for 14 days (as described under "Description of the Capital Securities Non-Payment When Due; Limitation of Remedies"); provided that a Payment Event will not constitute a Payment Default.

If a Payment Event occurs and is continuing, the trustee may institute winding-up proceedings (*faillissement* or *vereffening na ontbinding*) exclusively in the Netherlands, but may not pursue any other legal remedy, including a judicial proceeding for the collection of the sums due and unpaid.

A "**Payment Event**" (and not a Payment Default) will occur if at the end of the 14-day grace period we fail to make such payment as a result of the existence of a Required Deferral Condition.

In the case of a Mandatory Payment Event or Mandatory Partial Payment Event, requiring payment of Interest on a succeeding Interest Payment Date or dates, if we fail to make such payment of Interest as a result of:

the existence of a Required Deferral Condition or

a deferral of an Interest Payment as permitted under the terms of the Indenture,

the relevant Interest Payment due on the Capital Securities will constitute an Outstanding Payment and will accumulate with any other Outstanding Payments until paid and will constitute neither a Payment Default nor a Payment Event.

Notwithstanding the foregoing, as a holder of the Capital Securities, you have the absolute and unconditional right to institute suit for the enforcement of any payment when due and such right may not be impaired without your consent.

Form We will issue the Capital Securities only in fully registered form, without coupons, in the form of beneficial interests in one or more separate global securities (the "**Global Securities**") registered in the name of Cede & Co., as nominee for The Depository Trust Company, which we refer to as "**DTC**." The Capital Securities will not be issued in definitive form, except under certain limited circumstances described herein. See "Description of the Capital Securities Book-entry System; Delivery and Form."

The Capital Securities will be issued only in denominations of \$25, and integral multiples thereof.

Clearing Systems; Book-Entry System The Capital Securities will be accepted for clearance by DTC, Euroclear, and Clearstream, Luxembourg. The initial distribution of the Capital Securities will be cleared through DTC only. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. Owners of beneficial interests in the Capital Securities will receive all payments relating to their Capital Securities in U.S. dollars.

Selling Restrictions The offering and sale of the Capital Securities are subject to all applicable selling restrictions. See "Underwriting."

Listing; Trading We will apply to list the Capital Securities on the New York Stock Exchange under the symbol "AEV." Trading of the Capital Securities on the New York Stock Exchange is expected to begin within 30 days after the initial delivery of the Capital Securities.

Once listed, each Capital Security will trade as an individual unit at a trading price that will take into account the value, if any, of accrued but unpaid interest.

Governing Law The Capital Securities and the related Indenture will be governed by, and construed in accordance with, the laws of the State of New York, except that the subordination provisions will be governed by and construed in accordance with the laws of the Netherlands.

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Use of Proceeds We intend to use the net proceeds of this offering for general corporate purposes.

Over-Allotment Option We have granted to the underwriters a 30-day option to purchase up to an additional \$50,000,000 principal amount of Capital Securities to cover over-allotments, if any. Any Capital Securities issued or sold under the option will have the same terms and conditions as the Capital Securities.

Trustee Citibank, N.A.  
Address: Corporate Trust Office  
Attention: Agency & Trust  
388 Greenwich Street, 14th Floor  
New York, New York 10013  
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**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated using financial information calculated in accordance with International Financial Reporting Standards as adopted in the European Union ("**IFRS**").

<b>Three Months Ended March 31,</b>		<b>Year Ended December 31,</b>	
<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>
1.9	2.1	2.0	2.0

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated using financial information calculated in accordance with generally accepted accounting principles in the United States ("**U.S. GAAP**") which differ in certain significant respects from IFRS. You can find a description of the significant differences between IFRS and U.S. GAAP in Note 18.57 to our consolidated financial statements, which are incorporated by reference from our annual report on Form 20-F for the year ended December 31, 2005 beginning on page 314 thereof. The ratio of earnings to fixed charges is calculated in accordance with Item 503 of Regulation S-K of the Securities Act of 1933, as amended. For more information, please see Item 19, Exhibit 7 of Form 20-F.

<b>Year Ended December 31,</b>				
<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1.8	1.8	1.7	(1)	1.3

(1)

The deficiency of our earnings to fixed charges based on U.S. GAAP was €841,000,000 during 2002.

