

Netherlands-Based Eureko B.V. 's €500 Mil Perpetual Capital Securities Issue Rated 'BBB'

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LONDON (Standard & Poor's) June 22, 2005—Standard & Poor's Ratings Services said today it assigned its 'BBB' junior subordinated debt rating to the €500 million Perpetual Capital Securities issue, which closed on June 15, 2005. The securities have been issued by Netherlands-based Eureko B.V. (A-/Stable/—) and qualify for hybrid equity treatment in Standard & Poor's capital analysis.

The ratings on Eureko B.V. are based on its position as the holding company for the Eureko group, which has a strong management team with enhancing credibility, strong capitalization, and a strong competitive position in the Dutch insurance market. This is Eureko B.V.'s first issue in the capital markets, and its success is viewed positively by Standard & Poor's.

The two-notch differential between the rating on the issue and the ratings on Eureko B.V. reflects the subordination and unsecured features of the instrument.

"The securities qualify for hybrid equity based on their subordination to other creditors, long-term nature, and the ability, entirely at management's discretion, to defer coupon payments without causing default, in addition to mandatory deferral of coupon payments when certain minimum solvency thresholds are breached," said Standard & Poor's credit analyst Paul Bradley.

The securities can be called by Eureko B.V. after 10 years. The securities will bear a fixed rate of interest of 5.125%, payable annually in arrear, for the first 10 years. If the issue is not called in 2015, the coupon will reset quarterly at a margin of 280 basis points over the three-month EURIBOR. Management expects the securities to remain a long-term feature of the group's capital structure.

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