

**PROSPECTUS DATED 14 July 2009**



**ASR Nederland N.V.**

**(the “Issuer”)**

**Issue of  
Step-Up Fixed-Floating Perpetual Capital Securities (the “Step-Up Fixed-Floating Securities”)  
and  
Non Step-Up Fixed Perpetual Capital Securities (the “Non Step-Up Fixed Securities”)  
(together referred to as the “Securities”)  
Issue Price: 100 per cent.**

**unconditionally and irrevocably guaranteed on a subordinated basis by**

**ASR Levensverzekering N.V.**

Unless expressly indicated otherwise, the terms and expressions used herein have the same meaning as given to them in the terms and conditions of the Step-Up Fixed-Floating Securities (the “**Step-Up Securities Terms and Conditions**”) and/or the terms and conditions of the Non Step-Up Fixed Securities (the “**Non Step-Up Securities Terms and Conditions**”) and together with the Step-Up Securities Terms and Conditions, the “**Terms and Conditions of the Securities**”).

The (i) aggregate nominal amount of Step-Up Fixed-Floating Securities and Non Step-Up Fixed Securities to be issued and (ii) net proceeds of issue will be determined by the Issuer following, and on the basis of, the completion of the Offer Period (as described under “*Public Offer – Terms and conditions of the Public Offer*”) and will be published on or about 3 August 2009 on the Issuer’s website ([www.asrnederland.nl](http://www.asrnederland.nl)) and in a press release.

The Securities are perpetual securities and have no fixed redemption date. However, the Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities may (subject to the prior approval of the Dutch Central Bank) be redeemed in whole, but not in part, at the option of the Issuer, at their principal amount, in each case together with any Outstanding Payments, on the Coupon Payment Date falling on 26 October 2019 or any Coupon Payment Date thereafter in the case of the Step-Up Fixed-Floating Securities and on 30 September 2019 or any Coupon Payment Date thereafter in the case of the Non Step-Up Fixed Securities. The Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities may be redeemed upon the occurrence of a certain tax event or for regulatory purposes, subject to Condition 7 of each of the Step-Up Securities Terms and Conditions and the Non Step-Up Securities Terms and Conditions.

The Step-Up Fixed-Floating Securities will bear interest from (and including) the Issue Date to (but excluding) 26 October 2019 at a fixed rate of 10.0 per cent. per annum payable annually in arrear on 26 October in each year starting 26 October 2010, subject to Conditions 4 and 5 of the Step-Up Securities Terms and Conditions. Thereafter, the Step-Up Fixed-Floating Securities will bear interest at a rate equal to Three Month EURIBOR (as defined in Condition 19 of the Step-Up Securities Terms and Conditions) plus a margin to be determined and published on the Issuer’s website and in a press release on or about 31 July 2009, payable quarterly in arrear on 26 January, 26 April, 26 July and 26 October in each year starting 26 January 2020, subject to Conditions 4 and 5 of the Step-Up Securities Terms and Conditions.

The Non Step-Up Fixed Securities will bear interest from (and including) the Issue Date at a fixed rate of 7.25 per cent. per annum payable annually in arrear on 30 September in each year starting 30 September 2010, subject to Conditions 4 and 5 of the Non Step-Up Securities Terms and Conditions.

Payments of interest (but not principal) on the Securities may be deferred, as more fully described in Condition 4 of the Terms and Conditions of the Securities, but any Deferred Coupon Payment (as defined in Condition 19 of the Terms and Conditions of the Securities) will immediately become due and payable if the Issuer makes any payment on or purchases or redeems its Junior Securities or Parity Securities (both as defined in Condition 19 of the Terms and Conditions of the Securities). All payments to holders of the Securities will be made in cash only but to the extent that the Issuer does not otherwise have funds available to make such payments, the moneys to satisfy such Deferred Coupon Payment may only be raised by the issue of Payment Capital Securities (as defined in Condition 19 of the Terms and Conditions of the Securities) equal to the amount of the relevant Deferred Coupon Payments.

The Securities constitute direct, unsecured and subordinated securities of the Issuer as described in Condition 2 of the Terms and Conditions of the Securities.

The payments of all amounts due in respect of the Securities will be unconditionally and irrevocably guaranteed on a subordinated basis by ASR Levensverzekering N.V. (the “**Guarantor**”). See “*Description of the Subordinated Guarantee*”.

This Prospectus has been approved by the Netherlands Authority for the Financial Markets (‘*Stichting Autoriteit Financiële Markten*’) (the “**AFM**”), which is the Netherlands competent authority for the purpose of Directive 2007/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in the Netherlands, as a Prospectus issued in compliance with the Prospectus Directive and the Prospectus Regulation and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of the Securities. Application has been made for the listing of the Securities on Euronext Amsterdam by NYSE Euronext (“**Euronext Amsterdam**”). Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). It is anticipated that the Securities will be quoted as a percentage of their principal amount.

The Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities are expected to be assigned, on issue, a rating of BBB+ by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc and a rating of BBB+ by Fitch Ratings Ltd. As defined by Standard & Poor’s Rating Services, an obligation rated “BBB” means that the obligation exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitment on the obligation. As defined by Fitch Ratings Ltd., a rating of “BBB” means an obligation which has good credit quality and that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category assigned by Fitch.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Step-Up Fixed-Floating Securities will be issued in bearer form and shall have denominations of €1.00 each. The Non Step-Up Fixed Securities will be issued in bearer form and shall have denominations of €1.00 each. The Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities will upon issue each be represented by a global security (respectively the “**Step Up Global Security**” and the “**Non Step-Up Global Security**” and together the “**Global Securities**”) in bearer form without interest coupons. The Global Securities will each be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“**Euroclear Netherlands**”) and purchase transactions will be cleared through Euroclear Netherlands participants including Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Neither of the Global Securities will be exchangeable for definitive Securities in bearer form.

The Securities are being issued in furtherance of an exchange offer and consent solicitation which is being made by the Issuer to the holders of the €400,000,000 Floating Rate Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456R1006) issued by Fortis Floating Rate Capital Funding Trust, the €200,000,000 Fixed Rate Annual Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456N1091) issued by Fortis Fixed Rate Capital Funding Trust and the €50,000,000 Fortis Fixed Rate Quarterly Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456P1040) issued by Fortis Fixed Rate Quarterly Capital Funding Trust (together the “**Trust Securities**”) (the “**Exchange Offer**”). The terms and conditions of the exchange offer are set out in

an exchange offer and consent solicitation memorandum to be dated on or about 15 July 2009 (the “**Exchange Offer and Consent Solicitation Memorandum**”). In addition, the Issuer is offering the Securities to other subscribers. Any such Securities to be issued to other subscribers outside of the Exchange Offer are referred to herein as the “**New Issue Securities**”.

References herein to “**Securities**” shall include the New Issue Securities unless otherwise stated or required by the context.

The issue of the Securities is conditional upon the satisfaction or waiver by the Issuer of the Exchange Offer Conditions (as defined in the Exchange Offer and Consent Solicitation Memorandum).

**An investment in the Securities involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" starting on page 12.**

*Dealer Managers*

**Rabobank International**

**UBS Investment Bank**

The date of this Prospectus is 14 July 2009.

## TABLE OF CONTENTS

Table of Contents .....	4
Summary .....	5
Risk Factors.....	12
Important Information.....	17
Documents Incorporated by Reference.....	20
Terms and Conditions of the Step-Up Fixed-Floating Securities .....	21
Terms and Conditions of the Non Step-Up Fixed Securities .....	43
Description of the Subordinated Guarantee .....	62
Use of Proceeds .....	65
Public Offer .....	66
ASR Nederland N.V. ....	69
ASR Levensverzekering N.V. ....	80
Netherlands Taxation.....	84
Offer Restrictions .....	88
General Information.....	91

## SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to either the Issuer or the Guarantor in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area (an “**EEA State**”), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

The following summary refers to certain provisions of the Terms and Conditions of the Securities and the Trust Deed and, insofar as it refers to the Terms and Conditions of the Securities, is qualified by the more detailed information contained elsewhere in this Prospectus. Defined terms used herein have the meaning given to them in the Terms and Conditions of the Securities.

### **Issuer**

ASR Nederland N.V.

ASR Nederland N.V. was incorporated on 15 November 1983 and is a public company with limited liability (“*naamloze vennootschap*”) incorporated and operating under Dutch law. It has its statutory seat at Utrecht, the Netherlands.

The objects and purposes of ASR Nederland N.V., as described in article 2 of its articles of association are, *inter alia*, to participate in, finance, co-operate with, manage, provide advice and other services to, legal entities or other enterprises, in particular legal entities and other enterprises which are engaged in the insurance or banking business, in investments and/or other financial services.

Fortis Holding NV (“**Fortis**”), founded in 1990 by the Dutch insurer AMEV and Bank Group VSB, acquired the ASR Group in 2000. AMEV and ASR Groep merged to Fortis ASR Group, later rebranded into Fortis Verzekeringen Nederland. After the sale to the Dutch state in October 2008, Fortis Verzekeringen Nederland became a stand-alone insurer. Recently Fortis Verzekeringen Nederland was rebranded into ASR Nederland.

All outstanding shares in the capital of ASR Nederland N.V. are held by the State of the Netherlands.

### **Guarantor**

ASR Levensverzekering N.V.

ASR Levensverzekering N.V. was incorporated on 6 August 1883 and is a public company with limited liability (“*naamloze vennootschap*”) incorporated and operating under Dutch law. It has its statutory seat at Utrecht, the Netherlands.

The objects and purposes of ASR Levensverzekering N.V., as described in article 3 of its articles of association are, *inter alia*, the exercise of life insurance business, including reinsurance, as well as to participate in and manage other life insurance companies, in

the broadest sense of the word.

Until recently, ASR Levensverzekering N.V. was named Fortis ASR Levensverzekering, but has been rebranded into ASR Levensverzekering.

All of the shares of ASR Levensverzekering N.V. are held by ASR Verzekeringen N.V., all of whose shares are in turn held by ASR Nederland N.V.

<b>Trustee</b>	Amsterdamsch Trustee's Kantoor B.V.
<b>Issue Size</b>	The (i) aggregate nominal amount of Step-Up Fixed-Floating Securities and Non Step-Up Fixed Securities to be issued and (ii) net proceeds of issue will be determined by the Issuer following, and on the basis of, the completion of the Offer Period (as described under “ <i>Public Offer – Terms and conditions of the Public Offer</i> ”) and will be published on or about 3 August 2009 on the Issuer’s website ( <a href="http://www.asrnederland.nl">www.asrnederland.nl</a> ) and in a press release.
<b>Conditions to Issue</b>	The issue of the Securities is conditional upon the satisfaction or waiver by the Issuer of the Exchange Offer Conditions (as defined in the Exchange Offer and Consent Solicitation Memorandum).
<b>Issue Price</b>	100 per cent.
<b>Redemption / Call Option</b>	The Securities are perpetual securities and have no fixed maturity date. Subject to prior consent of De Nederlandsche Bank N.V. (“ <b>DNB</b> ”), the Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount, together with any Outstanding Payments on the Coupon Payment Dates falling on 26 October 2019 or any Coupon Payment Date thereafter in the case of the Step-Up Fixed-Floating Securities and on 30 September 2019 or any Coupon Payment Date thereafter in the case of the Non Step-Up Fixed Securities.
<b>Interest</b>	<p>The Step-Up Fixed-Floating Securities will bear interest (i) from (and including) the Issue Date to (but excluding) 26 October 2019, at a fixed rate of 10.0 per cent. per annum and (ii) from (and including) 26 October 2019 at a floating rate of interest equal to Three Month EURIBOR plus a margin to be determined and published on the Issuer's website and in a press release on or about 31 July 2009.</p> <p>The Non Step-Up Fixed Securities will bear interest from (and including) the Issue Date at a fixed rate of 7.25 per cent. per annum.</p>
<b>Coupon Payment Dates</b>	Subject as described below, Coupon Payments on the Step-Up Fixed-Floating Securities will be payable annually in arrear on 26 October in each year from (and including) 26 October 2010 to (and including) 26 October 2019 and, thereafter quarterly in arrear on 26 January, 26 April, 26 July and 26 October in each year from (and including) 26 January 2020 subject to Conditions 4 and 5 of the

## Step-Up Securities Terms and Conditions.

Subject as described below, Coupon Payments on the Non Step-Up Fixed Securities will be payable annually in arrear on 30 September in each year from (and including) 30 September 2010 subject to Conditions 4 and 5 of the Non Step-Up Securities Terms and Conditions.

### **Condition to Payments**

No principal or Payment shall be payable by the Issuer if the Guarantor is subject to a Regulatory Event or would be subject to a Regulatory Event within a reasonable period of time after payment of such principal or Payment was scheduled to be made, as notified by the DNB.

A Regulatory Event has been defined to mean that the Guarantor shall have been notified in writing by the Regulator (being *De Nederlandsche Bank N.V.* (the Dutch Central Bank) or any successor regulator) to the effect that at any Coupon Payment Date, the Guarantor's solvency margin or other capital adequacy requirement to which the Guarantor may become subject would after payment of the Coupon Payment be less than the minimum solvency margin or other capital adequacy requirements as applied and enforced by the Regulator or any other appropriate regulator.

### **Status and Subordination**

The Securities constitute direct, unsecured and subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.

### **Status of the Guarantee:**

The Guarantee constitutes direct, unsecured and subordinated obligations of the Guarantor. The rights and claims of the Holders under the Guarantee are subordinated to the claims of Senior Creditors of the Guarantor, present and future.

### **Winding-up Claims**

The Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and will rank *pari passu* and without preference among themselves and *pari passu* with Parity Securities and Parity Guarantees, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

### **Mandatory Deferral of Payments**

If the Issuer determines, on the 20th Business Day prior to the date on which any Payment would, in the absence of deferral in accordance with Condition 4 of the Terms and Conditions of the Securities, be due and payable, that the Guarantor is subject to a Regulatory Event or that payment of the relevant Payment under the Guarantee would result in the Guarantor becoming subject to a Regulatory Event, the Issuer shall defer such Payment.

Any Payment so deferred by the Issuer shall only be satisfied by the Issuer to the extent that a Mandatory Payment Event or Mandatory Partial Payment Event occurs. See Condition 4(c).

<b>Optional Deferral of Payments</b>	<p>The Issuer may at its option elect to defer any Payment for any period of time. However if the Issuer makes this election, the deferred Payment will continue to bear interest at the Applicable Coupon Rate for the full period for which such Payment remains unpaid.</p>
<b>Deferred and Future Interest Payments/Dividend Pusher</b>	<p>Any Payment which has been deferred will become immediately due and payable if the Issuer or the Guarantor makes payment on or purchases or redeems any Parity Securities or Junior Securities, as the case may be, notwithstanding any further Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition. Such payments must be made by utilising the Alternative Coupon Satisfaction Mechanism.</p> <p>Furthermore, notwithstanding a deferral of Coupon Payments under a Mandatory Deferral Notice or an Optional Deferral Notice, the Issuer will be required to make Coupon Payments falling on a certain number of following Coupon Payment Dates upon the occurrence of a Mandatory Payment Event or a Mandatory Partial Payment Event in respect of the Issuer. Such payments may be made by utilising the Alternative Coupon Satisfaction Mechanism.</p> <p>If and as long as the Mandatory Deferral Condition is met, the Guarantor will be required to make Coupon Payments falling on a certain number of following Coupon Payment Dates upon the occurrence of a Mandatory Payment Event or a Mandatory Partial Payment Event in respect of the Guarantor.</p>
<b>Dividend Stopper</b>	<p>The Issuer has agreed that if it defers a Payment for any reason as described above then, while any Payment is so deferred, it will not recommend to its respective shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or Mandatory Partial Payment Event.</p>
<b>Alternative Coupon Satisfaction Mechanism</b>	<p>Any Deferred Coupon Payment (together, if applicable, with any interest accrued on such Deferred Coupon Payment) will be satisfied using the Alternative Coupon Satisfaction Mechanism. This mechanism means that the relevant payment is satisfied from the proceeds of the issue by the Issuer of such amount of Payment Capital Securities for cash as may be required to provide cash issue proceeds sufficient to enable the Issuer to pay the relevant Payment in full. If, as and when the Issuer elects to satisfy any Payment to Holders, the Issuer will calculate (failing which, the Calculation Agent will calculate) and issue such principal amount of Payment Capital Securities the proceeds of issue of which will provide the cash amount due in respect of the Deferred Coupon Payment. Holders of the Securities will always receive payments made in respect of the Securities in cash.</p>
<b>Sufficiency</b>	<p>The Issuer is required to keep available for issue enough Payment Capital Securities as it reasonably considers would be required to satisfy from time to time the next year's scheduled Coupon</p>



Payment(s) and any then outstanding Deferred Coupon Payments.

**Market Disruption Event**

If, in the opinion of the Issuer, a Market Disruption Event in respect of its Payment Capital Securities exists on or after the 15th Business Day preceding any date upon which the Issuer is due to satisfy a Payment using the Alternative Coupon Satisfaction Mechanism, the payment to Holders may be deferred until the Market Disruption Event no longer exists. Any such deferred payments shall bear interest at the Applicable Coupon Rate if the Market Disruption Event continues for 14 days or more.

A Market Disruption Event is defined to mean (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or on settlement procedures for transactions in the Payment Capital Securities on the Relevant Stock Exchange) if, in any such case, that suspension or limitation is, in the determination of the Issuer material in the context of the sale of the Payment Capital Securities, (ii) where, in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Payment Capital Securities or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Capital Securities, (iii) where, pursuant to the Terms and Conditions of the Securities, moneys 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 (iv) where, in the opinion of the Issuer, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Payment Capital Securities or dealings in the Payment Capital Securities in the secondary market, if any.

**Additional Amounts**

The Issuer will, subject to customary exceptions, pay additional amounts to Holders of the Securities to gross up Payments upon the imposition of any Dutch withholding tax. See Condition 10.

**Redemption or Conversion for Taxation Reasons**

Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes as described in Condition 7(c) of the Terms and Conditions of the Securities, the Issuer may, subject to the prior consent of DNB, redeem all but not some only of the Securities at their principal amount together with any Outstanding Payments or modify the terms of the Securities or convert the Securities into another series of capital securities, as more fully described in the Terms and Conditions of the Securities.

In the case of the Step-Up Fixed-Floating Securities, such redemption shall in the period before the Reset Date be effected at the greater of their principal amount and the Make Whole Amount if the relevant changes to the tax treatment do not result from a Tax Law Change (see Condition 7(d) of the Terms and Conditions of the Step-Up Fixed-Floating Securities).

**Redemption or Conversion for**

If the Issuer is not permitted to treat the aggregate principal amount

<b>Regulatory Reasons</b>	of the Step-Up Fixed-Floating Securities and/or the Non Step-Up Fixed Securities as "own funds" and "core capital" (Tier 1 Capital or equivalent) for the purposes of determining its solvency margin, capital adequacy ratios or comparable margins or ratios under applicable capital adequacy regulations, then the Issuer may, subject to the prior consent of DNB, redeem all, but not some only, of the Step-Up Fixed-Floating Securities and/or the Non Step-Up Fixed Securities at their principal amount (or, in the case of the Step-Up Fixed-Floating Securities in the period before the Reset Date, the greater of the principal amount and the Make Whole Amount) together with any Outstanding Payments or modify the terms of the Step-Up Fixed-Floating Securities and/or the Non Step-Up Fixed Securities or convert the Step-Up Fixed-Floating Securities and/or the Non Step-Up Fixed Securities into another series of capital securities, as more fully described in the Terms and Conditions of the Securities.
<b>Remedy for Non-Payment</b>	The sole remedy against the Issuer available to any Holder of Securities for recovery of amounts owing in respect of the Securities will be the institution of proceedings for the winding-up ( <i>faillissementsprocedure</i> ) of the Issuer and/or proving in such winding up.
<b>Form</b>	The Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities will each be represented by a Global Security in bearer form (respectively the “ <b>Step-Up Global Security</b> ” and the “ <b>Non Step-Up Global Security</b> ” and together the “ <b>Global Securities</b> ”), without coupons attached. The Global Securities will each be deposited with Euroclear Netherlands ( <i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i> ). Neither of the Global Securities will be exchangeable for definitive Securities in bearer form.
<b>Denominations</b>	Step-Up Fixed-Floating Securities: €1.00 Non Step-Up Fixed Securities: €1.00
<b>Clearing Systems</b>	Euroclear Netherlands, Clearstream, Luxembourg and Euroclear.
<b>Offer Restrictions</b>	The offering of the Securities is subject to applicable offer restrictions. See " <i>Offer Restrictions</i> ".
<b>Public Offer</b>	<p>The Securities may be offered to the public in each of Belgium, France, Germany, Ireland, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom. For a description of the public offer, see “<i>Public Offer – Terms and conditions of the Public Offer</i>”. However, the Exchange Offer is not being made to the public in Belgium, France or Portugal.</p> <p>The aggregate nominal amount of the Step-Up Fixed-Floating Securities and Non Step-Up Fixed Securities to be issued (if any) will be determined by the Issuer following, and on the basis of, the success and completion of the Exchange Offer (as described under “<i>Public Offer – Terms and conditions of the Public Offer</i>”) and the amount of subscriptions received from other subscribers for New</p>

Issue Securities, and will be published on or about 3 August 2009 on the Issuer's website ([www.asrnederland.nl](http://www.asrnederland.nl)) and in a press release.

**Listing**

Application has been made to list the Securities on Euronext Amsterdam by NYSE Euronext. It is anticipated that the Securities will be quoted as a percentage of their principal amount.