For purposes of determining the ratio of earnings to fixed charges, earnings is defined as income before tax plus fixed charges less dividends on preferred shares.\* Fixed charges are calculated by adding (1) interest expensed and capitalized, (2) amortized premiums, discounts and capitalized expenses related to indebtedness, (3) interest on fixed annuities, guaranteed investment contracts and savings accounts, (4) dividends on preferred shares and (5) interest on perpetual capital securities.

\*

For IFRS purposes also less interest on perpetual capital securities.

**USE OF PROCEEDS**

We estimate that the net proceeds from this offering before deducting expenses will be approximately \$484,250,000 (approximately \$532,675,000 if the Underwriters' over-allotment option is exercised in full). We intend to use the net proceeds of this offering for general corporate purposes.

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## RISK FACTORS

*Your investment in the Capital Securities 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, including our annual report on Form 20-F for the year ended December 31, 2005 and the risk factors described therein beginning on page 9 thereof, before investing in the Capital Securities.*

### **We may defer payments on the Capital Securities for any period of time.**

We may elect to defer payments on the Capital Securities for any period of time, subject to our obligation to pay any Deferred Payments if we make any payments on our Junior Securities and Parity Securities. Unless deferral is required, deferred payments will bear interest at the Interest Rate for the full period of deferral. See "Description of the Capital Securities Deferral of Payments."

### **We are required to defer payments on the Capital Securities if, at any time prior to us becoming subject to Capital Adequacy Regulations, we are not Solvent.**

If we determine that we are not Solvent or that a Payment on the Capital Securities will result in us becoming not Solvent, we will be required to defer further Payments on the Capital Securities for any period of time until we become Solvent and are able to make the Payment and remain Solvent. Any Payments so deferred will not accrue interest. See "Description of the Capital Securities Deferral of Payments Required Deferral of Payments Before We Are Subject to Capital Adequacy Regulations."

### **After we become subject to Capital Adequacy Regulations, we will be required to defer payments on the Capital Securities upon a Regulatory Event.**

Upon the occurrence of a Regulatory Event and during the period such Regulatory Event is continuing, we will be required to defer further Payments on the Capital Securities for any period of time until we are no longer subject to a Regulatory Event and are able to make the Payment without the occurrence of a Regulatory Event. Any Payments so deferred will not accrue interest. See "Description of the Capital Securities Deferral of Payments Required Deferral of Payments After We Become Subject to Capital Adequacy Regulations."

### **The Capital Securities are perpetual securities, and you will have no right to call for their redemption.**

The Capital Securities are perpetual securities and have no fixed maturity date or holder's redemption right. We are under no obligation to redeem the Capital Securities at any time and you have no right to call for their redemption.

### **The Capital Securities will rank below our secured debt, our senior notes, certain of our subordinated obligations and the liabilities of our subsidiaries.**

The Capital Securities will be direct, unsecured, subordinated obligations and will rank equally without any preference among themselves and among our Existing Capital Securities. The Capital Securities will be subordinated to the claims of all of our Senior Creditors, present and future. Currently, our outstanding Common Shares and preferred shares are our only securities that rank below the Capital Securities and the Existing Capital Securities are our only securities that currently rank equally with the Capital Securities. All of our other securities currently rank senior to the Capital Securities.

The Capital Securities are obligations exclusively of AEGON N.V. AEGON N.V. is a holding company and conducts substantially all of its operations through its subsidiaries which own substantially

all of its operating assets. Our subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide us with funds to meet any payment obligations that arise thereunder. 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 Capital Securities to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including obligations to policyholders. On March 31, 2006, the total indebtedness and obligations of our consolidated subsidiaries to creditors was €2.843 billion in aggregate.

**We are not prohibited from issuing further debt that may rank equally with or senior to the Capital Securities.**

There is no restriction on the amount of debt we may issue that ranks senior to the Capital Securities or on the amount of securities we may issue that rank equally with the Capital Securities. The issue of any such debt or securities may reduce the amount recoverable by you upon our bankruptcy or may increase the likelihood of a deferral of payments on the Capital Securities.

**We may redeem the Capital Securities at any time if certain adverse tax or regulatory events occur and we may redeem the Capital Securities at our option on September 15, 2011 or at any time on any Interest Payment Date thereafter.**

Upon the occurrence of certain tax or regulatory events, as described more fully in this prospectus supplement under "Description of the Capital Securities Redemption and Purchases," we may at our option redeem the Capital Securities at any time in whole, but not in part. We may also redeem the Capital Securities at our option, in whole but not in part, on or after September 15, 2011. Any redemption of the Capital Securities will be subject to the conditions described under "Description of the Capital Securities Redemption and Purchases."

**We may defer payments that we elect, or are required, to make pursuant to the Alternative Interest Satisfaction Mechanism should we fail to have a sufficient number of Common Shares available for issue.**

If we are to make a payment using the Alternative Interest Satisfaction Mechanism (which is mandatory if it concerns Deferred Payments and which we may elect to do in other cases) but we have an insufficient number of Common Shares available for issue, then our payment obligation will be suspended to the extent of such insufficiency until such time as sufficient Common Shares are available to satisfy all or part of the suspended payment obligation, as more fully described under "Description of the Capital Securities Alternative Interest Satisfaction Mechanism Reservation and Insufficiency of Common Shares."

**We may defer payments on the Capital Securities if a Market Disruption Event occurs.**

If, following our decision to satisfy a payment using the Alternative Interest Satisfaction Mechanism, in our opinion a Market Disruption Event exists, such payment may be deferred until the cessation of such market disruption, as more fully described under "Description of the Capital Securities Alternative Interest Satisfaction Mechanism Market Disruption." Any such Mandatorily Deferred Payments or Optionally Deferred Payments will bear interest at the Interest Rate from the date on which such payment was due to be made if the Market Disruption Event continues for 14 days or more.



**There are limitations on the remedies available to you and the trustee should we fail to pay amounts due on the Capital Securities.**

If a Payment Default occurs and continues with respect to the Capital Securities, the trustee may pursue all legal remedies available to it, including commencing a judicial proceeding for the collection of sums due and unpaid or commencing a bankruptcy proceeding in the Netherlands, but not elsewhere. The trustee may not, however, declare the principal amount of any outstanding Capital Security to be due and payable. Upon a Payment Event, the sole remedy available to the trustee for recovery of amounts owing in respect of any payment of principal in respect of the Capital Securities will be the institution of bankruptcy proceedings in the Netherlands. Although there is some doubt under Dutch law whether the trustee would be permitted to commence a bankruptcy proceeding in the Netherlands, in all cases any holder of the Capital Securities with a due and payable claim would be permitted to commence such proceedings in accordance with Dutch bankruptcy law. See "Description of the Capital Securities Non-Payment When Due; Limitation of Remedies."

**You will be deemed to have waived all rights of set-off.**

Subject to applicable law, you may not exercise or claim any right of set-off in respect of any amount we owe you arising under or in connection with the Capital Securities and you will be deemed, by virtue of holding the Capital Securities, to have waived all such rights of set-off. See "Description of the Capital Securities Non-Payment When Due; Limitation of Remedies."

**General market conditions and other factors could adversely affect market prices for the Capital Securities.**

Market prices for the Capital Securities can be expected to vary with changes in market and economic conditions, including changes in credit spreads and the market for similar securities, our financial condition and prospects, changes in our credit ratings (whether real or anticipated) and other factors that generally influence the market prices of securities.

**The Capital Securities are a new issue of securities, and there is no assurance that a trading market will exist or that it will be liquid.**

The Capital Securities are a new issue of securities and have no established trading market. Although application will be made to list the Capital Securities on the New York Stock Exchange, there can be no assurance that an active trading market will develop. Even if an active trading market does develop, no one, including the underwriters, is required to maintain its liquidity.

**You may not be entitled to receive U.S. dollars in a winding-up.**

If any holder of the Capital Securities is entitled to any recovery with respect to the Capital Securities in any winding-up, the holder of the Capital Securities might not be entitled in those proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in euro or any other lawful currency of the Netherlands. In addition, under current Dutch law, our liability to holders of the Capital Securities, would have to be converted into euro or any other lawful currency of the Netherlands at a date close to the commencement of proceedings against us and holders of the Capital Securities would be exposed to currency fluctuations between that date and the date they receive proceeds pursuant to such proceedings, if any.