**Ratings**

The Step-Up Fixed-Floating Securities and the Non Step-Up Fixed Securities are expected to be assigned, on issue, a rating of BBB+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc and a rating of BBB+ by Fitch Ratings Ltd. As defined by Standard & Poor's Rating Services, an obligation rated "BBB" means that the obligation exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitment on the obligation. As defined by Fitch Ratings Ltd., a rating of "BBB" means an obligation which has good credit quality and that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category assigned by Fitch.

**Risk Factors**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities, including, without limitation, that the Issuer's results can be adversely affected by general economic conditions and other business conditions, the Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations credit risk, market risk, liquidity risk and operational risk. In addition there are certain factors which are material for the purpose of assessing the market risks associated with Securities. See '*Risk Factors*' below.

**Governing Law**

The Securities and the Guarantee will be governed by, and construed in accordance with the laws of the Netherlands.

## RISK FACTORS

*Prospective investors should read the entire Prospectus.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the material risks inherent in investing in the Securities, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons. The risks described below are not the only risks the Issuer or the Guarantor faces. Additional risks and uncertainties not presently known to the Issuer and the Guarantor, or that either of them currently believes to be immaterial, could also have a material impact on either or both of their business operations and/or their ability to make payments in respect of the Securities. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are described below.*

*Words and expressions defined in the 'Terms and Conditions of the Securities' below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Securities or the Guarantor's obligations under the Guarantee**

*The Issuer's and Guarantor's results can be adversely affected by general economic conditions and other business conditions*

The Issuer's and Guarantor's results are affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for insurance products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and political uncertainty.

*The Issuer's and Guarantor's performance is subject to substantial competitive pressures that could adversely affect its results of operations*

There is substantial competition for the types of insurance products and services that the Issuer and Guarantor provide in the Netherlands and the other regions in which the Issuer and Guarantor conduct large portions of its business. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer or Guarantor is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

*The Issuer's and Guarantor's performance is dependent on developments in the insurance markets*

The Issuer is active in both the life and non-life insurance markets whereas the Guarantor is active in the life insurance market. The Issuer's and Guarantor's results can be influenced by the frequency and severity of insured losses, as well as the level and development of mortality and morbidity rates and of the resistance of the insurance portfolio. Furthermore, it is possible that the Issuer or the Guarantor will not be able to reinsure certain risks in an economically responsible way.

*Because the life and non-life businesses of the Issuer and the life business of the Guarantor are subject to claims resulting from unforeseeable and/or catastrophic events, which are inherently unpredictable, the actual claims amount of the Issuer or the Guarantor may exceed the established reserves or the*

*Issuer or the Guarantor may experience an abrupt interruption of activities, each of which could result in lower net profits and have an adverse effect on its results of operations.*

In its life and non-life businesses, the Issuer and, in its life business, the Guarantor, is subject to losses from natural and man-made catastrophic events. Such events include, without limitation, weather and other natural catastrophes such as wind and hailstorms, floods, earthquakes and pandemic events, as well as events such as terrorist attacks. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and can not always be adequately reserved for. In accordance with industry practices, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the reserves are originally established. Although the Issuer and the Guarantor continually review the adequacy of the established claim reserves, and based on current information, the Issuer and the Guarantor believe their respective claim reserves are sufficient, there can be no assurances that their actual claims experience will not exceed its estimated claim reserves. If actual claim amounts exceed the estimated claim reserves, its earnings may be reduced and net profits may be adversely affected. In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities, their insurance and other operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions and also to key personnel. If their business continuity plans are not able to be put into action or do not take such events into account, losses may further increase.

*Because the Issuer and Guarantor operate in a highly regulated industry, changes in statutes, regulations and regulatory policies that govern activities in their various business lines could have an effect on their operations and net profits.*

The insurance and other operations of the Issuer and Guarantor are subject to insurance and financial services statutes, regulations and regulatory policies that govern what products the Issuer and Guarantor sell and how the Issuer and Guarantor manage their business. Changes in existing statutes, regulations and regulatory policies, as well as changes in the implementation of such statutes, regulations and regulatory policies may affect the way the Issuer and Guarantor do business, their ability to sell new policies, products or services and their claims exposure on existing policies. In addition, changes in tax laws may affect their tax position and/or the attractiveness of certain of their products, some of which currently have favourable tax treatment. Furthermore, changes in local or general accounting principles may affect the financial position and/or the results of the Issuer and Guarantor.

*The solvency position of the Issuer and the Guarantor may have an impact on their business and also on their ability to make timely payments on the Securities*

The Issuer and Guarantor are subject to supervisory or regulatory laws and regulations on the basis whereof they will be required to maintain minimum required levels of a solvency margin and/or a capital adequacy ratio. Changes in such supervisory or regulatory laws and regulations may have a material effect on the business, financial condition and operations of the Issuer and Guarantor and on payments by the Issuer and Guarantor under the Securities, including deferral thereof. If the Guarantor's solvency margin were to drop below the required minimum level, the Issuer nor the Guarantor would be required to make any Payment (such term does not include principal) on the Securities for any period of time subject to suspension of payment on Junior Securities and Parity Securities, as more particularly described in 'Terms and Conditions of the Securities – 4. Deferrals'. In addition, the terms of the Securities generally provide that any payments by the Issuer under the Securities shall be conditional upon the Guarantor's solvency margin not being or dropping below the required minimum level before or as a result of the relevant payment.

### *Credit Risk*

The Issuer and Guarantor are exposed to credit risk with respect to their results or equity position in the event one or more of its debtors defaults on its contractual obligations. Excessive defaults could have a materially adverse effect on the Issuer's or Guarantor's business, results of operations and financial condition.

### *Liquidity Risk*

Liquidity risk arises if the Issuer and Guarantor would not be able to comply with current or contingent liabilities at their due date. It consists of (i) a funding risk, i.e. the risk that the Issuer or Guarantor cannot meet any scheduled or unexpected demand for cash from policy holders or other contracting parties and (ii) a market liquidity risk, i.e. the risk that the Issuer or the Guarantor is not able to convert assets in cash as a result of unfavourable market conditions or a market disruption.

### *Market Risk*

The Issuer and Guarantor may suffer losses as a result of market developments relating to the trade in or holding of financial instruments or property. Market risk results from a number of factors such as :

- interest rate fluctuations which affect bonds, other assets with interest related income and insurance liabilities;
- changes in the market price of securities which affect the value of investment portfolios and insurance liabilities;
- foreign currency fluctuations which affect any non-hedged cash flows;
- changes in the volatility of interest rate levels and securities prices;
- changes in the market price of property which affect the value of trade or investment portfolios.

### *Operational Risk*

Operational risk includes event risk and business risk. Event risk can be defined as the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events. It also includes litigation risk. Business risk may adversely affect an operational activity of the Issuer and Guarantor as a result of for instance changes in the competitive environment or legal or fiscal changes. These may result in changes to the volume, prices or margins of the Issuer's or Guarantor's products while the costs remain fixed.

### **Risk relating to the Securities**

*The Issuer's and Guarantor's obligations under the Securities and the Guarantee, respectively, are subordinated*

The rights and claims of the Holders under the Securities and the Guarantee are unsecured and subordinated to the claims of Senior Creditors of the Issuer and the Guarantor, as applicable, present and future. **“Senior Creditors”** means present and future creditors of the Issuer or the Guarantor, as applicable (a) who are unsubordinated creditors of the Issuer or the Guarantor, as applicable, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or otherwise) to the claims of unsubordinated creditors of the Issuer or the Guarantor, as applicable, but not further or otherwise or (c) who are subordinated creditors of the Issuer or the Guarantor, as applicable, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders.

Although the Securities may pay a higher rate of interest than comparable securities which are not subordinated, there is a real risk that an investor in the Securities will lose all or some of his investment should the Issuer become insolvent.

#### *Deferral*

The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time subject to suspension of payment on Junior Securities and Parity Securities, as more particularly described in *'Terms and Conditions of the Securities – 4. Deferrals'*. Unless deferral is required as described under *'Terms and Conditions of the Securities – 4. Deferrals – (a) Mandatory Deferral of Payments'*, any deferred Payment will bear interest at the Applicable Coupon Rate.

#### *Perpetual securities*

The Issuer is under no obligation to redeem the Securities at any time and the Holders have no right to call for their redemption.

#### *Redemption risk*

Upon the occurrence of certain specified tax or regulatory events, or the Coupon Payment Date falling on 26 October 2019 or any Coupon Payment Date thereafter in the case of the Step-Up Fixed-Floating Securities and on 30 September 2019 or any Coupon Payment Date thereafter in the case of the Non Step-Up Fixed Securities, the Securities may be redeemed at their principal amount together with any Outstanding Payments (as defined in *'Terms and Conditions of the Securities – 19. Definitions'*), subject as provided in *'Terms and Conditions of the Securities – 7. Redemption and Purchases'*.

#### *No limitation on issuing debt*

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Securities or on the amount of securities which the Issuer may issue which ranks *pari passu* with the Securities. The issue of any such debt or securities may reduce the amount recoverable by Holders on a winding-up (*faillissement of verefenning na ontbinding*) of the Issuer or may increase the likelihood of a deferral of Payments under the Securities.

#### *Availability of shares*

If the Issuer is to make a payment using the Alternative Coupon Satisfaction Mechanism and the Issuer has an insufficient number of Payment Capital Securities available for issue, then the Issuer's payment obligation shall be suspended to the extent of such insufficiency until such time as sufficient Payment Capital Securities are available to satisfy all or part of the suspended payment obligation, as more particularly described in *'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (d) Insufficiency'*.

#### *Market Disruption Event*

If, following a decision by the Issuer to satisfy a payment using the Alternative Coupon Satisfaction Mechanism, in the opinion of the Issuer a Market Disruption Event in respect of the Payment Capital Securities exists, the payment to Holders may be deferred until the cessation of such market disruption, as more particularly described in *'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (d) Market Disruption'*. Any such deferred payments shall bear interest at the Applicable Coupon Rate if the Market Disruption Event continues for 14 days or more.

### *Restricted remedy for non-payment*

The sole remedy against each of the Issuer and the Guarantor available to the Trustee or any Holder for recovery of amounts owing in respect of any Payment or principal in respect of the Securities will be the institution of proceedings for the winding-up (*faillissement of verefenning na ontbinding*) of the Issuer and/or the Guarantor and/or proving in any such winding-up (*faillissement of verefenning na ontbinding*).

### *Set-off*

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the Holder of any Security, be deemed to have waived all such rights of set-off.

### *Absence of prior public markets*

The Securities constitute an issue of new securities by the Issuer. Prior to this issue, there will have been no public market for the Securities. Although application has been made for the Securities to be listed on Euronext Amsterdam by NYSE Euronext, there can be no assurance that an active public market for the Securities will develop and, if such a market were to develop, the Dealer Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities.

### *The Securities may not be a suitable investment for all investors*

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.



## IMPORTANT INFORMATION

### **Responsibility**

*Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of each of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, Guarantor, the Trustee or the Dealer Managers (as defined under 'Offer Restrictions' below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer and its subsidiaries (together the "**Group**") or the Guarantor since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Guarantor, the Trustee or the Dealer Managers to subscribe for, or purchase, any of the Securities. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.*

*Neither the Dealer Managers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Securities or their distribution.*

*Where information has been sourced from a third party, this information has been accurately reproduced and, as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

### **Public Offer**

*This Prospectus has been prepared on the basis that any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") (other than offers (the "**Permitted Public Offers**") which are made prior to 17.00 hours (CET) on 31 July 2009 (or such later date as the Issuer may permit)), and which are contemplated in this Prospectus in each of Belgium, France, Germany, Ireland, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom (the "**Public Offer Jurisdictions**") once the Prospectus has been approved by the AFM and published and notified to the relevant competent authorities in accordance with the Prospectus Directive as implemented in each of the Public Offer Jurisdictions, will be made pursuant to an exemption under Article 3(2) of the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of Securities which are the subject of the offering contemplated in this Prospectus, other than Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer or any of the Dealer Managers (as defined under "Offer Restrictions" below) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer or any Dealer Manager has authorised, nor does it authorise, the making of any*

*offer (other than Permitted Public Offers) of Securities in circumstances in which an obligation arises for the Issuer or the Dealer Managers to publish or supplement a prospectus for such offer.*

### **Exchange Offer**

*The Securities are being issued in furtherance of the Exchange Offer, which is being made by the Issuer to the holders of the Trust Securities. In addition, the Issuer is offering the New Issue Securities to other subscribers.*

*The purpose of the Exchange Offer is to enable the Issuer to continue to utilise hybrid capital within its capital funding structure, in keeping with the Issuer's newly formulated capital and business strategy following its separation from the Fortis Group. The Exchange Offer will also allow the Issuer to replace the indirectly issued Trust Securities with directly issued securities and to remove the complicated trust and partnership structure which is currently in place in respect of the Trust Securities.*

*The Exchange Offer is made on the terms and subject to the conditions set out in the Exchange Offer and Consent Solicitation Memorandum.*

*The Issuer may choose, in its sole discretion and without limiting its right to otherwise extend, amend, waive any condition of or terminate the Exchange Offer as provided in this Exchange Offer and Consent Solicitation Memorandum, to amend the terms and conditions of the Exchange Offer to provide for (i) the decision as to, and announcement of, whether the Issuer accepts offers of Trust Securities for exchange in the Exchange Offer, and (ii) the Issue Date to be delayed.*

*The issue of the Securities is conditional upon the satisfaction or waiver by the Issuer of the Exchange Offer Conditions (as defined in the Exchange Offer and Consent Solicitation Memorandum).*

*The Exchange Offer is not being made to the public in Belgium, France or Portugal.*

### **Offering Restrictions**

*This Prospectus should not be considered as a recommendation by the Issuer or the Dealer Managers that any recipient of this Prospectus should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.*

*The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Securities and on distribution of this document, see ‘Offer Restrictions’ below.*

### **Miscellaneous**

*All references in this document to “euro”, “euros”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992).*

*In this Prospectus, “ASR Nederland” or “the Issuer” refers to ASR Nederland N.V. and its consolidated subsidiaries (unless the context requires otherwise).*

*See "Terms and Conditions of the Step-Up Fixed-Floating Securities – 19. Definitions" and "Terms and Conditions of the Non Step-Up Fixed Securities – 19. Definitions" for capitalised terms used in this Prospectus which are not otherwise defined.*

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the AFM, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) The publicly available audited consolidated annual financial statements of the Issuer, which for the purposes of this Prospectus have been translated in English and which have been prepared in accordance with IFRS as adopted by the European Union (as they appear in the Issuer's annual reports for the relevant year) in respect of the years ended 31 December 2007 and 31 December 2008 as included on page 12 up to and including page 124 of the Issuer's annual report for 2008 (2007: page 11 up to and including page 115 of the Issuer's annual report for 2007); and
- (b) The auditor's report for each of the years ended 31 December 2007 and 31 December 2008 (excluding the sections in the auditor's reports headed "*Opinion with respect to the company financial statements*" and "*Report on other legal and regulatory requirements*") which appear on page 137 of the Issuer's annual report for 2008 (2007: page 125 of the Issuer's annual report for 2007).

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available free of charge from the office of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) at Croeselaan 18, 3521 CB Utrecht, the Netherlands, in its capacity as Amsterdam listing agent (the "**Amsterdam Listing Agent**").

## TERMS AND CONDITIONS OF THE STEP-UP FIXED-FLOATING SECURITIES

*The following, subject to alteration, are the terms and conditions of the Step-Up Fixed-Floating Securities (the “**Step-Up Fixed-Floating Securities**”) which will be incorporated by reference into the Step-Up Global Security:*

The Step-Up Fixed-Floating Securities are constituted by the Trust Deed to be dated on or about 6 August 2009. The issue of the Step-Up Fixed-Floating Securities was authorised pursuant to a resolution of the Management Board of the Issuer passed on 21 April 2009. The statements in these Terms and Conditions of the Fixed Floating Securities (the “**Step-Up Securities Terms and Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated on or about 6 August 2009 are available for inspection during normal business hours by the Holders at the registered office of the Trustee, being at Amsterdamsch Trustee's Kantoor B.V., Olympie Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and at the specified office of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. Form, Denomination and Title

#### (a) Form and Denomination

The Step-Up Fixed-Floating Securities are in bearer form and shall be in denominations of €1.00 each. The Step-Up Fixed-Floating Securities will be represented by a global security (the “**Step-Up Global Security**”) without interest coupons attached. The Step-Up Global Security will be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“**Euroclear Netherlands**”) and thereby become subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*, “**WGE**”). The Step-Up Global Security will not be exchangeable for definitive bearer Securities.

#### (b) Transfer and Title

Interests in the Step-Up Global Security will be transferable only in accordance with the provisions of the WGE and the rules and procedures for the time being of Euroclear Netherlands and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) the Step-Up Fixed-Floating Securities, in the open market or otherwise, must be effected through participants of Euroclear Netherlands. The bearer of the Step-Up Global Security will be the only person entitled to receive payments in respect of the Step-Up Global Security. Each person who is for the time being shown in the records of Euroclear Netherlands or any of its participants as the holder of a particular nominal amount of such Step-Up Fixed-Floating Securities (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Step-Up Fixed-Floating Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Step-Up Fixed-Floating Securities for all purposes other than with respect to the payment of principal or interest on the Step-Up Fixed-Floating Securities, for which purpose the bearer of the Step-Up Global Security shall be treated by the Issuer and the Paying Agents as the holder of such Step-Up Fixed-Floating Securities in accordance with and subject to the terms of the Step-Up Global Security (and the term “**Holder**” shall have the corresponding meanings).

### 2. Status and Guarantee

- (a) *Status and Subordination of the Step-Up Fixed-Floating Securities:* The Step-Up Fixed-Floating Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Step-

Up Fixed-Floating Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.

- (b) (i) *Conditions to payments by the Issuer*: Payments in respect of the Step-Up Fixed-Floating Securities (and application of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) are conditional upon the Guarantor not being subject to a Regulatory Event at the time of the relevant payment (or at the time of application of the proceeds of the issue of such Payment Capital Securities) and no principal or Payments shall be payable in respect of the Step-Up Fixed-Floating Securities (including application of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) except to the extent that the Guarantor is not subject to a Regulatory Event and could make such payment (or apply the proceeds of such issue of Payment Capital Securities) and still not be subject to a Regulatory Event within a reasonable period of time after payment of such principal or Payment was scheduled to be made, as notified by the DNB.

For the purposes of this Condition 2(b)(i) any reference to a payment by the Issuer in respect of a Step-Up Fixed-Floating Security shall be deemed to include a redemption or purchase of such Step-Up Fixed-Floating Security by the Issuer.

- (ii) *Winding-Up Claims of the Issuer*: Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b)(i) are not satisfied on the date upon which the same would otherwise be due and payable (“**Winding-Up Claims**”) will be payable by the Issuer in a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer as provided in Condition 3 and on any redemption pursuant to Condition 7(b), 7(c), 7(d) or 7(e). Any amount payable in respect of a Winding-Up Claim shall not itself bear interest.
- (iii) *Set-off*: Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Step-Up Fixed-Floating Securities and each Holder shall, by virtue of being the bearer of any Step-Up Fixed-Floating Security, be deemed to have waived all such rights of set-off.
- (c) *Guarantee*

Subject to the terms of the Guarantee, the Guarantor has irrevocably and unconditionally agreed to guarantee on a subordinated basis the Issuer's payment obligations under the Step-Up Fixed-Floating Securities as, if and when the same become due.

### 3. Winding-up

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed)), a winding-up amount shall be payable by the Issuer in respect of each Step-Up Fixed-Floating Security (in lieu of any other payment by the Issuer). The Step-Up Fixed-Floating Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on any Ordinary Shares and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

In a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, Holders of the Step-Up Fixed-Floating Securities will only have a claim for payment in full or part of principal and Deferred

Coupon Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments.

#### **4. Deferrals**

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Step-Up Securities Terms and Conditions. Without prejudice to the generality of Condition 2 and subject to Condition 4(c), the Issuer must, or as the case may be, may, defer a Coupon Payment and any other Payment in the following circumstances:

##### *(a) Mandatory Deferral of Payments*

- (i) Subject to Condition 4(c), if, on the 20th Business Day preceding the date on which any Payment would, in the absence of deferral in accordance with this Condition 4(a)(i), be due and payable, the Mandatory Deferral Condition is met, any such Payment shall (subject to Condition 6) be deferred by the Issuer giving notice in writing (a “**Mandatory Deferral Notice**”) to the Trustee, the Holders (in accordance with Condition 15), the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such due date.
- (ii) Following the deferral of a Payment by the Issuer under Condition 4(a)(i), the Issuer shall only satisfy such Payment as provided pursuant to Condition 4(c) hereof.
- (iii) If any Payment is deferred pursuant to this Condition 4(a) then no amount will be payable by way of interest on any such deferred Payment, save as provided in Condition 6(d).

Any such deferred Payment shall be satisfied from the proceeds of the issue of Payment Capital Securities in accordance with Condition 6.