**National Association of Insurance Commissioners (the "NAIC") may classify the Capital Securities.**

The NAIC reviews a broad array of securities, including so-called hybrid securities such as the Capital Securities, and may from time to time classify them into various categories. Depending on how the NAIC may classify the Capital Securities, they may be more or less attractive to U.S. insurance companies that may seek to invest in the Capital Securities, which may in turn affect the demand for the Capital Securities after this offering. You should consult with your own advisor about the implications to you, if any, of a classification by the NAIC with respect to the Capital Securities, if any.

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

We file annual reports with and furnish other information to the U.S. Securities and Exchange Commission ("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 100 F Street, N.E., Room 1580, 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.

**INCORPORATION OF CERTAIN INFORMATION WE FILE WITH THE SEC**

As permitted 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 that 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.

We incorporate by reference into this prospectus supplement and the accompanying prospectus our documents listed below:

Annual Report on Form 20-F for the fiscal year ended December 31, 2005;

Report on Form 6-K furnished to the SEC on April 26, 2006 relating to resolutions passed at the annual general meeting of shareholders of AEGON N.V.;

Report on Form 6-K furnished to the SEC on May 10, 2006;

Report on Form 6-K furnished to the SEC on May 12, 2006 relating to our first quarter 2006 financial results;

Report on Form 6-K furnished to the SEC on May 22, 2006;

Report on Form 6-K furnished to the SEC on May 31, 2006; 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

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

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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.com](mailto:groupir@aegon.com)

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](mailto:ir@aegonusa.com)

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## CAPITALIZATION

The following table sets forth our consolidated capitalization (a) as of March 31, 2006 and (b) as of March 31, 2006, as adjusted to give effect to this offering of Capital Securities and use of the net proceeds therefrom. It is important that you read this table in conjunction with, and it is qualified by reference to the historical financial statements and related notes in the information relating to our results for the three months ended March 31, 2006 furnished to the SEC on May 12, 2006 on Form 6-K, incorporated by reference in this prospectus.

The following table uses financial information derived from accounting policies based on IFRS.

	As of March 31, 2006	
	Actual	Adjusted(1)
	(in millions of €)	
Preferred shares par value(2)	59	59
Common shares par value(2)	192	192
Surplus funds	18,588	18,588
Shareholders' equity	18,839	18,839
Share options	5	5
Junior perpetual capital securities, year of first call: 2010(3)	636	636
Junior perpetual capital securities, year of first call: 2014(4)	1,352	1,352
Junior perpetual capital securities, year of first call: 2015(5)	821	821
Capital Securities offered hereby		413
Perpetual cumulative subordinated bonds(6)	567	567
Minority interest	18	18
Group equity	22,238	22,651
Trust pass through securities(6)	425	425
Subordinated borrowings(6)	279	279
Senior borrowings related to insurance activities(6)	2,092	1,679
Total capital base	25,034	25,034

(1) Adjusted to reflect this offering and use of the net proceeds therefrom.

(2) On March 31, 2006, our issued share capital consisted of 235,530,000 preferred shares, par value €0.25 per share, and 1,599 million common shares, par value €0.12 per share, net of shares held in our treasury. Our preferred shares and common shares are Junior Securities.

(3) Consists of two series of perpetual capital securities in aggregate principal amount of \$500 million and \$250 million, respectively, each of which are Parity Securities.

(4) Consists of two series of perpetual capital securities in aggregate principal amount of €950 million and \$500 million, respectively, each of which are Parity Securities.

(5) Consists of a series of perpetual capital securities in aggregate principal amount of \$1 billion, which are Parity Securities.

(6)

Holders of all such obligations are Senior Creditors.

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## DESCRIPTION OF THE CAPITAL SECURITIES

The following description of the particular terms of the Capital Securities supplements the description of the general terms and provisions of the Capital Securities set forth under "Description of Debt Securities" beginning on page 11 in the accompanying prospectus. The accompanying prospectus contains a detailed summary of additional provisions of the Capital Securities and of the Indenture under which they will be issued. 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 Capital Securities replaces the accompanying prospectus in the event of any inconsistency.

The following description is only a summary and does not describe every aspect of the Capital Securities or the Indenture. Therefore, it may not contain all of the information that is important to you as a potential purchaser of the Capital Securities. If you purchase the Capital Securities, your rights will be determined by the Capital Securities, the Indenture and the Trust Indenture Act of 1939. In light of this, you should read the Indenture and the form of the Capital Securities filed with the Securities and Exchange Commission before making an investment decision. You can read the Indenture and the form of Capital Securities at the locations listed under "Where You Can Find More Information About Us" in this prospectus supplement.

The Capital Securities will be issued under an indenture, dated as of October 11, 2001, between AEGON N.V., AEGON Funding Corp., AEGON Funding Corp. II and Citibank, N.A., as trustee, as such indenture has been modified and supplemented to the date hereof, and as shall be further modified by a fifth supplemental indenture to be dated as of June 28, 2006 (the "**Fifth Supplemental Indenture**") between AEGON N.V. and Citibank, N.A., as trustee, which we refer to collectively as the "**Indenture**." The Capital Securities will be treated as a separate series of our subordinated debt securities. We will file a copy of the Fifth Supplemental Indenture relating to the Capital Securities and the form of the Capital Securities with the SEC. In accordance with the terms of the Indenture, we are permitted to issue additional Capital Securities that would be considered part of the same series of Capital Securities we are offering pursuant to this prospectus supplement.

## FORM AND DENOMINATION

We will issue the Capital Securities only in fully registered form, without coupons, in the form of beneficial interests in one or more Global Securities. The Capital Securities will be issued in denominations of \$25 and integral multiples thereof. We will issue the Capital Securities as Global Securities registered in the name of Cede & Co., as nominee for DTC. Please read " Book-Entry System; Delivery and Form" for more information about the form of the Capital Securities and their clearance and settlement.

## INTEREST

### *Interest Payment Dates*

Subject to our right to defer Interest Payments as described under " Deferral of Payments," interest on the Capital Securities will be payable quarterly in arrears in equal payments for any full Interest Period on March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2006 at a fixed rate per annum on their outstanding principal amount equal to 6.875% (calculated on a 30/360 day basis). We refer to such rate as the "**Interest Rate**" and to each such date as an "**Interest Payment Date**." If any Interest Payment Date or the redemption date of the Capital Securities falls on a day that is not a Business Day, we will make the required payment on the next succeeding Business Day and no additional interest will accrue in respect of any payment made on the next succeeding Business Day.

Interest is payable from the date of issue of the Capital Securities or from the most recent date to which interest on such Capital Security has been paid or duly provided for, until the principal amount of such Capital Security is paid or duly made available for payment. We will pay interest through the paying agent to the person in whose name the Capital Security is registered on the record date.

Subject to the conditions described in this prospectus, we will make interest payments in an amount equal to the interest accrued from (and including) the immediately preceding Interest Payment Date in respect of which interest has been paid or from (and including) the date of issue, if no interest has been paid, to (but excluding) the applicable Interest Payment Date (each, an "**Interest Period**"). Each Capital Security will cease to bear interest from the due date for redemption, if any, unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at the Interest Rate.

## DEFERRAL OF PAYMENTS

We must make each Interest Payment on the relevant Interest Payment Date subject to and in accordance with the provisions contained herein. Subject to the conditions described herein under " Status" and " Dividend Pusher; Mandatory Payments and Mandatory Partial Payments," we must or may defer an Interest Payment and any other Payment in the following circumstances.

### *Required Deferral of Payments Before We Are Subject to Capital Adequacy Regulations*

(a) If, prior to such date as we become subject to Capital Adequacy Regulations, on the 20th Business Day prior to the date on which any payment (not including principal) would otherwise be due and payable, we determine that we are not Solvent or that payment of the relevant payment or part thereof would result in us becoming not Solvent, we must defer such payment or such part thereof, as the case may be, by giving notice to the trustee and the holders of Capital Securities. We refer to such deferred payment (together with any required deferral due to a Regulatory Event (as described below)) as a "**Mandatorily Deferred Payment**" and to such notice as well as any similar notice given in the event of a Mandatorily Deferred Payment due to the occurrence of a Regulatory Event or an Optionally Deferred Payment (as described below) as a "**Deferral Notice**." A Deferral Notice must be given not less than 16 Business Days prior to the payment due date. This required deferral is subject to the Alternative Interest Satisfaction Mechanism.