##### *(b) Optional Deferral of Payments*

- (i) Subject to Condition 4(c), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(b)(i), be due and payable, defer all or part of such Payment by giving a notice (an “**Optional Deferral Notice**”) to the Trustee, the Holders (in accordance with Condition 15) the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(c), the Issuer shall then satisfy any such Payment at any time by means of an issue of Payment Capital Securities in accordance with Condition 6 upon delivery of a notice to the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.
- (ii) If any Payment is deferred pursuant to this Condition 4(b), then such deferred Payment shall bear interest at the Applicable Coupon Rate from (and including) the date on which (but for such optional deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

##### *(c) Dividend Pusher; Mandatory Payments and Mandatory Partial Payments*

Whether or not a deferral has taken place pursuant to Condition 4(a) or 4(b) above, the Issuer will be required to make payments on the Step-Up Fixed-Floating Securities in the following circumstances:

- (i) If a Mandatory Payment Event occurs in respect of the Issuer, then subject as provided in the next sentence, the Coupon Payment payable on the next Coupon Payment Date, being within a period of 6 months after the occurrence of the Mandatory Payment Event (or after the Reset Date, each of the next four Coupon Payment Dates) will be mandatorily due and payable in full on such next Coupon Payment Date (or, after the Reset Date, the next four Coupon Payment Dates), notwithstanding the delivery of any Mandatory Deferral Notice or Optional Deferral Notice relating to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. If, after the Reset Date, the Mandatory Payment Event is a payment on a Junior Security or on a Junior Guarantee or on a security benefiting from a Junior Guarantee which, in each case, is in respect of a semi-annual dividend, then the Coupon Payments payable on only the next two Coupon Payment Dates (instead of the next four Coupon Payment Dates) will be due and payable in full on such Coupon Payment Dates notwithstanding the delivery of any Mandatory Deferral Notice or Optional Deferral Notice relating to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. The Issuer may, but shall not be required to satisfy its obligation to make the Coupon Payment payable on such Coupon Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism.
- (ii) If a Mandatory Partial Payment Event occurs in respect of the Issuer, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Step-Up Fixed-Floating Security, notwithstanding the delivery of any Mandatory Deferral Notice or Optional Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition. Such Mandatory Partial Payments shall be payable on the immediately next Coupon Payment Date (or, after the Reset Date, such Mandatory Partial Payments shall be payable on each of the four consecutive Coupon Payment Dates, the immediately next two consecutive Coupon Payment Dates or the immediately next Coupon 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, semi annual basis or a quarterly basis, as the case may be). The Issuer is permitted, but shall not be required, to satisfy its obligation to pay any Mandatory Partial Payments in accordance with the Alternative Coupon Satisfaction Mechanism.
- (iii) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs in respect of the Issuer, then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition.
- (iv) As provided pursuant to Clause 4 of the Guarantee, if during the period that the Mandatory Deferral Condition has been met a Mandatory Payment Event or a Mandatory Partial Payment Event occurs in respect of the Guarantor, then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or continuance of the Mandatory Deferral Condition.
- (v) The Issuer may satisfy its obligations to pay any Deferred Coupon Payments referred to in Condition 4(c)(iii) and (iv) above only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Mandatory Partial Payment payable on a date that coincides with the date on which such Deferred Coupon Payment has become mandatorily due and payable in full.



(d) *Dividend Stopper*

The Issuer has agreed that if it defers a payment for any reason as described above then, while any payment is so deferred, it will not recommend to its shareholder(s) and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or Mandatory Partial Payment Event.

**5. Coupon Payments**

(a) *Coupon Payment Dates*

Subject to Condition 4(b)(ii), the Step-Up Fixed-Floating Securities bear interest at the Fixed Coupon Rate from (and including) the Issue Date to (but excluding) the Reset Date and at the Floating Coupon Rate from (and including) the Reset Date. Such interest will (subject to Conditions 2(b)(i), 4(a), 4(b) and 6(d)) be payable on each Coupon Payment Date. Each Step-Up Fixed-Floating Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

If any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the preceding Business Day. The amount of the relevant Coupon Payment shall not be adjusted as a result.

(b) *Coupon Rate*

The Coupon Rate payable from time to time in respect of the Step-Up Fixed-Floating Securities will be determined on the basis of the following provisions:

- (i) The "Fixed Coupon Rate" in respect of the period from (and including) the Issue Date to (but excluding) the Reset Date is 10.0 per cent. per annum.
- (ii) The "Floating Coupon Rate" in respect of each Coupon Period commencing on or after the Reset Date shall be the aggregate of Three Month EURIBOR plus the Margin in respect of such Coupon Period (as determined by the Calculation Agent on the relevant Interest Determination Date).

(c) *Determination and Publication of Coupon Rate and Coupon Amounts*

The Calculation Agent will, upon the determination of each Floating Coupon Rate pursuant to Condition 5(b)(ii), calculate the Coupon Amount and cause the Floating Coupon Rate and each Coupon Amount payable in respect of a Coupon Period to be notified to the Trustee, the Issuer, the Principal Paying Agent, Euronext Amsterdam N.V. and the Holders and to be published on the website of the Issuer as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

Whenever it is necessary to calculate an amount of interest in respect of any Step-Up Fixed-Floating Security for a period and such period ends prior to the Reset Date, such interest shall be calculated by applying the Fixed Coupon Rate to the principal amount of such Step-Up Fixed-Floating Security, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

Whenever it is necessary to calculate an amount of interest in respect of any Step-Up Fixed-Floating Security for a period and such period begins on or after the Reset Date, such interest shall be

calculated by applying the Coupon Rate prevailing for such period to the principal amount of such Step-Up Fixed-Floating Security, multiplying such sum by the actual number of days in the relevant period divided by 365 or, in the case of a period falling in a leap year, 366, and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

(d) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason (i) determine the Coupon Rate in accordance with Condition 5(b)(ii), or (ii) calculate a Coupon Amount in accordance with Condition 5(c), the Trustee or an agent on its behalf shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(d) by or on behalf of the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Holders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6. Alternative Coupon Satisfaction Mechanism**

(a) *Alternative Coupon Satisfaction Mechanism*

If payment of any Deferred Coupon Payment (together, if applicable, with any interest accrued on such Deferred Coupon Payment) is to be made on any Deferred Coupon Satisfaction Date, it will be satisfied using the Alternative Coupon Satisfaction Mechanism. In addition, the Issuer may elect at any time to satisfy its obligation to make any Payment (other than Deferred Coupon Payments or a payment of principal) to Holders by using the Alternative Coupon Satisfaction Mechanism. “**Alternative Coupon Satisfaction Mechanism**” means that the relevant payment is satisfied from the proceeds of the issue by the Issuer of such amount of Payment Capital Securities as may be required to provide cash issue proceeds sufficient to enable the Issuer to pay the relevant Payment in full, in accordance with and subject to the following provisions of this Condition 6. Holders of the Step-Up Fixed-Floating Securities will always receive payments made in respect of the Step-Up Fixed-Floating Securities in cash.

If the Issuer uses the Alternative Coupon Satisfaction Mechanism, the Issuer shall notify the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Coupon Payment Date. To the extent that the Alternative Coupon Satisfaction Mechanism is not used to make any Payment, subject to Condition 4(a) (*Mandatory Deferral of Payments*) and Condition 4(b) (*Optional Deferral of Payments*), such Payment must be satisfied in accordance with Condition 8(a).

(b) *Issue of Payment Capital Securities*

If any Payment is to be satisfied in accordance with the Alternative Coupon Satisfaction Mechanism then, subject to Condition 6(d):

- (i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date or Deferred Coupon Satisfaction Date the Issuer will issue such number of Payment Capital Securities as, in the determination of the Issuer, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6;

- (ii) if, after the operation of the above procedures, there would in the opinion of the Issuer be a shortfall on the date on which the relevant Payment is due, the Issuer shall issue further Payment Capital Securities in accordance with the provisions of the Trust Deed 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 the operation of the aforementioned provisions, such a shortfall exists on the relevant due date the Issuer will in accordance with the provisions of the Trust Deed continue to issue Payment Capital Securities until the Principal Paying Agent shall have received funds equal to the full amount of such shortfall;
  - (iii) if the Issuer fails, by the date or time specified, to make any of the determinations as to the number of Payment Capital Securities required to be issued, as described in paragraphs (i) and (ii) above, the Trustee shall appoint the Calculation Agent to perform such obligations.
- (c) *Receipt of cash proceeds in respect of Issue of Payment Capital Securities satisfies Payment*

Where the Issuer either elects or is required to satisfy a Payment by means of the Alternative Coupon Satisfaction Mechanism and in accordance with its obligations under the Trust Deed issues Payment Capital Securities, the cash proceeds of such issue by the Issuer shall, subject to Condition 6(b)(iii) and 6(d), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in (d) below, the relevant part of such Payment. The proceeds of sale of Payment Capital Securities in accordance with this Condition 6 shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Payment.

(d) *Market Disruption*

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer (subject, where necessary, to determinations made by the Calculation Agent) a Market Disruption Event on or after the 15<sup>th</sup> Business Day preceding any date upon which a Payment is due to be made or satisfied in accordance with this Condition 6, then the Issuer may give notice in writing to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders (in accordance with Condition 15) as soon as practicable after the relevant Market Disruption Event has arisen or occurred, whereupon the relevant Payment shall be deferred until such time as (in the opinion of the Issuer) the Market Disruption Event no longer exists.

Any such Payment deferred in accordance with this Condition 6(d) will be paid as soon as practicable following such time as, in the opinion of the Issuer, the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred Payment from (and including) the date on which the relevant Payment was originally due to have been made to (but excluding) the date on which such Payment is actually made. Any such interest shall accrue at the Applicable Coupon Rate and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or any such agent, the Trustee or any such agent is unable to comply with the provisions of Condition 6(b).

(e) *Issuer certification to Trustee*

The Issuer will certify to the Trustee that the proceeds used to make any Deferred Coupon Payment have been funded through the issue of a sufficient amount of Payment Capital Securities.

## 7. Redemption and Purchases

### (a) *No Fixed Redemption Date*

The Step-Up Fixed-Floating Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 11) only have the right to redeem the Step-Up Fixed-Floating Securities in accordance with the following provisions of this Condition 7.

### (b) *Issuer's Call Option*

Subject to Condition 2(b)(i), the Issuer may, subject to the prior consent of the Regulator and by giving not less than 30 nor more than 60 days' prior notice to the Holders in accordance with Condition 15 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect to redeem all, but not some only, of the Step-Up Fixed-Floating Securities on the Coupon Payment Date falling on 26 October 2019 or any Coupon Payment Date falling thereafter at their principal amount together with any Outstanding Payments.

### (c) *Redemption for tax reasons, as a result of a Tax Law Change*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Step-Up Fixed-Floating Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by statutory instrument on or after 14 July 2009 (a "**Tax Law Change**"), on the next due date for a Payment:

- (i) the Issuer would, for reasons outside its control, be unable to make such Payment without being required to pay additional amounts as provided or referred to in Condition 10; or
- (ii) payments of amounts in respect of interest on the Step-Up Fixed-Floating Securities including, for the avoidance of doubt, the issue of Payment Capital Securities pursuant to Condition 6, may be treated as "distributions" within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith) deems appropriate; or
- (iii) there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the Payment is to be satisfied by the issue of Payment Capital Securities,

then the Issuer may (and subject to Condition 2(b)(i) and to the prior consent of the Regulator), having given not less than 30 nor more than 60 days' prior notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable):

- (a) redeem, in accordance with these Step-Up Securities Terms and Conditions, at any time all, but not some only, of the Step-Up Fixed-Floating Securities at their principal amount together with any Outstanding Payments; or
- (b) subject to compliance with applicable regulatory requirements, modify the terms of the Step-Up Fixed-Floating Securities or convert or exchange the Step-Up Fixed-Floating Securities in whole (but not in part) into another series of capital securities having materially the same terms as the Step-Up Fixed-Floating Securities and which are no less favourable to an investor than the terms of the Step-Up Fixed-Floating Securities then prevailing. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

Prior to the publication of any notice of redemption, modification or conversion pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by a member of the Management Board of the Issuer stating that the relevant requirements or circumstances referred to in sub-paragraphs (i), (ii) or (iii) above is satisfied and the Trustee shall be entitled, without further investigation or enquiry, to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

(d) *Redemption for tax reasons, other than as a result of a Tax Law Change*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, other than as a result of a Tax Law Change, on the next due date for a Payment:

- (i) the Issuer would, for reasons outside its control, be unable to make such Payment without being required to pay additional amounts as provided or referred to in Condition 10; or
- (ii) payments of amounts in respect of interest on the Step-Up Fixed-Floating Securities including, for the avoidance of doubt, the issue of Payment Capital Securities pursuant to Condition 6, may be treated as “distributions” within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith) deems appropriate; or
- (iii) there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the Payment is to be satisfied by the issue of Payment Capital Securities,

then the Issuer may (and subject to Condition 2(b)(i) and to the prior consent of the Regulator), having given not less than 30 nor more than 60 days’ prior notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable):

- (a) redeem, in accordance with these Step-Up Securities Terms and Conditions, at any time all, but not some only, of the Step-Up Fixed-Floating Securities:
  - (A) in case such event occurs prior to the Reset Date, at the greater of the Make Whole Amount and the principal amount together with any Outstanding Payments; or

- (B) in case such event occurs after the Reset Date, at the principal amount together with any Outstanding Payments (all such amounts so payable being payable in cash, save for any Deferred Coupon Payments which will be satisfied by operation of Condition 6); or
- (b) subject to compliance with applicable regulatory requirements, modify the terms of the Step-Up Fixed-Floating Securities or convert or exchange the Step-Up Fixed-Floating Securities in whole (but not in part) into another series of capital securities having materially the same terms as the Step-Up Fixed-Floating Securities and which are no less favourable to an investor than the terms of the Step-Up Fixed-Floating Securities then prevailing. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

Prior to the publication of any notice of redemption, modification or conversion pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee a certificate signed by a member of the Management Board of the Issuer stating that the relevant requirements or circumstances referred to in sub-paragraphs (i), (ii) or (iii) above is satisfied and the Trustee shall be entitled, without further investigation or enquiry, to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

(e) *Redemption, Modification or Conversion for Regulatory Purposes*

If the Issuer notifies the Trustee immediately prior to the giving notice referred to below that the Regulator has determined that securities of the nature of the Step-Up Fixed-Floating Securities cease to qualify as Tier 1 Capital of the Issuer (or instruments of a similar nature which qualify as core capital) for the purposes of applicable capital adequacy regulations (a “**Capital Disqualification Event**”), then the Issuer may, subject to the prior consent of the Regulator and subject to Condition 2(b)(i)), having given not less than 30 nor more than 60 days’ prior notice (which notice shall be irrevocable) to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders:

- (i) redeem, in accordance with these Step-Up Securities Terms and Conditions, at any time all, but not some only, of the Step-Up Fixed-Floating Securities:
  - (A) in case the event occurs before the Reset Date, at a redemption price equal to the greater of the Make Whole Amount and the principal amount together with any Outstanding Payments; or
  - (B) in case the event occurs after the Reset Date, at the principal amount together with any Outstanding Payments; or
- (ii) subject to compliance with applicable regulatory requirements, modify the terms of the Step-Up Fixed-Floating Securities or convert or exchange the Step-Up Fixed-Floating Securities in whole (but not in part) into another series of capital securities having materially the same terms as the Step-Up Fixed-Floating Securities and which are no less favourable to an investor than the terms of the Step-Up Fixed-Floating Securities then prevailing. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

(f) *Purchases*

The Issuer, may (subject to Condition 2(b)(i)) at any time purchase Securities in any manner and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled.

(g) *Cancellation*

Cancellation of any Step-Up Fixed-Floating Securities will be effected by reduction in the principal amount of the Step-Up Global Security and such cancelled Securities may not be reissued or resold. The obligations of the Issuer in respect of any such cancelled Securities, shall be discharged.

**8. Payments**

(a) *Method of Payment*

- (i) Each Payment in respect of the Step-Up Fixed-Floating Securities, each payment of principal and all other payments on or in respect of the Step-Up Fixed-Floating Securities will be in euro, will be calculated by the Calculation Agent in accordance with the Conditions and will be and effected through the Paying Agents.

Each Payment and each payment of principal in respect of the Step-Up Fixed-Floating Securities will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Step-Up Fixed-Floating Securities, surrender of the Step-Up Global Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Step-Up Global Security by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Step-Up Fixed-Floating Securities.

- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (x) a Paying Agent having a specified office in the Netherlands (y) for so long as the Step-Up Fixed-Floating Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., or any other stock exchange or regulated securities market, and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (z) if a European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 comes into force, a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to such Directive. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 15.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Step-Up Securities Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

(c) *Payments on Payment Business Days*

The Step-Up Global Security may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom the Step-Up Global Security is presented for payment and (ii) the Trans-European Real-time Gross settlement Express Transfer 2 (TARGET2) System is operating.

No further interest or other payment will be made as a consequence of the day on which the Step-Up Global Security may be presented for payment under this paragraph falling after the due date.

## **9. Non-Payment when Due**

Notwithstanding any of the provisions below in this Condition 9, the right to institute winding-up proceedings against the Issuer is limited to circumstances where payment has become due. Pursuant to Condition 2(b) and subject as provided in the next sentence, no principal or Payment will be due if the Issuer is subject to a Regulatory Event or would be subject to a Regulatory Event within a reasonable period of time after payment of such principal or Payment was scheduled to be made, as notified by the DNB. Also, in the case of any Payment, such Payment will not be due if the Issuer has is required to, or has elected to, defer that Payment pursuant to Condition 4(a) or 4(b) if the circumstances referred to in Condition 6(d) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by the Trustee in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.

- (a) If the Issuer fails to make a payment in respect of the Step-Up Fixed-Floating Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Step-Up Fixed-Floating Securities, and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 9, institute proceedings (in its own name but on behalf of Holders of the Step-Up Fixed-Floating Securities) in the Netherlands (but not elsewhere) for the winding-up (*faillissement*) of the Issuer.
- (b) Subject as provided in Condition 9, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Step-Up Fixed-Floating Securities (other than for the payment of any principal or satisfaction of any Payments in respect of the Step-Up Fixed-Floating Securities, including any payment under clause 2.5 of the Trust Deed); provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer to enforce any term or condition binding on the Issuer under the Trust Deed or the Step-Up Fixed-Floating Securities unless (i) it shall have been requested to do so by an Extraordinary Resolution (as defined in the Trust Deed) or in writing by the holders of at least one-fifth in principal amount of the Step-Up Fixed-Floating Securities then outstanding



and (ii) it shall have been indemnified to its satisfaction.

- (d) No Holder shall be entitled to proceed directly against the Issuer, or to institute proceedings for the winding-up (*faillissement*) of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer shall be available to the Trustee or any Holder (i) for the recovery of amounts owing in respect of the Step-Up Fixed-Floating Securities (including any payment under clause 2.6 of the Trust Deed), other than the institution of proceedings in the Netherlands (but not elsewhere) for the winding-up (*faillissement*) of the Issuer and/or proving in such winding-up (*faillissement*) and (ii) for the breach of any other term under the Trust Deed or the Step-Up Fixed-Floating Securities other than as provided in paragraph (b) above.

## **10. Taxation**

All payments by the Issuer of principal, Payments, Mandatory Payments, Mandatory Partial Payments and Winding-Up Claims in respect of the Step-Up Fixed-Floating Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Step-Up Fixed-Floating Securities in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Step-Up Fixed-Floating Security:

- (i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Step-Up Fixed-Floating Security by reason of such Holder, having some connection with the Netherlands other than the mere holding of such Step-Up Fixed-Floating Security; or
- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the Step-Up Fixed-Floating Security or which holds the Step-Up Fixed-Floating Security in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Step-Up Securities Terms and Conditions to principal and/or Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing

provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

In the event that any Payment is satisfied by using the Alternative Coupon Satisfaction Mechanism, then any additional amounts which are payable shall also be satisfied from the proceeds of the issue of Payment Capital Securities.

#### **11. Prescription**

Claims for payment in relation to Step-Up Fixed-Floating Securities will become void unless exercised within a period of five years from the due date thereof.

#### **12. Meetings of Holders, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution of any of these Step-Up Securities Terms and Conditions or the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on all Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trustee may agree, without the consent of the Holders, to (i) any modification of any of these Step-Up Securities Terms and Conditions and/or any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 15.

As provided in the Trust Deed, the Trustee may agree with the Issuer, without the consent of the Holders, to substitution on a subordinated basis equivalent to that referred to in these Step-Up Securities Terms and Conditions of any holding company of the Issuer, any subsidiary of such holding company, any Subsidiary, any successor in business of the Issuer or any subsidiary of any successor in business of the Issuer (the “**Substituted Issuer**”) in place of the Issuer (or any previous Substituted Issuer under this Condition 12) as a new issuing party under the Trust Deed and the Step-Up Fixed-Floating Securities.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 10 and/or any undertaking given in addition thereto or in substitution therefor under the Trust Deed.

#### **13. Replacement of the Step-Up Fixed-Floating Securities**

Should the Step-Up Global Security be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15) upon payment by the claimant of the expenses incurred

in connection therewith and on such terms as to evidence and/or indemnity as the Issuer may reasonably require. The mutilated or defaced Step-Up Global Security must be surrendered before any replacement Step-Up Global Security will be issued.

#### **14. Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, without accounting for any profit resulting therefrom.

#### **15. Notices**

Notices to Holders may be given by the delivery of the relevant notice to Euroclear Netherlands and through a press release which will also be made available on the website of the Issuer ([www.asrnederland.nl](http://www.asrnederland.nl)). Any such notice shall be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Any Notice delivered to Euroclear Netherlands shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

#### **16. Further Issues**

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further Step-Up Fixed-Floating Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Step-Up Fixed-Floating Securities) and so that the same shall be consolidated and form a single series with the outstanding Step-Up Fixed-Floating Securities. Any such Step-Up Fixed-Floating Securities shall be constituted by a deed supplemental to the Trust Deed.

#### **17. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Step-Up Fixed-Floating Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Step-Up Securities Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Step-Up Fixed-Floating Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Holders.