If, after we defer a payment for this reason, the relevant Required Deferral Condition is no longer met on the 20th Business Day preceding any subsequent Interest Payment Date, then we will satisfy such payment on the relevant Deferred Interest Satisfaction Date by giving notice, not less than 16 Business Days prior to the Deferred Interest Satisfaction Date, to the trustee and the holders of Capital Securities that we will satisfy such payment on such date.

(b) We will not satisfy such payment on the relevant Deferred Interest Satisfaction Date referred to above, if:

we have previously elected to satisfy such payment earlier (provided that, at the time of satisfying such payment, the relevant Required Deferral Condition fails to be met) by delivering a notice to the trustee and the holders of Capital Securities not less than 16 Business Days prior to the relevant Deferred Interest Satisfaction Date that we will satisfy such payment on such date; or

we validly elect to use our right to optionally defer any such payment that would otherwise have been required to be paid on such Deferred Interest Satisfaction Date as described below under " Optionally Deferred Payments."

(c) We may only satisfy our obligation to pay a Mandatorily Deferred Payment in accordance with the Alternative Interest Satisfaction Mechanism. A Mandatorily Deferred Payment will not accrue



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interest, except under the circumstances we describe under " Alternative Interest Satisfaction Mechanism."

### *Required Deferral of Payments After We Become Subject to Capital Adequacy Regulations*

(a) If, after such date as we become subject to Capital Adequacy Regulations, on the 20th Business Day prior to the date on which any payment (not including principal) would otherwise be due and payable, we determine that we are subject to a Regulatory Event or that payment of the relevant payment or part thereof would result in us becoming subject to a Regulatory Event, we must defer such payment or such part thereof, as the case may be, by giving a Deferral Notice to the trustee and the holders of Capital Securities. A Deferral Notice must be given not less than 16 Business Days prior to the payment due date.

If, after we defer a payment for this reason, the relevant Required Deferral Condition is no longer met on the 20th Business Day preceding any subsequent Interest Payment Date, then we will satisfy such payment on the relevant Deferred Interest Satisfaction Date by giving notice, not less than 16 Business Days prior to the Deferred Interest Satisfaction Date, to the trustee and the holders of Capital Securities that we will satisfy such payment on such date.

(b) We will not satisfy such payment on the relevant Deferred Interest Satisfaction Date referred to above, if:

we have previously elected to satisfy such payment earlier (provided that, at the time of satisfying such payment, the relevant Required Deferral Condition fails to be met) by delivering a notice to the trustee and the holders of Capital Securities not less than 16 Business Days prior to the relevant Deferred Interest Satisfaction Date that we will satisfy such payment on such date; or

we validly elect to use our right to optionally defer any such payment that would otherwise have been required to be paid on such Deferred Interest Satisfaction Date as described below under " Optionally Deferred Payments."

(c) We may only satisfy our obligations to pay a Mandatorily Deferred Payment in accordance with the Alternative Interest Satisfaction Mechanism. A Mandatorily Deferred Payment will not accrue interest, except under the circumstances we describe under " Alternative Interest Satisfaction Mechanism."

Any Mandatorily Deferred Payment will be satisfied from the proceeds of the issue of Common Shares as described herein under " Alternative Interest Satisfaction Mechanism."

### *Optionally Deferred Payments*

Subject to the conditions described under "Dividend Pusher; Mandatory Payments and Mandatory Partial Payments", we may at any time in our sole discretion and for any reason defer all or part of any Payment that would in the absence of deferral be due and payable by giving a Deferral Notice to the trustee and the holders of Capital Securities not less than 16 Business Days prior to the relevant due date. We will then, subject to the absence of a Required Deferral Condition, satisfy any such Optionally Deferred Payment at any time by means of an issuance of Common Shares in accordance with the Alternative Interest Satisfaction Mechanism, upon delivery of a notice to the trustee and the holders of Capital Securities, not less than 16 Business Days prior to the relevant Deferred Interest Satisfaction Date, informing them of our election to so satisfy such payment and specifying the relevant Deferred Interest Satisfaction Date.

Optionally Deferred Payments will bear interest at the Interest Rate from (and including) the date on which, but for such deferral, the Optionally Deferred Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Satisfaction Date.

#### **DIVIDEND PUSHER; MANDATORY PAYMENTS AND MANDATORY PARTIAL PAYMENTS**

We will give a Deferral Notice in the case of a Required Deferral Condition and we may give a Deferral Notice, in our sole discretion and for any reason, in the case of an Optionally Deferred Payment, except that any such Deferral Notice as to a payment required to be paid pursuant to a Mandatory Payment Event or Mandatory Partial Payment Event pursuant to paragraph (a) below will have no force or effect.

We will be required to make payments on the Capital Securities in the following circumstances.

(a) If a Mandatory Payment Event or Mandatory Partial Payment Event (each as described below) occurs then all Mandatorily Deferred Payments and Optionally Deferred Payments will become mandatorily due and payable in full on the date of the event. Notwithstanding any provision to the contrary herein, we will only satisfy our obligations to pay such Mandatorily Deferred Payments and Optionally Deferred Payments in accordance with the provisions of the Alternative Interest Satisfaction Mechanism.

(b) If a Mandatory Payment Event occurs, then the Interest Payments payable on the next four consecutive Interest Payment Dates, the next two consecutive Interest Payment Dates or the next Interest Payment Date, as the case may be, following the Mandatory Payment Event, depending on whether the Junior Security, the Parity Security or the security benefiting from a Junior Guarantee or a Parity Guarantee pays dividends or income distributions on an annual basis, a semi-annual basis or a quarterly basis, as the case may be, will be mandatorily due and payable in full on the relevant Interest Payment Dates. We may, but will not be required to, satisfy our obligation to make the Interest Payment payable on such Interest Payment Date in accordance with the Alternative Interest Satisfaction Mechanism.

A Mandatory Payment Event occurs if:

we declare, pay or distribute a dividend or make a payment (other than a dividend in the form of Common Shares) on any of our Junior Securities or make a payment on a Junior Guarantee;

any of our subsidiaries or any corporate body, partnership or cooperative in which we have a direct or indirect financial, commercial or contractual majority interest, which we refer to as an Undertaking, declares, pays or distributes a dividend on any security issued by it benefiting from a Junior Guarantee or makes a payment (other than a dividend in the form of Common Shares) on any security issued by it benefiting from a Junior Guarantee;

we or any of our subsidiaries or Undertakings redeems, purchases or otherwise acquires for any consideration any of our Junior Securities, Parity Securities or securities issued by any of our subsidiaries or Undertakings benefiting from a Junior Guarantee or Parity Guarantee, other than:

by conversion into or in exchange for our Common Shares;

in connection with transactions effected by or for the account of our customers or customers of any of our subsidiaries or in connection with the distribution, trading or market-making activities in respect of those securities;

in connection with our satisfaction of our, or the satisfaction by any of our subsidiaries of its, obligations under any of our employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of AEGON;

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as a result of a reclassification of us or any of our subsidiaries or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or

the purchase of fractional interests in shares of our capital stock or the capital stock of any of our subsidiaries pursuant to the conversion or exchange provisions of that capital stock (or the security being converted or exchanged); or

any moneys are paid to or made available for a sinking fund or for redemption of any Junior Securities, Parity Securities or any securities issued by any of our subsidiaries or Undertakings benefiting from a Junior Guarantee or Parity Guarantee;

in all such cases described above, except where it concerns a payment, purchase or redemption that we are obliged to make pursuant to our Articles of Association as they read prior to the relevant deferral or equity swap, forward, repo or equity derivative transactions we conclude prior to the relevant deferral.

(c) If a Mandatory Partial Payment Event occurs, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Capital Security. Such Mandatory Partial Payments will be payable on the next four consecutive Interest Payment Dates, the next two consecutive Interest Payment Dates or the next Interest Payment Date, as the case may be, after the occurrence of such Mandatory Partial Payment Event, depending on whether the Parity Securities pay dividends or income distributions on an annual basis, a semi-annual basis or a quarterly basis, as the case may be. We may, but will not be required to, satisfy our obligation to pay any Mandatory Partial Payments in accordance with the Alternative Interest Satisfaction Mechanism.

A Mandatory Partial Payment Event occurs if:

we declare, pay or distribute a dividend or make a payment on any of our Parity Securities or make any payment on any of our Parity Guarantees (except where it concerns a payment, purchase or redemption that we are obliged to make pursuant to our Articles of Association as they read prior to the relevant deferral or equity swap, forward, repo or equity derivative transactions concluded by us prior to the relevant deferral); or

any of our subsidiaries or Undertakings declares, pays or distributes a dividend on any security issued by it benefiting from a Parity Guarantee or makes a payment on any security issued by it benefiting from a Parity Guarantee.