None of the Issuer, the Trustee and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

#### **18. Governing Law and Jurisdiction**

- (a) The Trust Deed and the Step-Up Fixed-Floating Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Courts of the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and the Step-Up Fixed-Floating

Securities, and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed and the Step-Up Fixed-Floating Securities may be brought in such courts.

## **19. Definitions**

In these Step-Up Securities Terms and Conditions:

**“Accrued Coupon Payment”** means, as at any time, where these Step-Up Securities Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Step-Up Fixed-Floating Security the amount of interest accrued thereon in accordance with Conditions 4(b), 5 and 6(d);

**“Agency Agreement”** means the agency agreement dated to be concluded on the Issue Date between the Issuer, the Guarantor, the Trustee and the Agents relating to the Step-Up Fixed-Floating Securities under which each Agent agrees to perform the duties required of it under these Step-Up Securities Terms and Conditions, as the same may be amended and/or supplemented from time to time;

**“Agents”** means the agents appointed pursuant to the Agency Agreement and such term shall unless the context otherwise requires, include the Principal Paying Agent and any successor agent;

**“Alternative Coupon Satisfaction Mechanism”** has the meaning ascribed to it in Condition 6(a);

**“Applicable Coupon Rate”** means in relation to any Payment deferred pursuant to Condition 4(b) or Condition 6(d), the Coupon Rate payable on the Step-Up Fixed-Floating Securities as determined by the Calculation Agent in accordance with Condition 5(b) for the Coupon Periods during which such Payment is deferred;

**“Board”** means the Issuer's Management Board and/or Supervisory Board, as the context may require;

**“Business Day”** means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in Amsterdam;

**“Calculation Agent”** means the calculation agent in relation to the Step-Up Fixed-Floating Securities, or its successor or successors for the time being appointed under the Agency Agreement;

**“Capital Disqualification Event”** has the meaning ascribed to it in Condition 7(e);

**“Comparable Fixed Securities”** means the euro denominated Fixed Rate Noncumulative Guaranteed Capital Securities to be issued by the Issuer, and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor, on or about the Issue Date;

**“Comparable Floating Securities”** means the euro denominated Floating Rate Noncumulative Guaranteed Capital Securities to be issued by the Issuer, and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor, on or about the Issue Date;

**“Coupon Amount”** means (i) in respect of a Coupon Payment, the amount of interest payable on a Step-Up Fixed-Floating Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 7(c), 7(d) and 7(e) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5(b);

**“Coupon Payment”** means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

**“Coupon Payment Date”** means for the period from (and including) the Issue Date on 2009 to (but excluding) the Reset Date, 26 October in each year, starting 26 October 2010 and thereafter 26 January, 26 April, 26 July and 26 October in each year starting 26 January 2020;

**“Coupon Period”** means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

**“Coupon Rate”** means either the Fixed Coupon Rate or the prevailing Floating Coupon Rate, each as described in Condition 5;

**“Deferred Coupon Payment”** means:

- (i) any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) (*Mandatory Deferral of Payments*) and has not subsequently been satisfied; or
- (ii) any Payment, or part thereof, which, pursuant to Condition 4(b) the Issuer has elected to defer and which has not been satisfied;

**“Deferred Coupon Satisfaction Date”** means:

- (i) the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(b); or
- (ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

**“DNB”** means De Nederlandsche Bank N.V., or such other governmental authority in the Netherlands having primary supervisory authority with respect to the Issuer;

**“Fixed Coupon Rate”** has the meaning ascribed to in Condition 5(b)(i);

**“Fixed Day Count Fraction”** means the actual number of days in the period from and including the date from which interest begins to accrue for the relevant period of calculation (the **“Accrual Date”**) to but excluding the date on which it falls due divided by the actual number of days from and including the Accrual Date to but excluding the next following Coupon Payment Date;

**“Floating Coupon Rate”** has the meaning ascribed to in Condition 5(b)(ii);

**“Guarantee”** means the Guarantee to be issued by the Guarantor on the Issue Date;

**“Guarantor”** means ASR Levensverzekering N.V.;

**“Holder”** has the meaning ascribed to in Condition 1(b);

**“Initial Credit Spread”** means the interest percentage referred to in Article 2:6(c) of DNB's Supervisory Regulation on the Recognition of Hybrid Instruments as Regulatory Capital Components dated 11 December 2007, to be determined and published by the Issuer on or about 31 July 2009. This interest percentage is calculated as the spread between the Fixed Coupon Rate and the 10 year EUR mid-swap rate as published on Bloomberg page EUSW;

**“Interest”** shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

**“Interest Determination Date”** means the second Business Day before the commencement of each Coupon Period in respect of which the Floating Coupon Rate will apply;

**“Issue Date”** means on or about 6 August 2009;

**“Issuer”** means ASR Nederland N.V.;

**“Junior Guarantee”** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer or the Guarantor, as applicable, in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking after the Step-Up Fixed-Floating Securities on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payment thereon;

**“Junior Securities”** means the Ordinary Shares or any other securities of the Issuer or the Guarantor, as applicable, which rank after the Step-Up Fixed-Floating Securities as regards distributions on a return of assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payments thereon;

**“Make Whole Amount”** means an amount equal to the sum of:

- (i) the present value of a payment of the principal amount discounted from the Reset Date, plus;
- (ii) the present value of the Coupon Payments from the date the Step-Up Fixed-Floating Securities are redeemed through and including the Reset Date,

discounted to such redemption date on a annual basis at the adjusted yield, which equals the yield to maturity of the Reference Security plus 2.25 per cent. per annum;

**“Mandatory Deferral Condition”** will be met if, in the determination of the Guarantor, on the Relevant Date, the Guarantor is, or payment of the relevant Payment, or part thereof, by the Guarantor under the Guarantee will result in the Issuer being, subject to a Regulatory Event;

**“Mandatory Deferral Notice”** has the meaning ascribed to it in Condition 4(a)(i);

**“Mandatory Partial Payment”** payable on any Coupon Payment Date means a payment in respect of each Step-Up Fixed-Floating Security in an amount that results in payment of a proportion of a full Coupon Payment on the Step-Up Fixed-Floating Security on such Coupon Payment Date equal to the proportion of a full dividend on the relevant Parity Securities and/or payment on the relevant Parity Guarantee paid on the dividend or payment date in respect of the relevant Parity Securities and/or Parity Guarantee immediately preceding;

A **“Mandatory Partial Payment Event”** shall occur if any of the following occurs:

- (i) the Issuer or the Guarantor, as applicable, declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee; or
- (ii) any Subsidiary or Undertaking 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;

A **“Mandatory Payment Event”** shall occur if any of the following occurs:

- (i) the Issuer or the Guarantor, as applicable, declares, pays or distributes a dividend or makes a

payment (other than a dividend in the form of Ordinary Shares) on any of its Junior Securities or makes any payment on a Junior Guarantee;

- (ii) any Subsidiary or 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 Ordinary Shares) on any security issued by it benefiting from a Junior Guarantee;
- (iii) the Issuer or the Guarantor, as applicable, or any Subsidiary or Undertaking redeems, purchases or otherwise acquires any of the Issuer's or the Guarantor's, as applicable, Junior Securities, any Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee (other than (1) by conversion into or in exchange for Ordinary Shares, (2) in connection with transactions effected by or for the account of customers of the Issuer or the Guarantor, as applicable, or any Subsidiary, (3) in connection with the satisfaction by the Issuer or the Guarantor, as applicable, or any Subsidiary of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (4) as a result of a reclassification of the Issuer or the Guarantor, as applicable, or any Subsidiary or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, or (5) the purchase of fractional interests in shares of the capital stock of the Issuer or the Guarantor, as applicable, or any Subsidiary pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged) for any consideration, or any moneys are paid to or made available for redemption of any Junior Securities, Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee;

**“Margin”** means the interest margin which will be equal to 150 per cent. of the Initial Credit Spread (including a step-up amount equal to 50 per cent. of the Initial Credit Spread) and which is used to calculate the Floating Coupon Rate and to be determined and published by the Issuer on or about 31 July 2009;

**“Market Disruption Event”** means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or on settlement procedures for transactions in the Payment Capital Securities on the Relevant Stock Exchange) if, in any such case, that suspension or limitation is, in the determination of the Issuer material in the context of the sale of the Payment Capital Securities, (ii) where, in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Payment Capital Securities or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Capital Securities, (iii) where, pursuant to these Step-Up Securities Terms and Conditions, moneys 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 (iv) where, in the opinion of the Issuer, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Payment Capital Securities or dealings in the Payment Capital Securities in the secondary market, if any;

**“Non-callable Securities”** means perpetual securities constituting Tier 1 Capital of the Issuer that are not callable at the option of the Issuer;

**“Optional Deferral Notice”** has the meaning ascribed to it in Condition 4(b)(i);

**“Ordinary Shares”** means ordinary shares of the Issuer or the Guarantor, as applicable, or depositary receipts, if any, issued in respect of such Ordinary Shares as the context may require;

**“Outstanding Payment”** means:

- (i) in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, that such payment or amount (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(b)(i) or the deferral, postponement or suspension of such payment in accordance with any of Conditions 4(a), 4(b) or 6(d) and (b) in any such case has not been satisfied; and
- (ii) in relation to any Accrued Coupon Payment, any amount thereof which has not been satisfied whether or not payment has become due;

**“Parity Guarantee”** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer or the Guarantor, as applicable, in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking which rank *pari passu* with the Step-Up Fixed-Floating Securities on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payments thereon, excluding however (i) the Comparable Floating Securities and the Comparable Fixed Securities proposed to be issued by the Issuer simultaneously with the Step-Up Fixed-Floating Securities and (ii) the €400,000,000 Floating Rate Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456R1006) issued by Fortis Floating Rate Capital Funding Trust, the €200,000,000 Fixed Rate Annual Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456N1091) issued by Fortis Fixed Rate Capital Funding Trust and the €50,000,000 Fortis Fixed Rate Quarterly Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456P1040) issued by Fortis Fixed Rate Quarterly Capital Funding Trust and the underlying Capital B Securities issued by Fortis Capital Funding LP, all of which securities have been guaranteed by the Guarantor;

**“Parity Securities”** means, in respect of the Issuer or the Guarantor, as applicable, any securities of the Issuer or the Guarantor, as applicable, which in respect of distributions on a return of assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer or the Guarantor, as applicable, rank *pari passu* with the Step-Up Fixed-Floating Securities as regards such distributions or payments, excluding however the Comparable Floating Securities and the Comparable Fixed Securities proposed to be issued by the Issuer simultaneously with the Step-Up Fixed-Floating Securities;

**“Paying Agents”** means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Principal Paying Agent;

**“Payment”** means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

**“Payment Capital Securities”** means (i) any Non-callable Securities, (ii) Ordinary Shares, (iii) Preference Shares or (iv) profit participation rights (*winstbewijzen*), which may be issued by the Issuer to satisfy the Alternative Coupon Satisfaction Mechanism set out in Condition 6(a);

**“Preference Shares”** means preference shares of the Issuer;

**“Principal Paying Agent”** means the principal paying agent appointed pursuant to the Agency Agreement;

**“Reference Banks”** means the principal Euro-zone offices of five major banks in Euro-zone interbank market as selected by the Principal Paying Agent;



**“Reference Security”** means the 3.5% German Bundesobligationen due July 2019 the price of which security is quoted on Bloomberg page PXGE or, if such security should no longer exist or be quoted, such other comparable reference security as the Calculation Agent may reasonably decide;

**“Regulator”** means *De Nederlandsche Bank N.V.* (the Dutch Central Bank) or any successor regulator;

**“Regulatory Event”** means that the Guarantor shall have been notified in writing by the Regulator to the effect that at any Coupon Payment Date, the Guarantor’s solvency margin or other capital adequacy requirement to which the Guarantor may become subject would after payment of the Coupon Payment be less than the minimum solvency margin or other capital adequacy requirements as applied and enforced by the Regulator or any other appropriate regulator;

**“Relevant Date”** means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 15, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up (*faillissement of vereffening na ontbinding*);

**“Relevant Screen Page”** means the Bloomberg page BBAM or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

**“Relevant Stock Exchange”** means the exchange or quotation system on which the Payment Capital Securities may have their primary listing from time to time;

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market at the relevant time;

**“Reset Date”** means 26 October 2019;

**“Senior Creditors”** means present and future creditors of the Issuer or the Guarantor, as applicable, (a) who are unsubordinated creditors of the Issuer or the Guarantor, as applicable, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or otherwise) to the claims of unsubordinated creditors of the Issuer or the Guarantor, as applicable, but not further or otherwise or (c) who are subordinated creditors of the Issuer or the Guarantor, as applicable, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders;

**“Step-Up Fixed-Floating Securities”** means the Step-Up Fixed-Floating Perpetual Capital Securities constituted by the Trust Deed, and such expression shall include, unless the context otherwise requires, any further Step-Up Fixed-Floating Securities issued pursuant to Condition 16 and forming a single series with the Step-Up Fixed-Floating Securities;

**“Subsidiary”** means a subsidiary of the Issuer or the Guarantor, as applicable, within the meaning of Section 2:24a of the Dutch Civil Code;

**“Substituted Issuer”** has the meaning ascribed to it in Condition 12;

**“TARGET Settlement Day”** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 (TARGET2) system is open;

**“Tax Law Change”** has the meaning ascribed to it in Condition 7(c);

**“Three Month EURIBOR”** means in relation to a Coupon Period commencing on or after the Reset Date, the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m. Central European Time (or such other time as may be customary for the daily reset of such rate) on the relevant Interest Determination Date. If such rate does not appear on the Relevant Screen Page on the Interest Determination Date for a Coupon Period, then Three Month EURIBOR for the Coupon Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00 a.m., Central European Time, on the Interest Determination Date in question to prime banks in the Euro-zone interbank market for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount. The Principal Paying Agent shall request the principal Euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of the rates quoted by major banks in the Eurozone selected by the Principal Paying Agent, at approximately 11.00 a.m. Central European Time, on the first day of the relevant Coupon Periods for loans in euro to leading Euro-zone banks for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount, except that, if the banks so selected by the Principal Paying Agent are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (i) the Floating Coupon rate in effect for the last preceding Coupon Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied or (ii) if none, the Fixed Coupon Rate.

**“Tier 1 Capital”** has the meaning given to such term from time to time by the DNB;

**“Trust Deed”** means the trust deed to be executed on the Issue Date between the Issuer, the Guarantor and the Trustee, as the same may be amended and/or supplemented from time to time;

**“Trustee”** means Amsterdamsch Trustee's Kantoor B.V.;

**“Undertaking”** means a body corporate, partnership, limited partnership, cooperative or an incorporated association carrying on a trade or business with or without a view to profit in which the Issuer or the Guarantor, as applicable, has a direct or indirect financial, commercial or contractual majority interest; and

**“Winding-Up Claim”** has the meaning ascribed to it in Condition 2(b)(ii).

## TERMS AND CONDITIONS OF THE NON STEP-UP FIXED SECURITIES

*The following, subject to alteration, are the terms and conditions of the Non Step-Up Fixed Securities (the “Non Step-Up Fixed Securities”) which will be incorporated by reference into the Non Step-Up Global Security:*

The Non Step-Up Fixed Securities are constituted by the Trust Deed to be dated on or about 6 August 2009. The issue of the Non Step-Up Fixed Securities was authorised pursuant to a resolution of the Management Board of the Issuer passed on 21 April 2009. The statements in these Terms and Conditions of the Non Step-Up Fixed Securities (the “**Non Step-Up Securities Terms and Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement to be dated on or about 6 August 2009 are available for inspection during normal business hours by the Holders at the registered office of the Trustee, being at Amsterdamsch Trustee's Kantoor B.V., Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and at the specified office of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. Form, Denomination and Title

#### (a) Form and Denomination

The Non Step-Up Fixed Securities are in bearer form and shall be in denominations of €1.00 each. The Non Step-Up Fixed Securities will be represented by a global security (the “**Non Step-Up Global Security**”) without interest coupons attached. The Non Step-Up Global Security will be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“**Euroclear Netherlands**”) and thereby become subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*, “**WGE**”). The Non Step-Up Global Security will not be exchangeable for definitive bearer Securities.

#### (b) Transfer and Title

Interests in the Non Step-Up Global Security will be transferable only in accordance with the provisions of the WGE and the rules and procedures for the time being of Euroclear Netherlands and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) the Non Step-Up Fixed Securities, in the open market or otherwise, must be effected through participants of Euroclear Netherlands. The bearer of the Non Step-Up Global Security will be the only person entitled to receive payments in respect of the Non Step-Up Global Security. Each person who is for the time being shown in the records of Euroclear Netherlands or any of its participants as the holder of a particular nominal amount of such Non Step-Up Fixed Securities (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Non Step-Up Fixed Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Non Step-Up Fixed Securities for all purposes other than with respect to the payment of principal or interest on the Non Step-Up Fixed Securities, for which purpose the bearer of the Non Step-Up Global Security shall be treated by the Issuer and the Paying Agents as the holder of such Non Step-Up Fixed Securities in accordance with and subject to the terms of the Non Step-Up Global Security (and the term “**Holder**” shall have the corresponding meanings).

### 2. Status and Guarantee

- (a) *Status and Subordination of the Non Step-Up Fixed Securities:* The Non Step-Up Fixed Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Non

Step-Up Fixed Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.

- (b) (i) *Conditions to payments by the Issuer*: Payments in respect of the Non Step-Up Fixed Securities (and application of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) are conditional upon the Guarantor not being subject to a Regulatory Event at the time of the relevant payment (or at the time of application of the proceeds of the issue of such Payment Capital Securities) and no principal or Payments shall be payable in respect of the Non Step-Up Fixed Securities (including application of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) except to the extent that the Guarantor is not subject to a Regulatory Event and could make such payment (or apply the proceeds of such issue of Payment Capital Securities) and still not be subject to a Regulatory Event within a reasonable period of time after payment of such principal or Payment was scheduled to be made, as notified by the DNB.

For the purposes of this Condition 2(b)(i) any reference to a payment by the Issuer in respect of a Non Step-Up Fixed Security shall be deemed to include a redemption or purchase of such Non Step-Up Fixed Security by the Issuer.

- (ii) *Winding-Up Claims of the Issuer*: Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b)(i) are not satisfied on the date upon which the same would otherwise be due and payable (“**Winding-Up Claims**”) will be payable by the Issuer in a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer as provided in Condition 3 and on any redemption pursuant to Condition 7(b), 7(c), or 7(d). Any amount payable in respect of a Winding-Up Claim shall not itself bear interest.
- (iii) *Set-off*: Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Non Step-Up Fixed Securities and each Holder shall, by virtue of being the bearer of any Non Step-Up Fixed Security, be deemed to have waived all such rights of set-off.
- (c) *Guarantee*

Subject to the terms of the Guarantee, the Guarantor has irrevocably and unconditionally agreed to guarantee on a subordinated basis the Issuer's payment obligations under the Non Step-Up Fixed Securities as, if and when the same become due.

### 3. Winding-up

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed)), a winding-up amount shall be payable by the Issuer in respect of each Non Step-Up Fixed Security (in lieu of any other payment by the Issuer). The Non Step-Up Fixed Securities will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on any Ordinary Shares and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer, present and future.

In a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, Holders of the Non Step-Up Fixed Securities will only have a claim for payment in full or part of principal and Deferred Coupon

Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments.

#### 4. Deferrals

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Non Step-Up Securities Terms and Conditions. Without prejudice to the generality of Condition 2 and subject to Condition 4(c), the Issuer must, or as the case may be, may, defer a Coupon Payment and any other Payment in the following circumstances:

(a) *Mandatory Deferral of Payments*

- (i) Subject to Condition 4(c), if, on the 20th Business Day preceding the date on which any Payment would, in the absence of deferral in accordance with this Condition 4(a)(i), be due and payable, the Mandatory Deferral Condition is met, any such Payment shall (subject to Condition 6) be deferred by the Issuer giving notice in writing (a “**Mandatory Deferral Notice**”) to the Trustee, the Holders (in accordance with Condition 15), the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such due date.
- (ii) Following the deferral of a Payment by the Issuer under Condition 4(a)(i), the Issuer shall only satisfy such Payment as provided pursuant to Condition 4(c) hereof.
- (iii) If any Payment is deferred pursuant to this Condition 4(a) then no amount will be payable by way of interest on any such deferred Payment, save as provided in Condition 6(d).

Any such deferred Payment shall be satisfied from the proceeds of the issue of Payment Capital Securities in accordance with Condition 6.

(b) *Optional Deferral of Payments*

- (i) Subject to Condition 4(c), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(b)(i), be due and payable, defer all or part of such Payment by giving a notice (an “**Optional Deferral Notice**”) to the Trustee, the Holders (in accordance with Condition 15) the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(c), the Issuer shall then satisfy any such Payment at any time by means of an issue of Payment Capital Securities in accordance with Condition 6 upon delivery of a notice to the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.
- (ii) If any Payment is deferred pursuant to this Condition 4(b), then such deferred Payment shall bear interest at the Applicable Coupon Rate from (and including) the date on which (but for such optional deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

(c) *Dividend Pusher; Mandatory Payments and Mandatory Partial Payments*

Whether or not a deferral has taken place pursuant to Condition 4(a) or 4(b) above, the Issuer will be required to make payments on the Non Step-Up Fixed Securities in the following circumstances:

- (i) If a Mandatory Payment Event occurs in respect of the Issuer, then subject as provided in the next sentence, the Coupon Payment payable on the next Coupon Payment Date, being within a period of 6 months after the occurrence of the Mandatory Payment Event will be mandatorily due and payable in full on such next Coupon Payment Date, notwithstanding the delivery of any Mandatory Deferral Notice or Optional Deferral Notice relating to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. The Issuer may, but shall not be required to satisfy its obligation to make the Coupon Payment payable on such Coupon Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism.
- (ii) If a Mandatory Partial Payment Event occurs in respect of the Issuer, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Non Step-Up Fixed Security, notwithstanding the delivery of any Mandatory Deferral Notice or Optional Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition. Such Mandatory Partial Payments shall be payable on the immediately next Coupon Payment Date. The Issuer is permitted, but shall not be required, to satisfy its obligation to pay any Mandatory Partial Payments in accordance with the Alternative Coupon Satisfaction Mechanism.
- (iii) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs in respect of the Issuer, then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or an occurrence or continuance of the Mandatory Deferral Condition.
- (iv) As provided pursuant to Clause 4 of the Guarantee, if during the period that the Mandatory Deferral Condition has been met a Mandatory Payment Event or a Mandatory Partial Payment Event occurs in respect of the Guarantor, then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or continuance of the Mandatory Deferral Condition.
- (v) The Issuer may satisfy its obligations to pay any Deferred Coupon Payments referred to in Condition 4(c)(iii) and (iv) above only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Mandatory Partial Payment payable on a date that coincides with the date on which such Deferred Coupon Payment has become mandatorily due and payable in full.

(d) *Dividend Stopper*

The Issuer has agreed that if it defers a payment for any reason as described above then, while any payment is so deferred, it will not recommend to its shareholder(s) and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or Mandatory Partial Payment Event.

## 5. **Coupon Payments**

(a) *Coupon Payment Dates*

Subject to Condition 4(b)(ii), the Non Step-Up Fixed Securities bear interest at 7.25 per cent. (the **Coupon Rate**) per annum from (and including) the Issue Date. Such interest will (subject to Conditions 2(b)(i), 4(a), 4(b) and 6(d)) be payable on each Coupon Payment Date. Each Non Step-Up Fixed Security will cease to bear interest from the due date for redemption unless, upon due

presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

If any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the preceding Business Day. The amount of the relevant Coupon Payment shall not be adjusted as a result.

(b) *Determination of Coupon Amounts*

Whenever it is necessary to calculate an amount of interest in respect of any Non Step-Up Fixed Security for a period, such interest shall be calculated by applying the Coupon Rate to the principal amount of such Non Step-Up Fixed Security, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

(c) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason calculate a Coupon Amount in accordance with Condition 5(b), the Trustee or an agent on its behalf shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(c) by or on behalf of the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Holders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 6. **Alternative Coupon Satisfaction Mechanism**

(a) *Alternative Coupon Satisfaction Mechanism*

If payment of any Deferred Coupon Payment (together, if applicable, with any interest accrued on such Deferred Coupon Payment) is to be made on any Deferred Coupon Satisfaction Date, it will be satisfied using the Alternative Coupon Satisfaction Mechanism. In addition, the Issuer may elect at any time to satisfy its obligation to make any Payment (other than Deferred Coupon Payments or a payment of principal) to Holders by using the Alternative Coupon Satisfaction Mechanism. “**Alternative Coupon Satisfaction Mechanism**” means that the relevant payment is satisfied from the proceeds of the issue by the Issuer of such amount of Payment Capital Securities as may be required to provide cash issue proceeds sufficient to enable the Issuer to pay the relevant Payment in full, in accordance with and subject to the following provisions of this Condition 6. Holders of the Non Step-Up Fixed Securities will always receive payments made in respect of the Non Step-Up Fixed Securities in cash.

If the Issuer uses the Alternative Coupon Satisfaction Mechanism, the Issuer shall notify the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Coupon Payment Date. To the extent that the Alternative Coupon Satisfaction Mechanism is not used to make any Payment, subject to Condition 4(a) (*Mandatory Deferral of Payments*) and Condition 4(b) (*Optional Deferral of Payments*), such Payment must be satisfied in accordance with Condition 8(a).

(b) *Issue of Payment Capital Securities*

If any Payment is to be satisfied in accordance with the Alternative Coupon Satisfaction Mechanism then, subject to Condition 6(d):

- (i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date or Deferred Coupon Satisfaction Date the Issuer will issue such number of Payment Capital Securities as, in the determination of the Issuer, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6;
- (ii) if, after the operation of the above procedures, there would in the opinion of the Issuer be a shortfall on the date on which the relevant Payment is due, the Issuer shall issue further Payment Capital Securities in accordance with the provisions of the Trust Deed 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 the operation of the aforementioned provisions, such a shortfall exists on the relevant due date the Issuer will in accordance with the provisions of the Trust Deed continue to issue Payment Capital Securities until the Principal Paying Agent shall have received funds equal to the full amount of such shortfall;
- (iii) if the Issuer fails, by the date or time specified, to make any of the determinations as to the number of Payment Capital Securities required to be issued, as described in paragraphs (i) and (ii) above, the Trustee shall appoint the Calculation Agent to perform such obligations.

(c) *Receipt of cash proceeds in respect of Issue of Payment Capital Securities satisfies Payment*

Where the Issuer either elects or is required to satisfy a Payment by means of the Alternative Coupon Satisfaction Mechanism and in accordance with its obligations under the Trust Deed issues Payment Capital Securities, the cash proceeds of such issue by the Issuer shall, subject to Condition 6(b)(iii) and 6(d), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in (d) below, the relevant part of such Payment. The proceeds of sale of Payment Capital Securities in accordance with this Condition 6 shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Payment.

(d) *Market Disruption*

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer (subject, where necessary, to determinations made by the Calculation Agent) a Market Disruption Event on or after the 15<sup>th</sup> Business Day preceding any date upon which a Payment is due to be made or satisfied in accordance with this Condition 6, then the Issuer may give notice in writing to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders (in accordance with Condition 15) as soon as practicable after the relevant Market Disruption Event has arisen or occurred, whereupon the relevant Payment shall be deferred until such time as (in the opinion of the Issuer) the Market Disruption Event no longer exists.



Any such Payment deferred in accordance with this Condition 6(d) will be paid as soon as practicable following such time as, in the opinion of the Issuer, the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred Payment from (and including) the date on which the relevant Payment was originally due to have been made to (but excluding) the date on which such Payment is actually made. Any such interest shall accrue at the Applicable Coupon Rate and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or any such agent, the Trustee or any such agent is unable to comply with the provisions of Condition 6(b).

(e) *Issuer certification to Trustee*

The Issuer will certify to the Trustee that the proceeds used to make any Deferred Coupon Payment have been funded through the issue of a sufficient amount of Payment Capital Securities.

**7. Redemption and Purchases**

(a) *No Fixed Redemption Date*

The Non Step-Up Fixed Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 11) only have the right to redeem the Non Step-Up Fixed Securities in accordance with the following provisions of this Condition 7.

(b) *Issuer's Call Option*

Subject to Condition 2(b)(i), the Issuer may, subject to the prior consent of the Regulator and by giving not less than 30 nor more than 60 days' prior notice to the Holders in accordance with Condition 15 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect to redeem all, but not some only, of the Non Step-Up Fixed Securities on the Coupon Payment Date falling on 30 September 2019 or any Coupon Payment Date falling thereafter at their principal amount together with any Outstanding Payments.

(c) *Redemption, Modification or Conversion due to Taxation*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the next due date for a Payment:

- (i) the Issuer would, for reasons outside its control, be unable to make such Payment without being required to pay additional amounts as provided or referred to in Condition 10; or
- (ii) payments of amounts in respect of interest on the Non Step-Up Fixed Securities including, for the avoidance of doubt, the issue of Payment Capital Securities pursuant to Condition 6, may be treated as "distributions" within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith) deems appropriate; or

- (iii) as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Non Step-Up Fixed Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by Statutory Instrument on or after 14 July 2009, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the Payment is to be satisfied by the issue of Payment Capital Securities,

(each a **Tax Event**) then the Issuer may (and subject to Condition 2(b)(i) and to the prior consent of the Regulator), having given not less than 30 nor more than 60 days' prior notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), (i) redeem, in accordance with these Non Step-Up Securities Terms and Conditions, at any time all, but not some only, of the Non Step-Up Fixed Securities at their principal amount together with any Outstanding Payments or (ii) subject to compliance with applicable regulatory requirements, modify the terms of the Non Step-Up Fixed Securities or convert or exchange the Non Step-Up Fixed Securities in whole (but not in part) into another series of capital securities having materially the same terms as the Non Step-Up Fixed Securities and which are no less favourable to an investor than the terms of the Non Step-Up Fixed Securities then prevailing. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

Prior to the publication of any notice of redemption, modification or conversion pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by a member of the Management Board of the Issuer stating that the relevant requirements or circumstances referred to in sub-paragraphs (i), (ii) or (iii) above is satisfied and the Trustee shall be entitled, without further investigation or enquiry, to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

(d) *Redemption, Modification or Conversion for Regulatory Purposes*

If the Issuer notifies the Trustee immediately prior to the giving notice referred to below that the Regulator has determined that securities of the nature of the Non Step-Up Fixed Securities cease to qualify as Tier 1 Capital of the Issuer (or instruments of a similar nature which qualify as core capital) for the purposes of applicable capital adequacy regulations (a "**Capital Disqualification Event**"), then the Issuer may, subject to the prior consent of the Regulator and subject to Condition 2(b)(i)), having given not less than 30 nor more than 60 days' prior notice (which notice shall be irrevocable) to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (i) redeem, in accordance with these Non Step-Up Securities Terms and Conditions, at any time all, but not some only, of the Non Step-Up Fixed Securities at their principal amount together with any Outstanding Payments or (ii) subject to compliance with applicable regulatory requirements, modify the terms of the Non Step-Up Fixed Securities or convert or exchange the Non Step-Up Fixed Securities in whole (but not in part) into another series of capital securities having materially the same terms as the Non Step-Up Fixed Securities and which are no less favourable to an investor than the terms of the Non Step-Up

Fixed Securities then prevailing. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.

(e) *Purchases*

The Issuer, may (subject to Condition 2(b)(i)) at any time purchase Non Step-Up Fixed Securities in any manner and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled.

(f) *Cancellation*

Cancellation of any Non Step-Up Fixed Securities will be effected by reduction in the principal amount of the Non Step-Up Global Security and such cancelled Non Step-Up Fixed Securities may not be reissued or resold. The obligations of the Issuer in respect of any such cancelled Non Step-Up Fixed Securities, shall be discharged.

**8. Payments**

(a) *Method of Payment*

- (i) Each Payment in respect of the Non Step-Up Fixed Securities, each payment of principal and all other payments on or in respect of the Non Step-Up Fixed Securities will be in euro, will be calculated by the Calculation Agent in accordance with the Conditions and will be and effected through the Paying Agents.

Each Payment and each payment of principal in respect of the Non Step-Up Fixed Securities will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Non Step-Up Fixed Securities, surrender of the Non Step-Up Global Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Non Step-Up Global Security by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Non Step-Up Fixed Securities.

- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (x) a Paying Agent having a specified office in the Netherlands (y) for so long as the Non Step-Up Fixed Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., or any other stock exchange or regulated securities market, and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (z) if a European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 comes into force, a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to such Directive. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 15.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Non Step-Up Securities Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

(c) *Payments on Payment Business Days*

The Non Step-Up Global Security may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom the Non Step-Up Global Security is presented for payment and (ii) the Trans-European Real-time Gross settlement Express Transfer 2 (TARGET2) System is operating.

No further interest or other payment will be made as a consequence of the day on which the Non Step-Up Global Security may be presented for payment under this paragraph falling after the due date.

## **9. Non-Payment when Due**

Notwithstanding any of the provisions below in this Condition 9, the right to institute winding-up proceedings against the Issuer is limited to circumstances where payment has become due. Pursuant to Condition 2(b) and subject as provided in the next sentence, no principal or Payment will be due if the Issuer is subject to a Regulatory Event or would be subject to a Regulatory Event within a reasonable period of time after payment of such principal or Payment was scheduled to be made, as notified by the DNB. Also, in the case of any Payment, such Payment will not be due if the Issuer has is required to, or has elected to, defer that Payment pursuant to Condition 4(a) or 4(b) if the circumstances referred to in Condition 6(d) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by the Trustee in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.

- (a) If the Issuer fails to make a payment in respect of the Non Step-Up Fixed Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Non Step-Up Fixed Securities, and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 9, institute proceedings (in its own name but on behalf of Holders of the Non Step-Up Fixed Securities) in the Netherlands (but not elsewhere) for the winding-up (*faillissement*) of the Issuer.
- (b) Subject as provided in Condition 9, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Non Step-Up Fixed Securities (other than for the payment of any principal or satisfaction of any Payments in respect of the Non Step-Up Fixed Securities, including any payment under clause 2.5 of the Trust Deed); provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer to enforce any term or condition binding on the Issuer under the Trust Deed or the Non Step-Up Fixed Securities unless (i) it shall have been requested to do so by an Extraordinary Resolution (as defined in the Trust Deed) or in writing by the holders of at least one-fifth in principal amount of the Non Step-Up Fixed Securities then outstanding and (ii) it shall have been indemnified to its satisfaction.

- (d) No Holder shall be entitled to proceed directly against the Issuer, or to institute proceedings for the winding-up (*faillissement*) of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer shall be available to the Trustee or any Holder (i) for the recovery of amounts owing in respect of the Non Step-Up Fixed Securities (including any payment under clause 2.6 of the Trust Deed), other than the institution of proceedings in the Netherlands (but not elsewhere) for the winding-up (*faillissement*) of the Issuer and/or proving in such winding-up (*faillissement*) and (ii) for the breach of any other term under the Trust Deed or the Non Step-Up Fixed Securities other than as provided in paragraph (b) above.

## **10. Taxation**

All payments by the Issuer of principal, Payments, Mandatory Payments, Mandatory Partial Payments and Winding-Up Claims in respect of the Non Step-Up Fixed Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Non Step-Up Fixed Securities in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Non Step-Up Fixed Security:

- (i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Non Step-Up Fixed Security by reason of such Holder, having some connection with the Netherlands other than the mere holding of such Non Step-Up Fixed Security; or
- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the Non Step-Up Fixed Security or which holds the Non Step-Up Fixed Security in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Non Step-Up Securities Terms and Conditions to principal and/or Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing

provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

In the event that any Payment is satisfied by using the Alternative Coupon Satisfaction Mechanism, then any additional amounts which are payable shall also be satisfied from the proceeds of the issue of Payment Capital Securities.

#### **11. Prescription**

Claims for payment in relation to Non Step-Up Fixed Securities will become void unless exercised within a period of five years from the due date thereof.

#### **12. Meetings of Holders, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution of any of these Non Step-Up Securities Terms and Conditions or the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on all Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trustee may agree, without the consent of the Holders, to (i) any modification of any of these Non Step-Up Securities Terms and Conditions and/or any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 15.

As provided in the Trust Deed, the Trustee may agree with the Issuer, without the consent of the Holders, to substitution on a subordinated basis equivalent to that referred to in these Non Step-Up Securities Terms and Conditions of any holding company of the Issuer, any subsidiary of such holding company, any Subsidiary, any successor in business of the Issuer or any subsidiary of any successor in business of the Issuer (the “**Substituted Issuer**”) in place of the Issuer (or any previous Substituted Issuer under this Condition 12) as a new issuing party under the Trust Deed and the Non Step-Up Fixed Securities.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 10 and/or any undertaking given in addition thereto or in substitution therefor under the Trust Deed.

#### **13. Replacement of the Non Step-Up Fixed Securities**

Should the Non Step-Up Global Security be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15) upon payment by the claimant of the expenses

incurred in connection therewith and on such terms as to evidence and/or indemnity as the Issuer may reasonably require. The mutilated or defaced Non Step-Up Global Security must be surrendered before any replacement Non Step-Up Global Security will be issued.

#### **14. Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, without accounting for any profit resulting therefrom.

#### **15. Notices**

Notices to Holders may be given by the delivery of the relevant notice to Euroclear Netherlands and through a press release which will also be made available on the website of the Issuer ([www.asrnederland.nl](http://www.asrnederland.nl)). Any such notice shall be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Any Notice delivered to Euroclear Netherlands shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

#### **16. Further Issues**

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further Non Step-Up Fixed Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Non Step-Up Fixed Securities) and so that the same shall be consolidated and form a single series with the outstanding Securities. Any such Non Step-Up Fixed Securities shall be constituted by a deed supplemental to the Trust Deed.

#### **17. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Non Step-Up Fixed Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Non Step-Up Securities Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Non Step-Up Fixed Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Holders.

None of the Issuer, the Trustee and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

#### **18. Governing Law and Jurisdiction**

- (a) The Trust Deed and the Non Step-Up Fixed Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Courts of the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and the Non Step-Up Fixed Securities,

and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed and the Non Step-Up Fixed Securities may be brought in such courts.

## **19. Definitions**

In these Non Step-Up Securities Terms and Conditions:

**“Accrued Coupon Payment”** means, as at any time, where these Non Step-Up Securities Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Non Step-Up Fixed Security the amount of interest accrued thereon in accordance with Conditions 4(b), 5 and 6(d);

**“Agency Agreement”** means the agency agreement to be concluded on the Issue Date between the Issuer, the Guarantor, the Trustee and the Agents relating to the Non Step-Up Fixed Securities under which each Agent agrees to perform the duties required of it under these Non Step-Up Securities Terms and Conditions, as the same may be amended and/or supplemented from time to time;

**“Agents”** means the agents appointed pursuant to the Agency Agreement and such term shall unless the context otherwise requires, include the Principal Paying Agent and any successor agent;

**“Alternative Coupon Satisfaction Mechanism”** has the meaning ascribed to it in Condition 6(a);

**“Applicable Coupon Rate”** means in relation to any Payment deferred pursuant to Condition 4(b) or Condition 6(d), the Coupon Rate payable on the Non Step-Up Fixed Securities for the Coupon Periods during which such Payment is deferred;

**“Board”** means the Issuer's Management Board and/or Supervisory Board, as the context may require;

**“Business Day”** means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in Amsterdam;

**“Calculation Agent”** means the calculation agent in relation to the Non Step-Up Fixed Securities, or its successor or successors for the time being appointed under the Agency Agreement;

**“Capital Disqualification Event”** has the meaning ascribed to it in Condition 7(d);

**“Comparable Fixed Securities”** means the euro denominated Fixed Rate Noncumulative Guaranteed Capital Securities to be issued by the Issuer, and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor, on or about the Issue Date;

**“Comparable Floating Securities”** means the euro denominated Floating Rate Noncumulative Guaranteed Capital Securities to be issued by the Issuer, and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor, on or about the Issue Date;

**“Coupon Amount”** means (i) in respect of a Coupon Payment, the amount of interest payable on a Non Step-Up Fixed Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 7(c) and 7(d) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5;

**“Coupon Payment”** means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;



**“Coupon Payment Date”** means 30 September in each year, starting 30 September 2010 (long first Coupon Period);

**“Coupon Period”** means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

**“Coupon Rate”** means the fixed coupon rate as stated in Condition 5(a);

**“Deferred Coupon Payment”** means:

- (i) any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) (*Mandatory Deferral of Payments*) and has not subsequently been satisfied; or
- (ii) any Payment, or part thereof, which, pursuant to Condition 4(b) the Issuer has elected to defer and which has not been satisfied;

**“Deferred Coupon Satisfaction Date”** means:

- (i) the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(b); or
- (ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

**“DNB”** means De Nederlandsche Bank N.V., or such other governmental authority in the Netherlands having primary supervisory authority with respect to the Issuer;

**“Fixed Day Count Fraction”** means the actual number of days in the period from and including the date from which interest begins to accrue for the relevant period of calculation (the **“Accrual Date”**) to but excluding the date on which it falls due divided by the actual number of days from and including the Accrual Date to but excluding the next following Coupon Payment Date;

**“Guarantee”** means the Guarantee to be issued by the Guarantor on the Issue Date;

**“Guarantor”** means ASR Levensverzekering N.V.;

**“Holder”** has the meaning ascribed to in Condition 1(b);

**“Interest”** shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

**“Issue Date”** means on or about 6 August 2009;

**“Issuer”** means ASR Nederland N.V.;

**“Junior Guarantee”** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer or the Guarantor, as applicable, in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking after the Non Step-Up Fixed Securities on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payment thereon;

**“Junior Securities”** means the Ordinary Shares or any other securities of the Issuer or the Guarantor, as applicable, which rank after the Non Step-Up Fixed Securities as regards distributions on a return of

assets on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payments thereon;

**“Mandatory Deferral Condition”** will be met if, in the determination of the Issuer, on the Relevant Date, the Guarantor is, or payment of the relevant Payment, or part thereof, by the Guarantor under the Guarantee will result in the Guarantor being subject to a Regulatory Event;

**“Mandatory Deferral Notice”** has the meaning ascribed to it in Condition 4(a)(i);

**“Mandatory Partial Payment”** payable on any Coupon Payment Date means a payment in respect of each Non Step-Up Fixed Security in an amount that results in payment of a proportion of a full Coupon Payment on the Non Step-Up Fixed Security on such Coupon Payment Date equal to the proportion of a full dividend on the relevant Parity Securities and/or payment on the relevant Parity Guarantee paid on the dividend or payment date in respect of the relevant Parity Securities and/or Parity Guarantee immediately preceding;

A **“Mandatory Partial Payment Event”** shall occur if any of the following occurs:

- (i) the Issuer or the Guarantor, as applicable, declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee; or
- (ii) any Subsidiary or Undertaking 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;

A **“Mandatory Payment Event”** shall occur if any of the following occurs:

- (i) the Issuer or the Guarantor, as applicable, declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of its Junior Securities or makes any payment on a Junior Guarantee;
- (ii) any Subsidiary or 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 Ordinary Shares) on any security issued by it benefiting from a Junior Guarantee;
- (iii) the Issuer or the Guarantor, as applicable, or any Subsidiary or Undertaking redeems, purchases or otherwise acquires any of the Issuer's or the Guarantor's, as applicable, Junior Securities, any Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee (other than (1) by conversion into or in exchange for Ordinary Shares, (2) in connection with transactions effected by or for the account of customers of the Issuer or the Guarantor, as applicable, or any Subsidiary, (3) in connection with the satisfaction by the Issuer or the Guarantor, as applicable, or any Subsidiary of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (4) as a result of a reclassification of the Issuer or the Guarantor, as applicable, or any Subsidiary or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, or (5) the purchase of fractional interests in shares of the capital stock of the Issuer or the Guarantor, as applicable, or any Subsidiary pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged) for any consideration, or any moneys are paid to or made available for redemption of any Junior Securities, Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee;

**“Market Disruption Event”** means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or on settlement procedures for transactions in the Payment Capital Securities on the

Relevant Stock Exchange) if, in any such case, that suspension or limitation is, in the determination of the Issuer material in the context of the sale of the Payment Capital Securities, (ii) where, in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Payment Capital Securities or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Capital Securities, (iii) where, pursuant to these Non Step-Up Securities Terms and Conditions, moneys 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 (iv) where, in the opinion of the Issuer, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Payment Capital Securities or dealings in the Payment Capital Securities in the secondary market, if any;

**“Non-callable Securities”** means perpetual securities constituting Tier 1 Capital of the Issuer that are not callable at the option of the Issuer;

**“Non Step-Up Fixed Securities”** means the Non Step-Up Fixed Perpetual Capital Securities constituted by the Trust Deed, and such expression shall include, unless the context otherwise requires, any further Non Step-Up Fixed Securities issued pursuant to Condition 16 and forming a single series with the Non Step-Up Fixed Securities;

**“Optional Deferral Notice”** has the meaning ascribed to it in Condition 4(b)(i);

**“Ordinary Shares”** means ordinary shares of the Issuer or the Guarantor, as applicable, or depositary receipts, if any, issued in respect of such Ordinary Shares as the context may require;

**“Outstanding Payment”** means:

- (i) in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, that such payment or amount (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(b)(i) or the deferral, postponement or suspension of such payment in accordance with any of Conditions 4(a), 4(b) or 6(d) and (b) in any such case has not been satisfied; and
- (ii) in relation to any Accrued Coupon Payment, any amount thereof which has not been satisfied whether or not payment has become due;

**“Parity Guarantee”** means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer or the Guarantor, as applicable, in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking which rank *pari passu* with the Non Step-Up Fixed Securities on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distributions or payment of dividends or any other payments thereon, excluding however (i) the Comparable Floating Securities and the Comparable Fixed Securities proposed to be issued by the Issuer simultaneously with the Non Step-Up Fixed Securities and (ii) the €400,000,000 Floating Rate Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456R1006) issued by Fortis Floating Rate Capital Funding Trust, the €200,000,000 Fixed Rate Annual Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456N1091) issued by Fortis Fixed Rate Capital Funding Trust and the €50,000,000 Fortis Fixed Rate Quarterly Noncumulative Guaranteed Trust Capital Securities (ISIN: USU3456P1040) issued by Fortis Fixed Rate Quarterly Capital Funding Trust and the underlying Capital B Securities issued by Fortis Capital Funding LP, all of which securities have been guaranteed by the Guarantor;

**“Parity Securities”** means, in respect of the Issuer or the Guarantor, as applicable, any securities of the Issuer or the Guarantor, as applicable, which in respect of distributions on a return of assets on a

winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer or the Guarantor, as applicable, rank *pari passu* with the Non Step-Up Fixed Securities as regards such distributions or payments, excluding however the Comparable Floating Securities and the Comparable Fixed Securities proposed to be issued by the Issuer simultaneously with the Non Step-Up Fixed Securities;

**“Paying Agents”** means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Principal Paying Agent;

**“Payment”** means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

**“Payment Capital Securities”** means (i) any Non-callable Securities, (ii) Ordinary Shares, (iii) Preference Shares or (iv) profit participation rights (*winstbewijzen*), which may be issued by the Issuer to satisfy the Alternative Coupon Satisfaction Mechanism set out in Condition 6(a);

**“Preference Shares”** means preference shares of the Issuer;

**“Principal Paying Agent”** means the principal paying agent appointed pursuant to the Agency Agreement;

**“Regulator”** means *De Nederlandsche Bank N.V.* (the Dutch Central Bank) or any successor regulator;

**“Regulatory Event”** means that the Guarantor shall have been notified in writing by the Regulator to the effect that at any Coupon Payment Date, the Guarantor’s solvency margin or other capital adequacy requirement to which the Guarantor may become subject would after payment of the Coupon Payment be less than the minimum solvency margin or other capital adequacy requirements as applied and enforced by the Regulator or any other appropriate regulator;

**“Relevant Date”** means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 15, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up (*faillissement of vereffening na ontbinding*);

**“Relevant Stock Exchange”** means the exchange or quotation system on which the Payment Capital Securities may have their primary listing from time to time;

**“Senior Creditors”** means present and future creditors of the Issuer or the Guarantor, as applicable, (a) who are unsubordinated creditors of the Issuer or the Guarantor, as applicable, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the Guarantor, as applicable, or otherwise) to the claims of unsubordinated creditors of the Issuer or the Guarantor, as applicable, but not further or otherwise or (c) who are subordinated creditors of the Issuer or the Guarantor, as applicable, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders;

**“Subsidiary”** means a subsidiary of the Issuer or the Guarantor, as applicable, within the meaning of Section 2:24a of the Dutch Civil Code;

**“Substituted Issuer”** has the meaning ascribed to it in Condition 12;

**“TARGET Settlement Day”** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 (TARGET2) system is open;

**“Tax Event”** has the meaning ascribed to it in Condition 7(c);

**“Tier 1 Capital”** has the meaning given to such term from time to time by the DNB;

**“Trust Deed”** means the trust deed to be executed on the Issue Date between the Issuer, the Guarantor and the Trustee, as the same may be amended and/or supplemented from time to time;

**“Trustee”** means Amsterdamsch Trustee's Kantoor B.V.;

**“Undertaking”** means a body corporate, partnership, limited partnership, cooperative or an incorporated association carrying on a trade or business with or without a view to profit in which the Issuer or the Guarantor, as applicable, has a direct or indirect financial, commercial or contractual majority interest; and

**“Winding-Up Claim”** has the meaning ascribed to it in Condition 2(b)(ii).

## DESCRIPTION OF THE SUBORDINATED GUARANTEE

*Capitalised terms used but not defined herein shall have the meaning given thereto in the Terms and Conditions of the Securities. References to certain Conditions are references to both the Step-Up Securities Terms and Conditions and the Non Step-Up Securities Terms and Conditions.*

### 1. Guarantee

ASR Levensverzekering N.V. (the "**Guarantor**") will irrevocably and unconditionally agree to pay in full (without duplication), on a subordinated basis, to the Holders, the Guaranteed Payments to the extent set forth herein, as and when due, regardless of any defence, right of setoff or counterclaim which the Issuer may have or assert. The Guarantor's obligations under the Guarantee are independent of the obligations of the Issuer with respect to the Securities and the Guarantor shall be liable as principal and sole obligor under the Guarantee to make the following payments pursuant to the terms hereof (without duplication): (i) any accumulated but unpaid Payments on the Securities and (ii) the redemption amount payable with respect to any Securities called for redemption by the Issuer, in each case plus interest accrued thereon from the date of making the claim under the Guarantee, and in each case subject to the limitations set forth herein (together the "**Guaranteed Payments**").

### 2. Status

- (a) *Status and Subordination of the Guarantee:* The Guarantee constitutes direct, unsecured, subordinated obligations of the Guarantor. The rights and claims of the Holders under the Guarantee are subordinated to the claims of Senior Creditors of the Guarantor, present and future.
- (b)
  - (i) *Conditions to payments by the Guarantor:* Payments in respect of the Guarantee are conditional upon the Guarantor not being subject to a Regulatory Event at the time of the relevant payment and no Guaranteed Payment shall be payable except to the extent that the Guarantor is not subject to a Regulatory Event and could make such payment and still not be subject to a Regulatory Event within a reasonable period of time after payment of such Guaranteed Payment was scheduled to be made, as notified by DNB.
  - (ii) *Winding-Up Claims of the Guarantor:* Any Guaranteed Payments in respect of which the conditions referred to in clause 2(b)(i) are not satisfied on the date upon which the same would otherwise be due and payable ("**Winding-Up Claims**") will be payable by the Guarantor in a winding-up (*faillissement of vereffening na ontbinding*) of the Guarantor. A Winding-Up Claim shall not bear interest.
  - (iii) *Set-off:* Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Guarantee and each Holder shall, by virtue of being the bearer of any Security, be deemed to have waived all such rights of set-off.

### 3. Winding-up

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Guarantor (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Guarantor of a successor in business (as defined in the Trust Deed) of the Guarantor, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed)), a winding-up amount shall be payable by the Guarantor in respect of the Guarantee. The Guarantee will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Guarantor in priority to distributions on any

Ordinary Shares and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Guarantor, present and future.

In a winding-up (*faillissement of vereffening na ontbinding*) of the Guarantor, Holders will only have a claim for payment in full or part of the Guaranteed Payments, if any, to the extent that distributable assets of the Guarantor are sufficient to pay in full or part such Guaranteed Payments.

#### **4. Dividend pusher**

If and as long as the Mandatory Deferral Condition is met, the Guarantor will be required to make payments under the Guarantee in the following circumstances:

- (i) If a Mandatory Payment Event occurs in respect of the Guarantor, then subject as provided in the next sentence, the Coupon Payments payable on the next Coupon Payment Date (or after the Reset Date for the Step-Up Fixed-Floating Securities, each of the next four Coupon Payment Dates) will be mandatorily due and payable in full on such next Coupon Payment Date (or after Reset Date for the Step-Up Fixed-Floating Securities, the next four Coupon Payment Dates), notwithstanding the delivery of any Mandatory Deferral Notice relating to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition. If, after the Reset Date for the Step-Up Fixed-Floating Securities, the Mandatory Payment Event is a payment on a Junior Security or on a Junior Guarantee or on a security benefiting from a Junior Guarantee which, in each case, is in respect of a semi-annual dividend, then the Coupon Payments payable on only the next two Coupon Payment Dates (instead of the next four Coupon Payment Dates) will be due and payable in full on such Coupon Payment Dates notwithstanding the delivery of any Mandatory Deferral Notice relating to such Coupon Payments or the occurrence or continuance of any Mandatory Deferral Condition.
- (ii) If a Mandatory Partial Payment Event occurs in respect of the Guarantor, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Security, notwithstanding the delivery of any Mandatory Deferral Notice or the occurrence or continuance of the Mandatory Deferral Condition. Such Mandatory Partial Payments shall be payable on the next Coupon Payment Date (or, after the Reset Date for the Step-Up Fixed-Floating Securities, each of the four consecutive Coupon Payment Dates, the immediately next two consecutive Coupon Payment Dates or the immediately next Coupon 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, semi annual basis or a quarterly basis, as the case may be).

If during the period that the Mandatory Deferral Condition has been met a Mandatory Payment Event or a Mandatory Partial Payment Event occurs in respect of the Guarantor, then any Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or the continuance of the Mandatory Deferral Condition. Any such Deferred Coupon Payments will be paid by the Issuer in accordance with Condition 4(c)(v).

#### **5. Taxation**

All payments under the Guarantee will be made without withholding or deduction for or on account of any present or future taxes or duties imposed by or on behalf of the Netherlands as further specified in Condition 10., unless the withholding or deduction of such tax or duty is required by law. In that event, the Guarantor will pay the required additional amount in accordance with and subject to the limitations of Condition 10.

## **6. Enforcement and recourse by the Guarantor**

The Trustee, on behalf of the Holders, may enforce the Guarantee directly against the Guarantor. If the Trustee fails to enforce its rights under the Guarantee after any Holder has made a written request, such Holder may directly institute a legal proceeding against the Guarantor to enforce their rights under the Guarantee without first initiating any legal proceeding against the Issuer or any other person or entity. The Guarantor hereby waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Guarantor.

In the event that the Guarantor makes any payments under the Guarantee, the Issuer will reimburse the Guarantor in the full amount of such payments.

## **7. No Assignment**

The Guarantor may not assign its obligations under the Guarantee, except in the case of merger, consolidation or a sale of substantially all of its assets, where the Guarantor is not the surviving entity.

## **8. Termination**

The Guarantee shall terminate and be of no further force and effect from the date of the repayment of the redemption amount for all Securities or purchase and cancellation of all Securities; provided, however, that the Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Securities or the Guarantee must be restored by a Holder thereof for any reason whatsoever.

## **9. Amendment**

The Guarantee may be modified only with the prior approval of the Holders of not less than a majority of the Securities. The Guarantee may be amended without the consent of the Holders of the Securities to (i) cure any ambiguity, (ii) correct or supplement any provision in the Guarantee that may be defective or inconsistent with any other provision of the Guarantee, (iii) add to the covenants, restrictions or obligations of the Guarantor, (iv) modify, eliminate and add to any provision of the Guarantee to such extent as may be necessary or desirable; provided that no such amendment shall have a material adverse effect on the rights, preferences or privileges of the Holders of the Securities.

If the Guarantee is amended, notice thereof will be provided in the manner indicated under Condition 15.

## **10. Governing Law; Jurisdiction**

The guarantee will be governed by the laws of The Netherlands. Any claim or proceeding brought by a Holder to enforce the obligations of the Guarantor under the Guarantee shall be brought exclusively in a court of competent jurisdiction in The Netherlands.



## **USE OF PROCEEDS**

There will be no net proceeds from the issue of the Securities (other than the New Issue Securities).

The net proceeds from the New Issue Securities will be applied by the Issuer for its general corporate purposes.

## PUBLIC OFFER

The public offer of the Securities is being made by the Issuer in furtherance of the Exchange Offer. In addition, the Issuer intends to raise new money and for that purpose also publicly offers the Securities outside the scope of the Exchange Offer.

Upon the approval of this Prospectus by the AFM, application will be made for a certificate of approval under Article 18 of the Prospectus Directive attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive as implemented in the Netherlands. Following the due delivery to, and acceptance of such certificate by, the competent authority in each Public Offer Jurisdiction (except the Netherlands), an offer of the Securities, other than pursuant to Article 3(2) of the Prospectus Directive, may be made by the Issuer in the Public Offer Jurisdictions during the Offer Period specified below. In any other EEA Member State or at any time outside the Offer Period, offers of the Securities will only be made pursuant to Article 3(2) of the Prospectus Directive.

The Securities may only be offered or sold in any jurisdiction in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction.

### 1. Terms and conditions of the public offer

The Securities will be offered by the Issuer to the holders of the Trust Securities in pursuance of the Exchange Offer and to other subscribers in the following jurisdictions in the EEA: Belgium, France, Germany, Ireland, the Grand Duchy of Luxembourg, the Netherlands, Portugal and Spain. However, the Exchange Offer is not being made to the public in Belgium, France or Portugal. Any such offer will be made in accordance with the following terms and conditions:

#### *Offer Period:*

The Offer Period will coincide with the period of the Exchange Offer and will commence at 9.00 hours CET on or about 15 July 2009 and terminate at 17.00 hours CET on 31 July 2009 (or such later date as the Issuer may permit). The Issuer reserves the right (the “**Modification Right**”) to cancel, withdraw, or alter the terms of the offer of the Step-Up Fixed-Floating Securities and/or the Non Step-Up Fixed Securities (including, without limitation, by cancelling the issue of Step-Up Fixed-Floating Securities and/or Non Step-Up Fixed Securities following termination of the Offer Period, by extending the Offer Period or by terminating the Offer Period early at any time following its commencement pursuant to the Exchange Offer and Consent Solicitation Memorandum).

Any alteration pursuant to the Modification Right will take effect at the end of the third hour following its publication on the Issuer’s website ([www.asrnederland.nl](http://www.asrnederland.nl)) and in a press release. Such three-hour period shall commence at the time of the first such publication. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises its right to withdraw its offer or cancel the issue of the Securities, potential investors shall not be entitled to subscribe or otherwise acquire the Securities.

#### *Conditions to which the offer is subject:*

The offer of the Securities (including the New Issue Securities) is contingent upon the completion of the Exchange Offer. The completion of the Exchange Offer is in turn conditional upon the satisfaction of certain conditions as set out in the Exchange Offer and Consent Solicitation Memorandum.

#### *Description of the subscription process:*

The Securities will be issued to participants in the Exchange Offer and to other subscribers. The method and procedures for participation in the Exchange Offer are set out in the Exchange Offer and Consent Solicitation Memorandum.

Outside of the Exchange Offer, the New Issue Securities may be subscribed through the Dealer Managers. The applications can be made in accordance with the Dealer Managers' usual procedures. Prospective investors will not be required to enter into any contractual arrangement directly with the Issuer or the Dealer Managers in relation to the subscription of the New Issue Securities.

*Details of the minimum and/or maximum allocation:*

The minimum allocation per investor will be:

- (a) €50,000 in nominal amount of the Step-Up Fixed-Floating Securities; and/or
- (b) € 100 in nominal amount of the Non Step-Up Fixed Securities.

Subject to the Modification Right and certain conditions of the Exchange Offer, all valid applications for exchange of Trust Securities for Securities received during the Offer Period will be allocated in full.

Subject to the Modification Right, all subscriptions for New Issue Securities received during the Offer Period will be allocated in full.

*Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:*

Not Applicable

*Details of the method and time limits for paying up and delivering the Securities:*

The Securities will be issued on the Issue Date and only upon the successful completion of the Exchange Offer.

No cash amounts are being paid to the Issuer in respect of the issue or the delivery of the Securities issued in exchange for Trust Securities pursuant to the Exchange Offer.

The New Issue Securities will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the Issuer of their allocations of New Issue Securities and the settlement arrangements in respect thereof.

*Manner and date in which results of the offers are to be made public:*

The aggregate nominal amount of the Step-Up Fixed-Floating Securities and Non Step-Up Fixed Securities to be issued (if any) will be determined by the Issuer following, and on the basis of, the success and completion of the Exchange Offer and the subscriptions received for New Issue Securities, and will be published on or about 3 August 2009 on the Issuer's website ([www.asrnederland.nl](http://www.asrnederland.nl)) and in a press release.

*Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:*

Not Applicable

*Categories of potential investors to which the Securities are offered:*

Offers of the Securities are being made to the holders of the Trust Securities pursuant to the Exchange Offer and to other subscribers. Offers of the Securities are only being made in Belgium, France,

Germany, Ireland, the Grand Duchy of Luxembourg, the Netherlands, Portugal and Spain. In other EEA states, offers will only be made by the Issuer pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.

*Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:*

Investors will be notified by the Issuer of their allocations of Securities pursuant to the successful completion of the Exchange Offer.

No dealings in the Securities on a regulated market may take place prior to the Issue Date.

*Amount of any expenses and taxes specifically charged to the subscriber or purchaser:*

The Issuer is not aware of any expenses and taxes specifically charged to the subscriber or purchaser.

*An indication of the expected price at which the Securities will be offered or the method of determining the price and the process for its disclosure:*

The Securities will be offered at an issue price per Security of 100 per cent. of the nominal amount of such Security.

*Other terms:*

Not Applicable

## **2. Placing and Underwriting**

*Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:*

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) and UBS Limited have been appointed as dealer managers of the Exchange Offer. See the section "Offer Restrictions" below; their addresses are stated the back of this Prospectus.

*Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent):*

Not Applicable

*Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission:*

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) and UBS Limited have agreed to procure subscribers for any New Issue Securities. See the section "Offer Restrictions" below.