### **ALTERNATIVE INTEREST SATISFACTION MECHANISM**

We will satisfy any Mandatorily Deferred Payments and any Optionally Deferred Payments (with any interest accrued thereon, as applicable) using proceeds raised by the Alternative Interest Satisfaction Mechanism. In addition, we may elect at any time to satisfy our obligation to make any Payment (other than Deferred Payments and a payment of principal) to holders of Capital Securities by using the Alternative Interest Satisfaction Mechanism. Applying this mechanism means that we will issue Common Shares for cash in an amount as required to provide enough cash for us to make full payments on the Capital Securities in respect of the relevant Payment. We will calculate the number of Common Shares that we must issue to raise the full amount of money due on the Capital Securities on the relevant payment date plus the claims for the costs and expenses to be borne by us in connection with using the Alternative Interest Satisfaction Mechanism. You will always receive Payments made in respect of the Capital Securities in cash.

If we use the Alternative Interest Satisfaction Mechanism, we will notify the trustee not less than 16 Business Days prior to the relevant Interest Payment Date. Unless there is a required or an optional deferral of payment in accordance with the provisions described in this prospectus supplement under

" Deferral of Payments," Payments must be satisfied in accordance with the provisions described in this prospectus supplement under " Payments on the Global Securities Method of Payment."

*Issue of Common Shares*

If we satisfy any Payment in accordance with the Alternative Interest Satisfaction Mechanism then, subject to the conditions described under " Reservation and Insufficiency of Common Shares" and " Market Disruption," the following will occur.

(a) By close of business on or before the seventh Business Day prior to the relevant Interest Payment Date or Deferred Interest Satisfaction Date we will have authorized for issue such number of Common Shares as, in our determination, have a market value (after conversion from euro into U.S. dollars, if applicable) of not less than the relevant Payment to be satisfied.

(b) We will procure purchasers for such Common Shares as soon as possible after the above-mentioned authorization for the issue of Common Shares, but not later than the fourth Business Day prior to the Relevant Date.

(c) If, after the operation of the above procedures, there would, in our opinion, be a shortfall on the date on which the relevant Payment is due, we will issue further Common Shares in accordance with the provisions of the Indenture to ensure that a sum at least equal to the relevant Payment is available to make the Payment in full on the relevant due date, provided that if, despite these efforts, such a shortfall exists on the relevant due date we will continue to issue Common Shares until the trustee shall have received funds equal to the full amount of such shortfall.

*Receipt of Cash Proceeds in Respect of Issue of Common Shares to be Used to Satisfy Payment*

If we elect or if we are required to make a Payment hereunder by using the proceeds of an issue of Common Shares, and, in accordance with our obligations, we issue such Common Shares under the Indenture, we will sell such Common Shares in the market. Subject to the conditions described below under "Status Conditions of Payment," the cash proceeds we receive on the sale of the Common Shares in the market will be used to satisfy the relevant Payment or, as the case may be, the relevant part of such Payment. We will transfer the cash proceeds (or such amount of cash proceeds as is necessary (after conversion from euro to U.S. dollars, if applicable) to make the relevant Payment) to the trustee on the Business Day preceding the relevant payment date for Payment by the trustee, on the relevant payment date, towards the relevant Payments to be satisfied. The trustee shall pay to the holders of Capital Securities the proceeds of the sale of Common Shares in respect of the relevant Payment.

*Reservation and Insufficiency of Common Shares*

(a) We are required to keep available for issue enough Common Shares as we reasonably consider would be required to satisfy from time to time the next year's scheduled Interest Payments and any Mandatorily Deferred Payments or Optionally Deferred Payments. No damages will be payable for breach of this covenant but, if we breach this requirement, the trustee may require that we hold, as soon as practicable, an extraordinary general meeting of our shareholders at which we will seek a resolution to remedy the breach. The trustee is not obliged to monitor our compliance with this paragraph and is entitled to assume, unless it has actual knowledge to the contrary, that we are complying with our obligations under this paragraph.

(b) In the event that we do not, on the date when the number of Common Shares required to be issued is determined, have a sufficient number of Common Share