## ASR NEDERLAND N.V.

### General

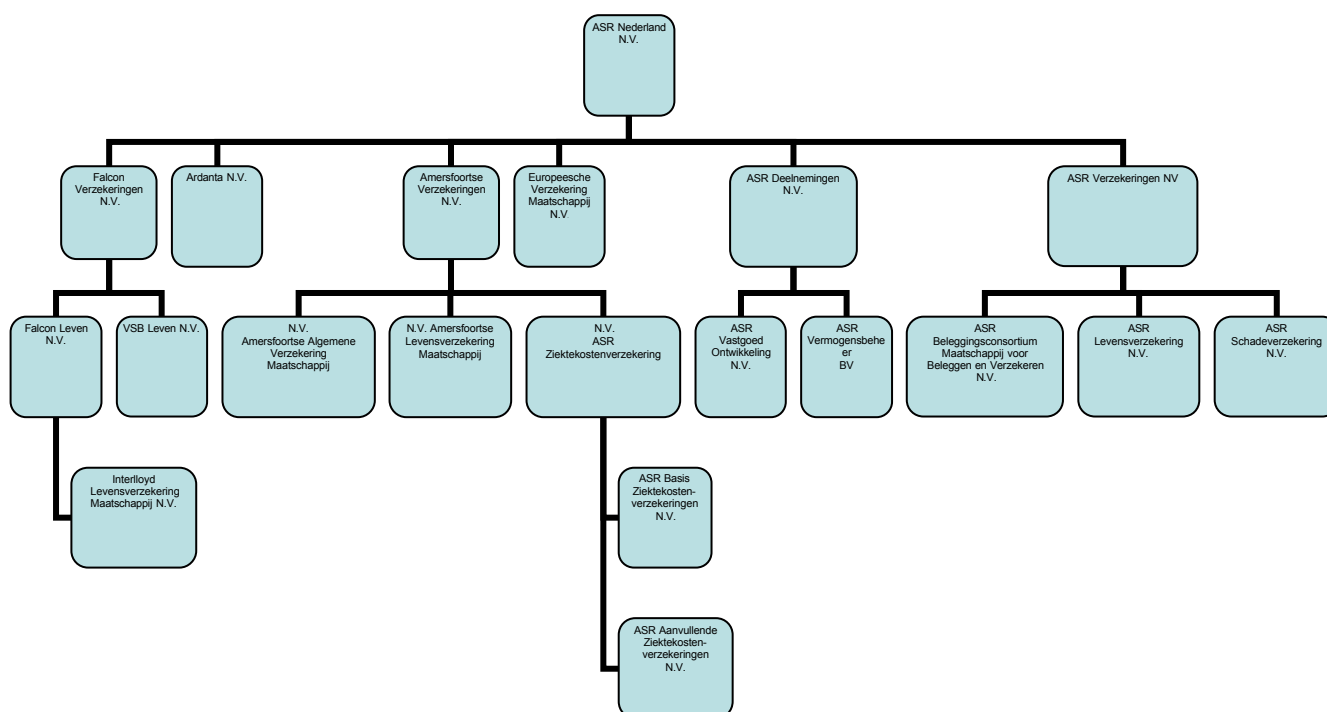
ASR Nederland N.V. (the “**Issuer**”) was incorporated on 15 November 1983. All outstanding shares in the capital of the Issuer are held by the State of the Netherlands. The Issuer is a public company with limited liability (“*naamloze vennootschap*”) incorporated and operating under Dutch law and has its statutory seat at Utrecht, the Netherlands. The Issuer is registered in the Utrecht Chamber of Commerce and Industry under No. 30070695. The address of the Issuer is Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, phone number +31 (0)30 257-9111. The Issuer has also registered the following names as commercial names: ASR Verzekeringen N.V., ASR Verzekeringen and Fortis ASR.

The objects and purposes of the Issuer are described in article 2 of its articles of association. The objects of the Issuer are, *inter alia*, to participate in, finance, co-operate with, manage, provide advice and other services to, legal entities or other enterprises, in particular legal entities and other enterprises which are engaged in the insurance or banking business, in investments and/or other financial services.

The authorised share capital of the Issuer consists of 1,000,000 shares of EUR 500 nominal value each. The outstanding ordinary share capital of the Issuer as per the date of this Prospectus amounts to EUR 100,000,000 and is divided into 200,000 Ordinary Shares. All of the issued share capital of the Issuer has been fully paid up.

### History and Structure of ASR Nederland

ASR Nederland's roots can be traced back to the eighteenth century. In 1720, Stad Rotterdam was founded. Over the years a number of insurance companies joined Stad Rotterdam and formed the ASR Group. Fortis, founded in 1990 by the Dutch insurer AMEV and Bank Group VSB, acquired the ASR Group in 2000. AMEV and ASR Group merged to Fortis ASR Group, later rebranded into Fortis Verzekeringen Nederland. After the sale to the Dutch state in October 2008, Fortis Verzekeringen Nederland became a stand-alone insurer. Recently Fortis Verzekeringen Nederland was rebranded into ASR Nederland.



## Relationship with the State of the Netherlands

On 3 October 2008 the Dutch State purchased all of ASR Nederland's outstanding shares from Fortis, and thus became its 100% shareholder. The Dutch State has indicated that it intends to hold the shares for a limited period of time and to dispose of those shares within the next 2 to 5 years, but no final timeline for such disposal has been set. Since this acquisition ASR Nederland is fully separate from the Fortis organisation.

The Dutch State wishes to prevent that private institutions such as ASR Nederland use their relationship with the State when competing with other financial institutions. The State and ASR Nederland have entered into a contractual arrangement to prevent such use.

## Regulatory Status

Most of the Issuer's subsidiaries qualify as an insurance company within the meaning of EU Insurance Company Directives. Such subsidiaries are authorised by the Dutch Central Bank to pursue the business of an insurance company in the Netherlands in accordance with the Financial Supervision Act (*“Wet op het financieel toezicht”*), and are consequently supervised by the Dutch Central Bank. In addition, these insurance companies are supervised by the AFM for the purpose of conduct of business supervision.

## SELECTED FINANCIAL INFORMATION

The financial information set out in this section has been derived from the audited annual financial statements.

ASR Nederland (in millions of euro)	31-Dec-08	31-Dec-07	%
Gross earned premiums Life	3.491	3.108	12%
Gross earned premiums Non-Life	2.288	2.091	9%
<b>Gross earned premiums*</b>	<b>5.777</b>	<b>5.197</b>	<b>11%</b>
<b>Result Life before taxation</b>	<b>-855</b>	<b>741</b>	<b>-215%</b>
<b>Result Non-Life before taxation</b>	<b>10</b>	<b>276</b>	<b>-96%</b>
<b>Result before taxation</b>	<b>-845</b>	<b>1.017</b>	<b>-183%</b>
Taxation	212	-111	--
<b>Group profit</b>	<b>-633</b>	<b>906</b>	<b>-170%</b>
Minority	-7	-17	
<b>Net profit</b>	<b>-640</b>	<b>889</b>	<b>-172%</b>
<b>Operating costs in technical result</b>	<b>592</b>	<b>560</b>	<b>6%</b>
Costs-premium ratio (net)	14,7%	15,1%	

Operating and personnel costs	923	862	7 %
Technical provisions Life	26.124	27.555	-5%
Technical provisions Non-Life	3.289	3.123	5%
<b>Total technical provisions</b>	<b>29.413</b>	<b>30.678</b>	<b>-4%</b>
<b>Group equity (revaluation real estate included) **</b>	<b>1.787</b>	<b>3.487</b>	<b>-49%</b>
<b>Total balance sheet</b>	<b>36.714</b>	<b>38.926</b>	<b>-6%</b>
<b>Buffer capital ***</b>	<b>233%</b>	<b>283%</b>	
<b>Number of employees (FTE)</b>	<b>4.540</b>	<b>4.626</b>	<b>-2%</b>

\* After eliminations

\*\* The presented total equity is a combination of shareholders' equity stated on the year-end 2008 balance sheet of EUR 529 million and the real-estate revaluation (difference between market value and cost price minus write-downs) of EUR 1,258 million (after tax). Shareholders' equity at year-end 2007 was EUR 2,359 million.

\*\*\*Calculation of buffer capital is based, in addition to the real-estate revaluation, on several additions such as capital securities and overvalue in the technical provisions according to the IFRS adequacy test. The 2007 calculation was made using the Fortis Capital Model.

The following table sets out the amounts of the investments held in ASR Nederland's Asset Management Portfolio:

<b>Asset Class</b>	<b>Fair Value as at 31 December 2008</b> <i>(in billions of euro)</i>
Fixed Income	16,6
Shares	1,1
Real Estate	3,7
Mortgages	2,2
Cash	0,8
<b>Asset Management Portfolio</b>	<b>24,4</b>
Unit Linked	5,7
Separated Accounts	1,6
<b>Third Party Investments</b>	<b>7,3</b>

## BUSINESS

ASR Nederland is one of the top 4 insurers in the Netherlands (source: ASR internal calculations based on publicly available information<sup>1</sup>), offering a complete insurance product range: Individual Life, Group Life, Accident & Health, Property & Casualty (for both retail and small and medium sized enterprises (SMEs)). ASR Nederland's operating model is to have a full-service insurer, ASR

<sup>1</sup> The internal calculations are based on the "DNB verslagstaten" for the year 2007, see [www.dnb.nl](http://www.dnb.nl).

Verzekeringen and a number of niche players: De Amersfoortse, Europeesche Verzekeringen, Falcon Leven, Ditzo, Ardanta and ASR Vastgoed. ASR Nederland has adopted a multi-distribution strategy and distributes its products through brokers, fee-consultants, banks and directly. ASR Nederland is also an active property investor and developer through ASR Vastgoed Vermogensbeheer and ASR Vastgoed Ontwikkeling.

## **Labels/brands**

### *ASR Verzekeringen*

ASR Verzekeringen has a very long history in the insurance and banking business. It offers to both retail and wholesale customers a complete and varied range of insurance and other financial products. In doing so, ASR Verzekeringen cooperates intensively with independent intermediaries and supports them with specialist information, useful software and suitable solutions.

### *ASR Pensioenen*

Within ASR Verzekeringen, ASR Pensioenen is the pensions specialist. It focuses primarily on SMEs, larger enterprises and pension funds. The distribution takes place through intermediaries and fee consultants.

### *De Amersfoortse*

De Amersfoortse offers income insurance to independent entrepreneurs and employees, thereby providing continuity of income. This is partly effected by covering financial risks resulting from disability and illness but also by providing services and advice to entrepreneurs. This combination of insurance solutions and services is being offered in the form of products such as "Amersfoortse OndernemersPlan" and "Amersfoortse PersoneelsPlan".

### *Ardanta*

Ardanta has more than 40 years of experience in the funeral insurance business. It also provides services by contracting funeral undertakers.

### *Europeesche Verzekeringen*

Europeesche Verzekeringen is active in the leisure insurance business and specialises in insuring risks which people incur in their free time or on holiday. It offers recreational travel insurance, business travel insurance, cancellation insurance as well as insurance cover for motorbikes, boats and caravans.

### *Falcon Leven*

Falcon Leven is a life insurer which is specialised in investment insurance policies which are sold through professional insurance advisers.

### *Ditzo*

Ditzo is a new and modern internet insurance provider. It insures cars, houses and other personal possessions very quickly through the internet. Ditzo uses the latest technology and thus manages to keep the insurance costs down.



ASR Nederland has two property companies: ASR Vastgoed Vermogensbeheer and ASR Vastgoed Ontwikkeling. ASR Vastgoed Vermogensbeheer invests and manages assets for ASR Nederland and its third party clients. It focuses on building and exploiting direct property portfolios of residential and commercial property located in the Netherlands. ASR Vastgoed Ontwikkeling concentrates on developing residential and commercial property.

## **STRATEGIC OBJECTIVES**

ASR Nederland intends to operate as a stand-alone insurer for the time being. The Dutch State's shareholding in ASR Nederland is temporary, but no fixed timeline for a privatisation has been determined. The Board of Directors and Supervisory Board have been asked to formulate a proposal for the future of ASR Nederland and in the course of 2009 they intend to present their revised strategy. The strategic focus will be to rebalance long-term customer and shareholder value. The basic principles underlying everything ASR Nederland does will be the changing needs of the modern customer and the changing market environment where growth can no longer be taken for granted and margins are under pressure. This applies not only to ASR Nederland's products, but also to ASR Nederland's communication about them. Customers must be able to understand what they may expect and ASR Nederland should not create more expectations than it will be able to fulfil. Examples of this are the measures concerning unit-linked policies and notice periods for private nonlife insurances.

### **Cost savings of EUR 100 million**

Conditions in the market have changed. Any strategy will require a further decrease of costs/turnover ratio in order to remain competitive. As growth of turnover can no longer be taken for granted, the importance of a lower cost level will increase still further. Therefore, ASR Nederland intends to achieve a cost saving of EUR 100 million on ASR Nederland's total gross cost base of EUR 730 million up to mid-2010. By so doing ASR Nederland intends to reduce its cost ratio significantly. To this end ASR Nederland will take measures that include:

- Merging the back-offices of ASR Verzekeringen and De Amersfoortse;
- Merging support departments;
- Accelerating its current programme (OPEX) for making processes efficient and customer driven;
- Downsizing the workforce. To this end ASR Nederland will take measures to limit the hiring of external staff and some vacancies will not be filled. ASR Nederland does not rule out compulsory redundancies. Under ASR Nederland's existing social plan, the primary consideration will be to assist in job-to-job moves.

## **THE ISSUER IN 2008**

### **Gross premiums**

Despite difficult market conditions ASR Nederland's gross earned premiums increased by 11% to EUR 5,777 million in 2008. Sales in the Life branch totalled EUR 3,491 million, 12% higher than in 2007. The increase was driven mainly by the addition of a few large pension contracts. In the Non-Life branch ASR Nederland's premiums grew by 9% to EUR 2,288 million. Almost all product lines showed an increase in gross earned premiums. The increase in sales was achieved mainly in the first half of 2008. The financial markets and, particularly in the final quarter, the negative sentiment surrounding Fortis, exerted pressure on the further development of sales at ASR Nederland in the second half of the year.

## **Net result**

The net result of ASR Nederland fell to a loss of EUR 640 million in 2008. The result was negatively affected by more than EUR 1 billion by the following factors: turbulence in the financial markets (EUR 615 million), provisions created for the guarantee obligations (EUR 186 million) due to declining financial market valuations and the reinforcement of the provision for compensation of unit-linked policies (EUR 248 million) under agreements with consumer organisations. The net result in 2007, which was an exceptionally good year, was EUR 889 million. The investment result in 2007 was high due to reduction of and hedges on ASR Nederland's equity portfolio as well as a good result on individual shares.

## **Operating costs**

Operating costs increased by 6% to EUR 592 million. This was mainly due to the separation of ASR Nederland from Fortis. The remainder of the increase was driven by investments in the new direct distribution channel and by essential investments in IT modifications necessitated in part by new legislation. Nevertheless, ASR Nederland's cost ratio in the Life branch decreased to 13.4% (2007: 14.0 %). The figure for the Non-Life branch stayed flat at 115.9 % . To remain competitive, it is essential to further reduce ASR Nederland's costs/turnover ratio. As stated above, ASR Nederland therefore intends to achieve a cost saving of EUR 100 million on ASR Nederland's total gross cost base of EUR 730 million up to mid-2010.

## **Equity and buffer capital**

Total equity in 2008 - i.e. shareholders' equity including the unrealised revaluation of ASR Nederland's real estate portfolio - decreased from EUR 3,487 million to EUR 1,757 million. The main cause of the decrease was the negative investments revaluation of EUR 1,192 million, along with the net loss of EUR 640 million. The buffer capital expressed as a percentage of the required minimum capital stood at 233% at year end 2008.

## **Recent Developments**

Financial markets continued their downward trend of 2008 in the first months of 2009 and showed some signs of recovery during the last months. In general, the current economic environment as well as the negative sentiment around investment insurance policies has put pressure on the premium volumes of the insurance sector in the Netherlands in the first months of 2009. S&P has affirmed the Insurer Financial Strength Rating (IFSR) of the Guarantor on 20 May 2009. The rating is 'A', with a negative outlook. On 5 June 2009, Fitch announced a 1 notch downgrade to an 'A' IFSR rating for the Guarantor and assigned a 'BBB+' long-term Issuer Default Rating (IDR) to the Issuer; both ratings have a negative outlook.

On 3 October 2008, the Dutch State nationalised Fortis Verzekeringen Nederland N.V. (which has been called ASR Nederland N.V. since March 2009) and became the sole shareholder. Following this change in ownership, ASR Nederland commenced a separation process from Fortis Group, which commenced in the fourth quarter of 2008. ASR Nederland has always been a 'stand-alone' company within Fortis Group and the separation activities have been largely confined to support departments (HQ departments), for example human resources and information services and technology. The interweaving was very limited operationally. Consequently, the separation has a small impact on ASR Nederland's operational business. The separation process is progressing favourably and is expected to be completed later in 2009.

## **Material Contracts**

There are no material contracts that are not entered into in the ordinary course of business, which could result in the Issuer being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the Securities.

## **SUPERVISORY BOARD AND BOARD OF DIRECTORS**

The members of the Supervisory Board of the Issuer are:

### **Dr. C. (Kick) van der Pol (Chairman)**

C. van der Pol was appointed as a member of the Supervisory Board in December 2008. He is the Chairman of the Supervisory Board. C. van der Pol is a member of the Selection, Nomination and Remuneration Committee. He has held various management positions with Dutch financial companies. He is the former Vice Chairman of the Executive Board of Eureko/Achmea. C. van der Pol is - amongst others - a member of the General Board VNO-NCW, Chairman of the Advisors Committee Syntus Achmea and the Visitation Committees of FNV and PMT.

### **Drs. C. (Cor) H. van den Bos**

C. van den Bos was appointed as a member of the Supervisory Board in December 2008. He chairs the Audit Committee. C. van den Bos has held various management positions with - among others – Aegon Nederland and Athlon Groep. Until August 2008 he was a Board member of SNS Reaal. He is a member of the Supervisory Board of CED and NIBE/SVV.

### **Drs. M. (Margot) A. Scheltema**

M. Scheltema was appointed as a member of the Supervisory Board in December 2008. She is a member of the Audit Committee. Until April 2009, M. Scheltema held the position of Finance Director Shell Nederland. Before that she held various international management positions with Shell. M. Scheltema is a member of the Governmental Advisory Committee Burgmans and member of the AFM Committee on External Reporting.

### **Mr. M. (Marieke) Bax**

M. Bax was appointed as a member of the Supervisory Board in February 2009. She is the Chairman of the Selection, Nomination and Remuneration Committee. M. Bax held various management positions with Sara Lee Corporation and was founder and director of TopBrainstorm. She is presently Vice-Chairman of the Monitoring Committee Talent naar de Top and member of the Non-Executive Board of CSM Nederland NV.

The members of the Board of Managing Directors (*Hoofddirectie*) of the Issuer are:

### **Mr. J. (Jos) P.M. Baeten (Chief Executive Officer)**

J. Baeten is the Chairman of the Board of Directors. He was appointed as a member of the Board of Directors in December 2001. Before that he held various management positions with Stad Rotterdam Verzekeringen, one of the founding companies of ASR Nederland. He is currently a member of the Board of Verbond van Verzekeraars and Holland Financial Centre. He is also a member of the Board of VNO-NCW.

### **Drs. J. (Hans) W.M. van der Knaap**

J. van der Knaap was appointed as a member of the Board of Directors in April 2003. Formerly, he held various management positions with MeesPierson and Fortis. He is currently a member of the Supervisory Board of ArboNed.

**Drs. Th. (Theo) Pluijter**

T. Pluijter was appointed as a member of the Board of Directors in March 2004. Before that, he held various management positions with AMEV, one of the founding companies of ASR Nederland. He is currently a member of the Health Committee of Verbond van Verzekeraars and a member of the Board of Zorgverzekeraars Nederland.

**Mr. R. (Roeland) H. A. van Vledder**

R. van Vledder has been a member of the Board of Directors since January 2006. Before he started with ASR Nederland, he held various management positions with ING (Bank and Insurance). He is currently a member of the SIVI Committee and Life insurance Committee of Verbond van Verzekeraars. He is also a member of the Advisory Council Netspar.

**Dr. R. (Roel) Th. Wijmenga**

R. Wijmenga was appointed as a member of the Board of Directors in February 2009. He is Chief Financial Officer. R. Wijmenga is a former member of the Executive Board of Eureko/Achmea. Previously, he held various management positions with AMEV, one of the founding companies of ASR Nederland.

**Drs. J. (Jacqueline) P. Rijsdijk**

J. Rijsdijk was appointed as a member of the Board of Directors in April 2009. Formerly, she held various management positions with De Nederlandsche Bank (DNB), lastly as Director Payments Division. She is currently Chairman of the Board of Both Ends and a member of the Supervisory Council of the National Body ICT research and -innovation

All members of the Supervisory Board and Board of Managing Directors of the Issuer have their business address at ASR Nederland N.V., Archimedeslaan 10, 3584 BA Utrecht, the Netherlands.

There are no potential or actual conflicts of interest between any duties owed by the members of the Supervisory Board and the Board of Managing Directors of the Issuer to the Issuer and their private interests or other duties.

**BOARD PRACTICES OF THE ISSUER**

The audit committee consists of a number of members to be appointed by the Supervisory Board. The committee appoints a chairman from their midst. The chairman is appointed for a period of four years.

The members of the audit committee are:

Drs. C.H. van den Bos (chairman)

Drs. M.A. Scheltema

Dr. R.Th. Wijmenga

The audit committee advises the Supervisory Board and prepares the decision making process by the Supervisory Board regarding various financial matters.

At least once a year the audit committee together with the Board of Managing Directors inform the Supervisory Board on the relation with the external auditor and furthermore advise the Supervisory Board on extension of the instruction to the auditor.

The audit committee holds at least 5 meetings per year. The audit committee meets the external auditor at least once a year without the presence of the Board of Managing Directors.

The audit committee drafts a report of the outcome of its deliberations and findings every year.

ASR Nederland complies with the Dutch Corporate Governance Code.

## CAPITALISATION

The consolidated capitalisation of the Issuer and its subsidiaries as per 31 December 2008 is as follows:

<i>(in millions of euro)</i>	
<b>Share capital and reserves</b>	
Issued and fully paid	100
Reserves and other securities	429
<b>Group equity</b>	<b>529</b>
Subordinated debt	686
<b>Total group equity and subordinated debt</b>	<b>1,215</b>
 <b>Senior Debt</b>	 2,160
<b>Total Capitalisation</b>	<b>3,375</b>

## KEY FINANCIAL DATA OF THE ISSUER

The following tables set key financial information relating to the Issuer. Such information is derived from the audited consolidated financial statements of the Issuer (as included in the Issuer's annual reports for the relevant years) as at and for the years ended 31 December 2007 and 31 December 2008. Such financial statements and the accompanying notes, together with the reports of the auditors (excluding the sections in the auditor's reports referring to the company financial statements and the management board report), are incorporated by reference into this Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto and the auditor's report thereon.

Information in this section includes the Issuer and its subsidiaries; the figures of the latter have been consolidated.

### Consolidated balance sheet at 31 December 2007 and 2008

(before profit allocation)

*(in millions of euro)*

	<b>31 December 2008</b>	<b>31 December 2007</b>
Cash and cash equivalents	654	483
Other assets and receivables	8,677	8,148
Investments available for sale	16,291	15,568
Investments held at fair value through profit and loss	410	1,475
Investments in property	1,839	1,673
Investments in associates and joint ventures	162	185
Investments relating to unit-linked products	7,487	10,234
Reinsurance	523	528
Tangible fixed assets	264	227
Goodwill and other intangible fixed assets	407	405
<b>Assets</b>	<b>36,714</b>	<b>38,926</b>

Accrued interest and other liabilities	3,563	2,634
Bank debt	1,651	1,207
Liabilities from insurance contracts	21,150	20,045
Liabilities from unit-linked products	8,263	10,633
Other funding	509	1,057
Current and deferred taxes	334	278
Provisions	29	26
Subordinated liabilities	686	687
<b>Liabilities</b>	<b>36,185</b>	<b>36,567</b>
Shareholders equity	432	2,262
Minority interests	97	97
<b>Total equity</b>	<b>529</b>	<b>2,359</b>
<b>Total equity and liabilities</b>	<b>36,714</b>	<b>38,926</b>

**Consolidated profit and loss account for 2007 and 2008**  
(in millions of euro)

	31 December 2008	31 December 2007
<b>Income</b>		
Insurance premiums	5,777	5,197
Interest income	1,331	1,233
Commission income	120	114
Dividends and other investments income	301	298
Other income	316	335
Investment income relating to unit-linked products	2,359	119
Other realised and unrealised gains and losses	-17	768
Share of results of associates and joint ventures	27	38
<b>Total income</b>	<b>10,214</b>	<b>8,102</b>
<b>Expenses</b>		
Claim expenses and reimbursements	-5,360	-4,288
Commissions	-541	-554
Depreciation of tangible and intangible fixed assets	-79	-68
Operating expenses and employee costs	-923	-862
Interest expenses	-352	-369
Expenses relating to unit-linked products	-2,871	-785
Extra-ordinary value changes	-933	-159
<b>Total expenses</b>	<b>-11,059</b>	<b>-7,085</b>
<b>Profit before taxation</b>	<b>-845</b>	<b>1,017</b>
Income tax	212	-111
<b>Profit after taxation</b>	<b>-633</b>	<b>906</b>
Profit after taxation attributable to minority interests	-7	-17
<b>Profit after taxation attributable to shareholders</b>	<b>-640</b>	<b>889</b>

**Cash flow statement for 2007 and 2008**  
(in millions of euro)

	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>483</b>	<b>1.004</b>
Profit before tax	-845	1,017
Net realised gains (losses) on sales	-141	-864
Net unrealised gains (losses)	340	89
Income from associates and joint ventures (balanced against received dividends)	4	24
Depreciation, amortisation and accretions	168	168
Extra-ordinary value decreases	933	160
Assets and liabilities held for trading purposes	-174	-26
Receivables from banks	72	234
Receivables from customers	179	283
Reinsurance, trade and other receivables	106	11
Bank debt	444	-483
Debt owed to customers	43	3
Liabilities with respect to insurance and investment contracts	1,147	-39
Net changes in all other operational assets and liabilities	117	171
Paid profit tax	-10	-172
<b>Cash flow from operational activities</b>	<b>2,383</b>	<b>576</b>
Acquisition of investments	-12,556	-11,719
Proceeds from divestments and repayments	10,758	12,116
Acquisition of investments in property	-428	-143
Proceeds from sale of investments in property	624	214
Investment in associates and joint ventures	-14	-3
Proceeds from sale of associates and joint ventures	21	1
Acquisition of tangible fixed assets	-55	-26
Acquisition of group companies (decreased with acquired cash assets)	0	-3
Divestment of group companies (decreased by sold cash assets)	2	2
Acquisition of intangible fixed assets	-16	-4
<b>Cash flow from investment activities</b>	<b>-1,664</b>	<b>435</b>
Redemption of subordinated liabilities	0	-59
Proceeds from other loans	793	11
Repayment of other loans	-1,341	-310
Dividends paid to shareholders	0	-1,200
Minority interests	0	26
<b>Cash flow from finance activities</b>	<b>-548</b>	<b>-1,532</b>
<b>Cash and cash equivalents as of 31 December</b>	<b>654</b>	<b>483</b>

## ASR LEVENSVZERZEKERING N.V.

### General

ASR Levensverzekering N.V. (the “**Guarantor**” or “**ASR Levensverzekering**”) was incorporated on 6 August 1883. All outstanding shares in the capital of the Guarantor are held by ASR Verzekeringen N.V. The shares of ASR Verzekeringen N.V. are held by ASR Nederland N.V., all of whose shares are in turn held by the State of the Netherlands. The Guarantor is a public company with limited liability (“*naamloze vennootschap*”) incorporated and operating under Dutch law and has its statutory seat at Utrecht, the Netherlands. The Guarantor is registered in the Utrecht Chamber of Commerce and Industry under No. 30000847. The address of the Guarantor is Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, phone number +31 (0)30 254-2578. The Guarantor has also registered the following names as commercial names: ASR Levensverzekering N.V., Fortis ASR Pensioenen and Fortis Levensverzekering.

The objects and purposes of the Guarantor are described in article 3 of its articles of association. The objects of the Guarantor are, *inter alia*, the exercise of life insurance business, including reinsurance, as well as to participate in and manage other life insurance companies, in the broadest sense of the word.

The authorised share capital of the Guarantor consists of 1,000,000 shares of EUR 453.78 nominal value each. The outstanding ordinary share capital of the Guarantor as per the date of this Prospectus amounts to EUR 90,756,000 and is divided into 200,000 Ordinary Shares. All of the issued share capital of the Guarantor has been fully paid up.

### History and Structure of ASR Levensverzekering

ASR Levensverzekering's roots can be traced back to the nineteenth century. In 1883, life insurance company “De Utrecht” was founded. The company grew by a combination of organic growth and acquisitions. In 1920, the company became part of the AMEV insurance group. Fortis, founded in 1990 by insurer AMEV and bank group VSB, acquired the ASR Group in 2000. In 2006, AMEV Levensverzekering and several life insurance companies of the former ASR Group, including Levensverzekering Maatschappij Stad Rotterdam, merged into Fortis ASR Levensverzekering, a subsidiary of Fortis Verzekeringen Nederland. After the sale to the Dutch state in October 2008, Fortis Verzekeringen Nederland became a stand-alone insurer. Recently, Fortis ASR Levensverzekering was rebranded into ASR Levensverzekering.

### Regulatory Status

The Guarantor qualifies as an insurance company within the meaning of EU Insurance Company Directives. ASR Levensverzekering is authorised by the Dutch Central Bank to pursue the business of an insurance company in the Netherlands in accordance with the Financial Supervision Act (“*Wet op het financieel toezicht*”), and is consequently supervised by the Dutch Central Bank. In addition, the Guarantor is supervised by the AFM for the purpose of conduct of business supervision.

### BUSINESS

ASR Levensverzekering is one of the top 3 life insurers in the Netherlands (source: ASR internal calculations based on publicly available information<sup>2</sup>), offering a broad range of products in both the Individual Life and the Group Life segments (for both retail and small and medium sized enterprises (SMEs)). ASR Levensverzekering is a full-service life insurer, that distributes its products exclusively through brokers, fee-consultants and banks.

---

<sup>2</sup> The internal calculations are based on the “DNB verslagstaten” for the year 2007, see [www.dnb.nl](http://www.dnb.nl).



## Labels/brands

### *ASR Verzekeringen*

ASR Levensverzekering is the life insurance subsidiary of ASR Verzekeringen. ASR Verzekeringen has a very long history in the insurance and banking business. It offers to both retail and wholesale customers a complete and varied range of insurance and other financial products. In doing so, ASR Verzekeringen cooperates intensively with independent intermediaries and supports them with specialist information, useful software and suitable solutions.

### *ASR Pensioenen*

Within ASR Levensverzekering, ASR Pensioenen is the pensions specialist. It focuses primarily on SMEs, larger enterprises and pension funds. The distribution takes place through intermediaries and fee consultants.

## Recent Developments

Financial markets continued their downward trend of 2008 in the first months of 2009 and showed some signs of recovery during the last months. In general, the current economic environment as well as the negative sentiment around investment insurance policies has put pressure on the premium volumes of the insurance sector in the Netherlands in the first months of 2009. S&P has affirmed the Insurer Financial Strength Rating (IFSR) of the Guarantor on 20 May 2009. The rating is 'A', with a negative outlook. On 5 June 2009, Fitch announced a 1 notch downgrade to an 'A' IFSR rating for the Guarantor and assigned a 'BBB+' rating to the Issuer; both ratings have a negative outlook.

## Material Contracts

There are no material contracts that are not entered into in the ordinary course of business, which could result in the Guarantor being under an obligation or entitlement that is material to the Guarantor's ability to meet its obligations to security holders in respect of the Securities.

## Financial Information

The Issuer has provided a guarantee (referred to as a '**403 Declaration**') dated 25 April 2007 in respect of debt obligations of the Guarantor. The 403 Declaration is part of Dutch company law provisions designed to enable subsidiaries of parent companies which publish consolidated annual accounts to obtain an exemption from the requirements to separately publish their own annual accounts.

A copy of the 403 Declaration can be obtained from the Trade Register of the Utrecht Chamber of Commerce at Kroonstraat 50, 3511 RC Utrecht, The Netherlands.

The Guarantor does not publish its own financial statements due to the existence of the 403 Declaration. Accordingly, no separate financial information of the Guarantor is presented in this Prospectus other than as stated below.

As set forth under "*Documents incorporated by reference*", the annual consolidated financial statements for the financial years ended 31 December 2007 and 31 December 2008 of the Issuer, shall be incorporated in, and form part of, this Prospectus.

The following selected financial information for the Guarantor includes information which the Guarantor must publish under Article 2:403(5) of the Dutch civil code and report to the Dutch Central bank as a licensed insurance company. The information in this section has not been audited.

*in thousands of euro*

# **ASR LEVENSVZERZEKERING N.V.**

<b>Consolidated Balance Sheet</b>		
	2008	2007
Intangible fixed assets	11,950	
Investments	19,325,233	20,784,528
Derivatives	301,547	143,947
Investments relating to unit-linked products	4,533,716	6,265,294
Reinsurance	12,317	29,626
Deferred tax assets	163,787	
Other receivables	1,163,379	387,305
Other assets	816,854	283,540
Transitional assets	735,495	768,275
<b>Total assets</b>	<b>27,064,278</b>	<b>28,662,515</b>
Shareholders equity	1,429,786	1,818,289
Minority interest	447,010	603,265
Total equity	1,876,796	2,421,554
Subordinated debt	628,136	628,136
Liabilities arising from insurance and unit-linked products	21,810,741	22,209,233
Derivatives	28,184	23,716
Provisions	455	128,105
Deposits related to insurance contracts	3,609	4,118
Other liabilities	2,670,006	3,173,948
Transitional liabilities	46,351	73,705
<b>Total liabilities</b>	<b>27,064,278</b>	<b>28,662,515</b>
<b>Consolidated Profit and Loss Account</b>		
	2008	2007
Insurance premiums	2,695,630	2,345,574
Investment income	1,457,682	1,993,097
Unrealised capital gains	375,402	194,902
Other technical income	0	3,814
Claims paid net	-1,831,309	-1,744,118
Change in liabilities from insurance contracts	334,617	-875,114
Profit sharing	8,349	-147,651
Operating expenses	-275,065	-306,896
Investment charges	-1,092,707	-464,762
Unrealised capital losses	-2,207,329	-293,787
Other technical expenses	-41,183	-23,605
Non-allocated investment income	-84,516	-400,913
<b>Technical result</b>	<b>-660,429</b>	<b>280,541</b>
Non-allocated investment income	84,516	400,913
Other income and expenses	297	-14,095

<b>Profit on ordinary activities before taxation</b>	<b>-575,616</b>	<b>667,359</b>
Taxation on profit on ordinary activities	145,395	-100,941
<b>Profit on ordinary activities after taxation</b>	<b>-430,221</b>	<b>566,418</b>
Minority interest	-27,719	-28,119
<b>Net profit</b>	<b>-457,940</b>	<b>538,299</b>

## DIRECTORS

The sole director of the Guarantor is ASR Nederland N.V. The names and profiles of the members of the Board of Managing Directors of ASR Nederland N.V. are set out on pages 75-76 of this Prospectus.

The Guarantor does not have a supervisory board.

There are no potential or actual conflicts of interest between any duties owed by the members of the Board of Managing Directors of the Guarantor to the Guarantor and their private interests or other duties.

The business address of the sole director is Archimedeslaan 10, 3584 BA Utrecht, the Netherlands.

### Audit Committee and corporate governance regime compliance

The Guarantor has no audit committee.

The Guarantor does not comply with the Dutch Corporate Governance Code because that Code does not apply to it. However, the parent company of the Guarantor, ASR Nederland N.V., does comply with the Dutch Corporate Governance Code.

## NETHERLANDS TAXATION

### General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this Prospectus, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Securities holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a holder of Securities holds a substantial interest in the Issuer, if such holder of Securities, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 % or more of the total issued capital of the Issuer or of 5 % or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

### Withholding tax

All payments made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### Corporate and individual income tax

- (a) Residents of the Netherlands

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (up to a maximum rate of 25.5%).

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates of the Netherlands income tax act 2001 (up to a maximum rate of 52%), if:

- (i) the holder has an enterprise (*ondernemer*) or an interest in an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Securities, taxable income with regard to the Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) 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. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Securities less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Securities will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4% will be taxed at a rate of 30 %.

(b) Non-residents of the Netherlands

If a holder is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, except:

- (i) if the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, that is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

This income is subject to Netherlands corporate income tax up to a maximum rate of 25.5%.

- (ii) if the holder is an individual and such holder (1) 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 permanent establishment or permanent representative the Securities are attributable, or (2) realizes income or gains with respect to the Securities that qualify as income from miscellaneous activities in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities that exceed regular, active portfolio management, or (3) 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 an employment contract) and to which enterprise the Securities are attributable.

Income derived from the Securities as specified under (1) and (2) by an individual is subject to individual income tax up to a maximum rate of 52%. Income derived from the Securities as specified under (3) will be taxed at a rate of 30 % over the 4% deemed return on income from savings and investments.

## Gift and Inheritance taxes

(a) Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a holder that 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.

A holder 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. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands at any time during the twelve months preceding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Securities by way of gift by or as a result of the death of a holder that 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, or at the time of his or her death, 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 and to which permanent establishment or a permanent representative, the Securities are (deemed to be) attributable; or
- (ii) in the case of a gift of the Securities by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder 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.

**Value added tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of the cash payment made under the Securities, or in respect of a transfer of Securities.

**Other taxes and duties**

No 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, delivery or transfer of the Securities.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are 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 or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) 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).

Also with effect from 1st July, 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures

(either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## OFFER RESTRICTIONS

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) and UBS Limited (together the “**Dealer Managers**”) have agreed to act as dealer managers in respect of the Exchange Offer under a dealer manager agreement to be entered into by the Dealer Managers and the Issuer on or about 15 July 2009 (the “**Dealer Manager Agreement**”).

Pursuant to the Dealer Manager Agreement, the Issuer has agreed to sell to the Dealer Managers and each Dealer Manager has jointly and severally agreed to procure purchasers for, the principal amount of the New Issue Securities (if any).

The Dealer Managers initially propose to offer and sell the New Issue Securities at the price set forth on the cover page of this Prospectus. The Dealer Managers may offer and sell the New Issue Securities through certain of their affiliates. A commission of 1.0 – 1.5 per cent. will be payable to the Dealer Managers for placing any New Issue Securities.

In the Dealer Manager Agreement, the Issuer has agreed to indemnify each Dealer Manager, its affiliates, directors, officers, partners, employees, representatives, agents and controlling persons against certain liabilities in connection with this offering and to contribute to payments that the Dealer Managers may be required to make in respect thereof.

### United States

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Dealer Manager has agreed that it will not offer, sell or deliver Securities (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of US persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under the Securities Act.

The Securities are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

In addition, until 40 days after the completion of the distribution of all Securities, an offer or sale of Securities within the United States by any Dealer Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer Manager has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus to the public in that Relevant



Member State, other than the offers contemplated in this Prospectus in Belgium, France, Germany, Ireland, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom from the time the Prospectus has been approved by the AFM in the Netherlands and published and notified to the relevant competent authorities in accordance with the Prospectus Directive as implemented in Belgium, France, Germany, Ireland, the Grand Duchy of Luxembourg, Portugal, Spain and the United Kingdom, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
  - (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
  - (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
  - (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Securities shall require the Issuer, the Guarantor or either of the Dealer Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **United Kingdom**

Each Dealer Manager has represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## **General**

Each Dealer Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Prospectus.

None of the Issuer, the Guarantor or any of the Dealer Managers represents that the Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any

jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## **GENERAL INFORMATION**

### **Authorisation**

The issue of the Securities was duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 21 April 2009 and by a resolution of the sole Managing Director of the Guarantor dated 10 July 2009.

### **Issue Date**

The issue date of the Securities is expected to be on or about 6 August 2009.

### **Listing**

Application has been made to list the Securities on Euronext Amsterdam by NYSE Euronext.

### **Clearing Systems**

The Securities have been accepted for clearance through Euroclear Netherlands, which has its offices at Damrak 70, 1012 LM Amsterdam, the Netherlands. The ISIN Code for the Step-Up Fixed-Floating Securities is NL0009213545 and the Common Code is 043891944. The ISIN Code for the Non Step-Up Fixed Securities is NL0009213552 and the Common Code is 043892037.

### **Yield**

The effective yield to the Reset Date of the Step-Up Fixed-Floating Securities is 10 per cent. per annum at the issue price.

The effective yield of the Non Step-Up Fixed Securities is 7.25 per cent. per annum at the issue price.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **Costs of the issue of the Securities**

The costs to the Issuer in connection with the issue of the Securities will amount to approximately EUR 90,000.

### **No material adverse change**

There has been no significant change in the financial or trading position of the Group, the Issuer or the Guarantor since 31 December 2008.

### **Auditors**

KPMG Accountants N.V. independent auditors, have audited, and rendered unqualified audit reports on the Issuer's financial statements for each of the financial years ended 31 December 2007 and 2008.

KPMG Accountants N.V. have given, and have not withdrawn, their written consent to the inclusion of their report and the references to themselves herein in the form and context in which they are included.

Partners employed by KPMG Accountants N.V. are members of the Royal NIVRA, (*"Nederlands Instituut voor Registeraccountants"*), the Dutch accountants board.

The business address of KPMG Accountants N.V. is Rijnzathe 14, 3543 De Meern, The Netherlands.

The Guarantor does not publish its own financial statements due to the existence of the 403 Declaration. Accordingly, no separate financial information of the Guarantor is presented in this Prospectus.

### **Documents available**

Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being as long as any of the Securities remains outstanding:

- (a) the Articles of Association (*statuten*) of the Issuer and the Guarantor (in Dutch);
- (b) English translations of the publicly available audited consolidated annual financial statements of the Issuer for the two most recent financial years;
- (c) copies of the Trust Deed and the Agency Agreement;
- (d) a copy of the guarantee executed by the Guarantor in respect of the Securities;
- (e) a copy of this Prospectus; and
- (f) a copy of the Exchange Offer and Consent Solicitation Memorandum.

### **Interest material to the offer**

Save for the commissions and any fees payable to the Dealer Managers, no person involved in the issue of the Securities has an interest, including conflicting ones, material to the offer.

### **Website**

Up to date (investment) information and press releases are freely available for download from the Issuer's website: [www.asrnederland.nl](http://www.asrnederland.nl). Information on the Issuer's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Securities.

### **Litigation**

None of the Issuer, the Guarantor or any of their subsidiaries are involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor, as the case may be, is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer, the Guarantor and/or the group's financial position or profitability.

### **Ratings**

The Step-Up Fixed-Floating Securities are expected to be assigned, on issue, a rating of BBB+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc and a rating of BBB+ by Fitch Ratings Ltd. As defined by Standard & Poor's Rating Services, an obligation rated "BBB" means that the obligation exhibits adequate protection parameters. However, adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the obligation. As defined by Fitch Ratings Ltd., a rating of "BBB" means an obligation which has good credit quality and that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes

in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category assigned by Fitch.

The Non Step-Up Fixed Securities are also expected to be assigned, on issue, a rating of BBB+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc and a rating of BBB+ by Fitch Ratings Ltd.

**REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER**

**ASR Nederland N.V.**  
Archimedeslaan 10  
3584 BA Utrecht  
The Netherlands

**REGISTERED AND PRINCIPAL OFFICE OF THE GUARANTOR**

**ASR Levensverzekering N.V.**  
Archimedeslaan 10  
3584 BA Utrecht  
The Netherlands

**CALCULATION AGENT**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabo Securities)**  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands

**PRINCIPAL PAYING AGENT**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabo Securities)**  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands

**AMSTERDAM LISTING AGENT**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank International)**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**LEGAL ADVISERS**

*To the Issuer*

**Allen & Overy LLP**  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

## **INDEPENDENT PUBLIC AUDITORS**

### **KPMG Accountants N.V.**

Rijnzathe 14  
3543 De Meern  
The Netherlands

## **TRUSTEE**

Amsterdamsch Trustee's Kantoor B.V.  
Olympic Plaza  
Fred Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

## **DEALER MANAGERS**

### **Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

### **UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom