EXHIBIT C: Evaluation Checklist - GICs

Summary

Financial Instrument or Contract Reviewed: Aegon Institutional Markets (Transamerica) GIC - Effective Date of 1/05/05; Expiration Date 12/31/2010 - Contract: SV04460Q

Evaluation as of: 6/30/2009

Evaluation Prepared By: J. Plotts **Reviewed By:**

Interest rate swap		Swaptions	
Commodity swap		Forward contracts	
Interest rate lock		Futures contracts	
Options:		Other:	X
Caps		Describe	*Guaranteed Investment Contract*
Floors			
Collars			

Is this financial instrument is a derivative instrument under GASB 53?

	Reference Questions	Check as Appropriate
Derivative instrument	1-3	
Hybrid instrument	4-7	
Synthetic Guaranteed Investment Contract	8-14	
If a derivative instrument, is it excluded from scope?	15-19	
This is not a derivative instrument		X

Is this an investment derivative or a potential hedging derivative?		**Check one**
Investment derivative	20	
Potential hedging derivative:		
Existing or expected financial instrument?	21	
Existing or expected commodity?	21	

For existing or expected financial instruments:	21-29	**Check one**
Effective hedge (hedge accounting applies): (1)		
Cash flow hedge		
Fair value hedge		
Indicate method used to document effectiveness		
Ineffective hedge (hedge accounting does not apply)		

For existing or expected commodity transactions:	30-37	**Check one**
Effective hedge (hedge accounting applies): (1)		
Cash flow hedge		
Fair value hedge		
Indicate method used to document effectiveness: *Dollar Offset Method & Regression Analysis Method*		
Ineffective hedge (hedge accounting does not apply)		

(1) Once determined to be an effective hedge, an eveluation must be performed each subsequent year to validate continued effectiveness, unless Consistent Critical Terms Method is used.

EXHIBIT C: Evaluation Checklist - GICs

Initial Year Evaluation Checklist for: Aegon Institutional Markets (Transamerica) GIC - Effective Date of 1/05/05; Expiration Date 12/31/2010 - Contract: SV04460Q

Refer to the GASB Statement No. 53 Outline for details

Note: A ttach comments as necessary for further discussion of the conclusion. Certain questions may not result in simple "yes" or "no" answers and the substance of the financial instrument or contract must be considered in in order to arrive at the conclusion.

Determine whether the financial instrument or contract qualifies as a derivative instrument. If so, evaluate whether it is a hedging derivative. If a hedging derivative, determine whether it is a cash flow or fair value hedge.

Does this Meet the Definition of a Derivative Instrument? (¶7-13)

	YES/ NO	Source Document/ X - Reference
1. Does the financial instrument have settlement factors that include a) a reference rate and b) a notional amount?	No	Contract SV04460Q
2. Is there leverage, i.e. little or no initial net investment?	No	Contract SV04460Q
3. Are there net settlement provisions?	No	Contract SV04460Q

If "yes," to question 1-3, the financial instrument or contract is a derivative instrument. However, continue the evaluation beginning with question 15 to determine whether the type of financial instrument or contract is excluded from the scope of Statement No. 53.

If "no" to any one of questions 1-3, the financial instrument or contract is not be a derivative instrument. However, continue the evaluation beginning with question 4 to assess whether a hybrid instrument is involved.

If Not, Does this Meet the Definition of a Hybrid Instrument? (¶64)

4. Is this a situation where there may be a derivative instrument that accompanies, or is incorporated within, a companion document?	No	Contract SV04460Q

If "yes," to question 4, the financial instrument or contract may be a hybrid instrument and must be further evaluated. Continue the evaluation beginning with question 5 to determine whether the type of financial instrument or contract is is a hybrid instrument.

If "no" to question 4, the financial instrument or contract is not a hybrid instrument. However, continue the evaluation beginning with question 8 to determine whether an SGIC is involved.

5. Is it a true statement that the companion instrument is not measured at fair value on the Statement of Net Assets?	N/A	No companion instrument
6. Would a separate instrument with the same terms as a derivative instrument meet the definition of a derivative instrument using questions 1-3 above?	N/A	No companion instrument
7. Is it a true statement that the economic characteristics and risks of the derivative instrument are not closely related to the economic characteristics and risks of the companion instrument?	N/A	No companion instrument

If "yes" to all questions of 5-7 the financial instrument or contract is a hybrid instrument. However, continue the evaluation beginning with question 15 to determine whether the type of financial instrument or contract is excluded from the scope of Statement No. 53.

If "no" to any one of questions 4-6, the financial instrument or contract is not a hybrid instrument However, continue the evaluation beginning with question 8 to assess whether an SGIC is involved.

If Not, Does this Meet the Definition of a Synthetic Guaranteed Investment Contract (SGIC)? (¶67)

8. Does the SGIC prohibit the University from assigning or selling the contract or its proceeds to another party without the consent of the issuer?	N/A	GIC, not a SGIC
9. Are prospective interest crediting rate adjustments provided to plan partcipants and UC on a designated pool of investments by a financially responsible third party?	N/A	GIC, not a SGIC
10. Do the adjustments provide assurance that probable future rate adjustments would result in an interest crediting rate of less than zero is remote?	N/A	GIC, not a SGIC
11. Do the pool of investments in total meet both of the following criteria? * The pool is of high credit quality such that the possibility of credit loss is remote? * The pool may be prepaid or otherwise settled in such a way that UC and its plan participants would recover contract value?	N/A	GIC, not a SGIC
12. Do the terms of the SGIC require all permitted participant-initiated transactions with UC to occur at contract value with no conditions, limits, or restrictions? (permitted participant-initiated transactions are those transactions allowed by UC, such as withdrawals for benefits, loans, or transfers to other investment choices)	N/A	GIC, not a SGIC
13. Some events may limit UC's ability to transact with participants at contract value. Examples are premature termination of contracts, layoffs, plan terminations, bankruptcies, and early retirement incentives. Is the probability of such an event occurring within one year of the date of the financial statements remote?	N/A	GIC, not a SGIC
14. Does UC allow participants reasonable access to their investments?	N/A	GIC, not a SGIC

If "yes" to all questions of 8-14 the financial instrument or contract is an SGIC under Statement No. 53. Measure at contract value and disclose in accordance with that Statement. The evaluation does not continue.

If "no" to any of questions 8-14, the financial instrument or contract is not an SGIC under Statement No. 53. The evaluation does not continue.

If this Meets the Definition of a Derivative Instrument, is it Excluded from the Scope of GASB Statement No. 53? (¶14-18)

15. Is the derivative instrument a normal purchase or sale contract for a commodity used in the normal course of operations? Consider whether the contract results in the purchase or sale of a commodity such as natural gas or electricity, whether the contract includes a net settlement feature, whether the University has entered into such a contract in the past, whether the University has a practice of taking delivery or selling a commodity, and whether the quantity of the commodity in the contract is consistent with the volume used in the University's activities.		
16. Is this a risk financing or insurance related contract?		

17. Is this a financial guarantee contract that does not respond to changes in a reference rate?

18. Is this a specific type of contract that is not exchange traded and includes a reference rate based upon climate, geological, other physical variables, or the price of a nonfinancial asset?

19. Is this a loan commitment contract?

If "yes" to any one of questions 15-19, the financial instrument or contract is excluded from the scope of Statement No. 53 and the evaluation does not continue.

However, if "no" to all of questions 14-19, the financial instrument or contract is a derivative instrument that must be further evaluated under Statement No. 53 to determine whether it is an "investment derivative" or a "hedging derivative," and if a "hedging derivative," whether it is "effective" or "ineffective" hedge. Begin the next stage of the evaluation with question 20.

Determine Whether the Derivative Instrument is an "Investment Derivative" or a Potential "Hedging Derivative" (¶20)

20. Was the derivative instrument or contract entered into for the purpose of making a profit?

If "yes" to question 20, the financial instrument or contract is an investment derivative under Statement No. 53. Apply investment derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to question 20, the financial instrument or contract is a hedging derivative and must be further evaluated to determine whether it is an "effective" or "ineffective" hedge. Begin the next stage of the evaluation with question 21.

21. Is the hedgeable item an existing or expected financial instrument?

If "yes" to question 21, continue the evaluation with question 22.

If "no" to question 21, the hedgeable item item is an existing or expected commodity transaction. Skip to question 30.

Evaluate Whether the Potential Hedging Derivative Where the Hedgeable Item is a Existing or Expected Financial Instrument is an "Effective" or Ineffective" Hedge. (¶34-48)

If the derivative instrument is an interest rate swap or forward contract, determine whether it is "effective" under the Consistent Critical Terms Method by continuing with question 22a, 23a or 24a.

Based upon the answers to the following, determine whether the Consistent Critical Terms Method of evaluating an interest rate swap or forward contract results in an "effective" hedge:

EXISTING OR EXPECTED FINANCIAL INSTRUMENTS

Consistent Critical Terms Method

For an "effective" interest rate swap-cash flow hedge (¶37):

22a. Is the notional amount of the interest rate swap the same as the principal amount of the hedgeable item throughout the life of the hedging relationship? This criterion is met if the notional amount of the interest rate swap and principal amount of the hedgeable item are equal for each hedged interest payment, even if the hedged item amortizes or otherwise adjusts subsequent to the inception of the hedge.

22b. Upon association with the hedgeable item, does the interest rate swap have a zero fair value? (the value of a derivative instrument that is either entered into or exited with no consideration being exchanged. A zero fair value should be within a dealer's normal bid/offer spread.)

22c. Is the formula for computing net settlements under the interest rate swap the same for each net settlement? (That is, the fixed rate is the same throughout the term of the interest rate swap. Likewise, each variable payment of the interest rate swap is based on the same variable, such as the same reference rate or index.)

22d. Is the reference rate of the interest rate swap's variable payment consistent with one of the following:
(1) The reference rate or payment of the hedgeable item. For example, an interest rate swap provides variable payments to the University equal to the total variable payments of variable-rate bonds—a cost-of-funds hedge.
(2) A benchmark interest rate as specified in paragraph 35 if interest rate risk is the hedged risk. The reference rate cannot be multiplied by a coefficient, such as 68 percent of LIBOR, but it may be adjusted by addition or subtraction of a constant, such as the SIFMA swap index plus 10 basis points, provided that the constant is specifically attributable to the effects of state-specific tax rates.

22e. Do interest receipts or payments of the interest rate swap occur during the term of the hedgeable item, and no interest receipts or payments of the interest rate swap occur after the term of the hedgeable item? (For example, an interest rate swap that hedges the first 10 years of a 15-year variable-rate bond meets this criterion.)

22f. Is it true that the reference rate of the interest rate swap does not have a floor or cap unless the hedgeable item has a floor or cap. (If the hedgeable item has a floor or cap, does the interest rate swap have a floor or cap on the variable interest rate that is comparable to the floor or cap on the hedgeable item? (Comparable does not necessarily mean equal. For example, an interest rate swap's reference rate is the SIFMA swap index, while the hedgeable bond's variable rate is the SIFMA swap index plus 2 percent. A 10 percent cap on the interest rate swap would be comparable to a 12 percent cap on the bonds and would meet this criterion as both caps produce equal changes in cash flows if the SIFMA swap index exceeds 10 percent.)

22g. Is the time interval of the reference rate, commonly referred to as the designated maturity, employed in the variable payment of the interest rate swap the same as the time interval of the rate reset periods of the hedgeable item? (Examples that meet this criterion include an interest rate swap with a variable payment referenced to (1) the SIFMA swap index—a seven-day index—that hedges variable-rate bonds with a rate reset every seven days and (2) an interest rate swap with a variable payment referenced to the one-month LIBOR index that hedges taxable variable-rate bonds with a monthly rate reset.)

22h. Are the frequency of the rate resets of the variable payment of the swap and the hedgeable item the same? (For example, this criterion is met by an interest rate swap with a reference rate that resets monthly and hedges bonds with a variable interest rate that also resets monthly.)

22i. Are the rate reset dates of the interest rate swap within six days of the rate reset dates of the hedgeable item? (For example, this criterion is met by an interest rate swap with a reference rate that resets on the 15th day of the month that hedges bonds with a variable interest rate that resets on the 18th day of the month.)

22j. Are the periodic interest rate swap payments within 15 days of the periodic payments of the hedgeable item?

If "yes" to all of questions 22a-j, the interest rate swap is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 22 a-j, the interest rate swap is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 23.

For an "effective" interest rate swap-fair value hedge (¶38):

23a. Is the notional amount of the interest rate swap the same as the principal amount of the hedgeable item throughout the life of the hedging relationship? (This criterion is met if the notional amount of the interest rate swap and principal amount of the hedgeable item are equal over the entire term of the hedgeable item, even if the hedgeable item amortizes or otherwise adjusts subsequent to the inception of the hedge.)

23b. Upon association with the hedgeable item, does the interest rate swap have a zero fair value?

23c. Is the formula for computing net settlements under the interest rate swap the same for each net settlement? (That is, the fixed rate is the same throughout the term of the interest rate swap. Likewise, each variable payment of the interest rate swap is based on the same variable, such as the same reference rate or index.)

23d. Is it true that the interest rate swap that hedges interest rate risk has a variable payment based on a benchmark interest rate without multiplication by a coefficient, such as 68 percent of LIBOR? (The benchmark interest rate, however, may be adjusted by addition or subtraction of a constant, such as the SIFMA swap index plus 10 basis points, provided that the constant is specifically attributed to the effect of state-specific tax rates.)

23e. Is it true that the hedgeable item is not prepayable? (that is, the hedgeable item is not able to be settled by either party prior to its scheduled maturity). This criterion does not apply to a call option in an interest-bearing hedgeable item that is matched by a mirror-image call option in an interest rate swap if both of the following criteria are met:
(1) A mirror-image call option matches the terms of the call option in the hedgeable item. The terms include maturities, strike price, related notional amounts, timing and frequency of payments, and dates on which the instruments may be called.
(2) The University is the writer of one call option and the holder (or purchaser) of the other call option.

23f. Is the expiration date of the interest rate swap on or about the maturity date of the hedgeable item so that the University will not be exposed to interest rate risk or market risk?

23g. Is it true that the reference rate of the interest rate swap has neither a floor nor a cap?

23f. Does the reference rate of the interest rate swap reset at least every 90 days so that the variable payment or receipt is considered to be at a market rate?

If "yes" to all of questions 22a-f, the interest rate swap is an "effective" fair value hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 23 a-f, the interest rate swap is not an "effective" fair value hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 24a.

For an "effective" forward contract-cash flow hedge (¶39):

24a. Is the object of the hedge an <u>existing</u> single asset or liability, or group of assets and liabilities, that are currently measured at fair value on the SRECNA, such as debt or

If "yes" to question 24a, the derivative instrument is an investment derivative. Apply investment derivative financial reporting treatment and disclosures as outlined in the

If "no" to question 24a, continue to 24b.

24b. Is the object of the hedge an <u>expected</u> single asset or liability, or group of assets and liabilities, that are <u>not</u> currently measured at fair value on the SRECNA, such as the

If "yes" to question 24b, a hedgeable item exists and therefore continue the evaluation to 24c to determine whether the potential hedging derivative is "effective".

If "no" to question 24b, the derivative instrument is an investment derivative. Apply investment derivative financial reporting treatment and disclosures as outlined in the

24c. Is the forward contract for the purchase or sale of the same quantity or notional amount and at the same time as the hedgeable item?

24d. Upon association with the hedgeable item, does the forward contract have a zero fair value?

24e. Is the reference rate of the forward contract consistent with the reference rate of the hedgeable item?

If "yes" to all of questions 24c-e, the forward contract is an "effective" <u>cash flow hedge</u> under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM. Discontinue the evaluation.

If "no" to any one of questions 24a-c, the forward contract is not an "effective" <u>cash flow hedge</u> under the Consistent Critical Terms Method. Do not apply hedging derivative financial reporting treatment. Apply investment derivative financial reporting treatment and disclosures as outlined in the IRM. Discontinue the evaluation.

Quantitative Methods

If the interest rate swap or forward contract is not "effective" under the Consistent Critical Terms Method, continue the evaluation using at least one of the quantitative methods discussed below.

Synthetic instrument method-cash flow hedge (¶42-43):

25a. Is the notional amount of the potential hedging derivative instrument the same as the principal amount of the associated variable-rate asset or liability throughout the life of the hedging relationship? (This criterion is met if the notional amount of the swap and principal amount of the hedgeable item match for each hedged interest payment, even if the hedged item amortizes or otherwise adjusts subsequent to the inception of the hedge.)

25b. Upon association with the variable-rate asset or liability, does the potential hedging derivative instrument have a zero fair value or is the forward price at-the-market?

25c. Is the formula for computing net settlements under the potential hedging derivative instrument the same for each net settlement; that is, the same fixed rate, reference rate, and constant adjustment, if any, throughout the term of the potential hedging derivative instrument?

25d. Do the interest receipts or payments of the potential hedging derivative instrument occur during the term of the variable-rate asset or liability, and no interest receipts or payments occur after the term of the variable-rate asset or liability? (For example, a swap that hedges the first 10 years of a 15-year variable-rate bond meets this criterion.)

If "yes" to all of questions 25a-d, the Synthetic Instrument Method may be applied to evaluate the effectiveness of a potential hedging derivative. Continue with question 26.

If "no" to any one of questions 25a-d, the Synthetic Instrument Method may not be applied to evaluate the effectiveness of a potential hedging derivative. Skip to question 27 for another quantitative method.

26. Under the synthetic instrument method, a potential hedging derivative instrument is effective if the actual synthetic rate is substantially fixed. The results of this analysis should be evaluated as follows:

26a. Is the actual synthetic rate within a range of 90 to 111 percent of the fixed rate of the potential hedging derivative instrument?

26b. If the actual synthetic rate is outside the required range for the current reporting period, the actual synthetic rate should be calculated on a life-to-date basis. Is the actual synthetic rate on a life-to-date basis within the required range?

26c. If a short time period has elapsed since inception of the hedge and the actual synthetic rate is outside the required range, the evaluation may include hypothetical payments, as if the hedge had been established at an earlier date. Effectiveness should then be reevaluated. For example, the first reporting period ends 90 days into a 10-year hedge, and when the government prepares its financial statements, it finds that the actual synthetic rate for the 90-day period is outside the 90 to 111 percent range. In that case, hypothetical payments from periods prior to the establishment of the hedge may be added to the evaluation. Does that analysis show a synthetic rate within the required range?

If "yes" to any of questions 26a-c, the derivative instrument is an "effective" <u>cash flow hedge</u> under the Synthetic Instrument Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 26a-c, the derivative instrument is not an "effective" <u>cash flow hedge</u> under the Synthetic Instrument Method and must be further evaluated. Skip to question 27 for another quantitative method.

Dollar-offset method-fair value or cash flow hedge (¶44):

27. The dollar-offset method evaluates effectiveness by comparing the changes in expected cash flows or fair values of the potential hedging derivative instrument with the changes in expected cash flows or fair values of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. Do changes in either the hedgeable item or the potential hedging derivative instrument divided by the other result within a range of 80 to 125 percent in absolute terms?

If "yes" to question 27, the derivative instrument is an "effective" as either a <u>cash flow or fair value hedge</u> under the Dollar Offset Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to question 27, the derivative instrument is not an "effective" cash flow <u>or fair value hedge</u> under the Dollar Offset Method and must be further evaluated. Skip to question 28 for another quantitative method.

Regression analysis method (¶45-47):

Cash flow hedges. If a potential hedging derivative instrument is employed as a cash flow hedge, the relationship analyzed should be relevant cash flows, rates, or fair values of the potential hedging derivative instrument and the hedgeable item. See ¶46.

Fair value hedges. If a potential hedging derivative instrument is employed as a fair value hedge, the relationship analyzed should be the changes in fair values of the potential hedging derivative instrument and the hedgeable item.

28. For either a cash flow or fair value hedge, under the regreession analysis method:

28a. Is the R-squared of the regression analysis is at least 0.80?

28b. Does the F-statistic calculated for the regression model demonstrate that the model is significant using a 95 percent confidence interval?

28c. Is the regression coefficient for the slope is between –1.25 and –0.80?

If "yes" to all of questions 28a-c, the derivative instrument is either an "effective" <u>cash flow hedge</u> or <u>fair value hedge</u> under the Regression Analysis Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 28a-c, the derivative instrument is not an "effective" <u>cash flow or fair value hedge</u> under the Regression Analysis Method and must be further evaluated. Skip to question 29 for another quantitative method.

Other Quantitative Methods (¶48):

The University may use a quantitative method to evaluate effectiveness not specifically identified in Statement No. 53 if the method meets all of the following criteria:

29a. Through identification and analysis of critical terms, does the method demonstrates that the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item?

29b. Can replicable evaluations of effectiveness be generated that are sufficiently complete and documented such that different evaluators using the same method and assumptions would reach substantially similar results?

29c. Have the substantive characteristics of the hedgeable item and the potential hedging derivative instrument that could affect their cash flows or fair values been considered?

If "yes" to all of questions 29a-c, another quantitative method may be used to demonstrate effectiveness.

If "no" to any of questions 29a-c, another quantitative method may not be used to demonstrate effectiveness.

EXISTING OR EXPECTED COMMODITY TRANSACTIONS

Based upon the answers to the following, determine whether the Consistent Critical Terms Method of evaluating a commodity asset or expected transaction results in an "effective" hedge:

Consistent Critical Terms Method

For an "effective" commodity swap-cash flow hedge (¶51):

30a. Is the commodity swap for the purchase or sale of the same quantity (notional amount) of the same hedgeable item at the same time and delivery location as the hedgeable item?

30b. Upon association with the hedgeable item, does the commodity swap have a zero fair value?

30c. Is the reference rate of the commodity swap consistent with the reference rate of the hedgeable item. (For example, a commodity swap hedges the University's natural gas purchases at the Henry Hub pricing point. That commodity swap also should have a reference rate based on the Henry Hub pricing point to meet this criterion.)

30d. Is it true that the reference rate of the commodity swap does not have a floor or cap unless the hedgeable item has a floor or cap? (Floors and caps place limits on expected cash flows. If the hedgeable item has a floor or cap, the commodity swap has a comparable floor or cap on the variable commodity price.)

If "yes" to all of questions 30a-d, the interest rate swap is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 30 a-d, the interest rate swap is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 31.

For an "effective" commodity swap-fair value hedge (¶52):

31a. Is the commodity swap for the purchase or sale of the same quantity (notional amount) of the same hedgeable item at the same time and delivery location as the hedgeable item?

31b. Upon association with the hedgeable item, does the commodity swap have a zero fair value?

31c. Is it true that the hedgeable item is not prepayable? (that is, the hedgeable item is not able to be settled by either party prior to its scheduled maturity). This criterion does not apply to a call option in an interest-bearing hedgeable item that is matched by a mirror-image call option in a commodity swap if both of the following criteria are met:
(1) A mirror-image call option matches the terms of the call option in the hedgeable item. The terms include maturities, strike price, related notional amounts, timing and frequency of payments, and dates on which the instruments may be called.
(2) The University is the writer of one call option and the holder (or purchaser) of the other call option.

31d. Is the expiration date of the commodity swap on or about the maturity date of the hedgeable item so that the University will not be exposed to interest rate risk or market risk?

31e. Is it true that the reference rate of the commodity swap has neither a floor nor a cap?

31f. Does the reference rate of the commodity swap reset at least every 90 days so that the variable payment or receipt is considered to be at a market rate?

If "yes" to all of questions 31a-f, the commodity swap is an "effective" fair value hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 31 a-f, the commodity swap is not an "effective" fair value hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 33a.

For an "effective" commodity forward contract-cash flow hedge (¶53):

32a. Is the forward contract for the purchase or sale of the same quantity or notional amount and at the same time as the hedgeable item?

32b. Upon association with the hedgeable item, does the forward contract have a zero fair value?

32c. Is the reference rate of the forward contract consistent with the reference rate of the hedgeable item?

If "yes" to all of questions 32a-c, the commodity forward contract is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 32 a-c, the commodity forward contract is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 33a.

Quantitative Methods

If the commodity swap or forward contract is not "effective" under the Consistent Critical Terms Method, continue the evaluation using at least one of the quantitative methods discussed below.

Synthetic instrument method-cash flow hedge (¶56-57):

33a. Is the notional amount of the potential hedging derivative instrument the same as the quantity of the hedgeable item?

33b. Upon association with the hedgeable item, does the potential hedging derivative instrument have a zero fair value or is the forward price at-the-market?

If "yes" to all of questions 33 a-b, the Synthetic Instrument Method may be applied to evaluate the effectiveness of a potential hedging derivative. Continue with question 34.

If "no" to any one of questions 33 a-b, the Synthetic Instrument Method may not be applied to evaluate the effectiveness of a potential hedging derivative. Skip to question 35 for another quantitative method.

34. Under the synthetic instrument method, a potential hedging derivative instrument is effective if the actual synthetic rate is substantially fixed. The results of this analysis should be evaluated as follows:

34a. Is the actual synthetic rate within a range of 90 to 111 percent of the fixed rate of the potential hedging derivative instrument?

Dollar-offset method-fair value or cash flow hedge (¶58):

35. The dollar-offset method evaluates effectiveness by comparing the changes in expected cash flows or fair values of the potential hedging derivative instrument with the changes in expected cash flows or fair values of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. Do changes in either the hedgeable item or the potential hedging derivative instrument divided by the other result within a range of 80 to 125 percent in absolute terms?

If "yes" to question 35, the derivative instrument is an "effective" as either a <u>*cash flow or fair value hedge*</u> *under the Dollar Offset Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.*

If "no" to question 35, the derivative instrument is not an "effective" cash flow <u>*or fair value hedge*</u> *under the Dollar Offset Method and must be further evaluated. Skip to question 36 for another quantitative method.*

Regression analysis method (¶59):

Cash flow hedges. If a potential hedging derivative instrument is employed as a cash flow hedge, the relationship analyzed should be relevant cash flows, rates, or fair values of the potential hedging derivative instrument and the hedgeable item. See ¶60.

Fair value hedges. If a potential hedging derivative instrument is employed as a fair value hedge, the relationship analyzed should be the changes in fair values of the potential hedging derivative instrument and the hedgeable item.

For either a cash flow or fair value hedge, under the regreession analysis method:

36a. Is the R-squared of the regression analysis is at least 0.80?

36b. Does the F-statistic calculated for the regression model demonstrate that the model is significant using a 95 percent confidence interval?

36c. Is the regression coefficient for the slope is between –1.25 and –0.80?

If "yes" to all of questions 36a-c, the derivative instrument is either an "effective" <u>*cash flow hedge or fair value hedge*</u> *under the Regression Analysis Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.*

If "no" to any one of questions 36a-c, the derivative instrument is not an "effective" <u>*cash flow or fair value hedge*</u> *under the Regression Analysis Method and must be further evaluated. Skip to question 37 for another quantitative method.*

Other Quantitative Methods (¶62):

The University may use a quantitative method to evaluate effectiveness not specifically identified in Statement No. 53 if the method meets all of the following criteria:

37a. Through identification and analysis of critical terms, does the method demonstrates that the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item?

37b. Can replicable evaluations of effectiveness be generated that are sufficiently complete and documented such that different evaluators using the same method and assumptions would reach substantially similar results?

37c. Have the substantive characteristics of the hedgeable item and the potential hedging derivative instrument that could affect their cash flows or fair values been considered?

If "yes" to all of questions 37 a-c, another quantitative method may be used to demonstrate effectiveness.

If "no" to any of questions 37 a-c, another quantitative method may not be used to demonstrate effectiveness.

AEGON

Institutional Markets Inc.

December 28, 2004

Mr. Melvin Stanton
University of California
1111 Broadway, Suite 1400
Oakland, CA 94623

RE: CONTRACT DOCUMENTATION
SV04460Q – UNIVERSITY OF CALIFORNIA ICC FUND

Dear Mr. Stanton:

Enclosed are the forms regarding the above-referenced Fixed Rate Guaranteed Interest Contract (the "Contract"). Included are:

- Instruction sheet which explains the processing of withdrawals by wire transfer. Withdrawal requests should be made on the company's letterhead and must include: contract number, amount desired, date expected and reason for withdrawal.
- Signature Card. Please note that the Signature Card requires actual signatures of those persons authorized to request withdrawals from the Contract.
- Contract.
- Copy of the California Life and Health Insurance Guaranty Association disclaimer.
- Amortization Schedule.

The Contract Valuation Analyst handling your contract is Jeff Webb. If you have any questions concerning contract administration/transactions you may call him at 502-560-2293. Please complete the Signature Card and return it to my attention as soon as possible. If you are in need of any assistance during the review process, please call me at (502) 560-3001 or e-mail me at dbriggs@aegonusa.com.

Sincerely,

Debbie Briggs
Aegon Institutional Markets, Inc.
Contract Issuance Coordinator

Enclosures

400 West Market Street
Louisville, Kentucky 40202
502.560.2825
www.aegoninstitutional.com

Transamerica Occidental Life Insurance Company

Transamerica Occidental Life Insurance Company (the "Company"), Cedar Rapids, Iowa, a stock company, agrees to make the payments provided for in this contract (the "Contract") in the amounts and to the persons as designated in writing by the Owner, subject to all of the other terms and conditions on this and on the following pages, all of which are made part of the Contract.

The Owner may act for and on behalf of any person entitled to receive a payment or payments under the Contract, and every act done by agreement made with, or notice given to, the Owner shall be binding on all such persons.

The Contract is issued in consideration of the payment by the Owner to the Company of such Cash Contributions as may be made pursuant to the Contract.

The Contract shall be construed in accordance with the laws of the jurisdiction in which it is delivered.

Signed for Transamerica Occidental Life Insurance Company at its Administrative Office, 400 West Market Street, Louisville, Kentucky, 40202, as of the Effective Date. To present inquiries, to obtain information about the Agreement, or to obtain assistance in resolving a complaint, please call 800-227-8442.

Craig D. Vermie

Secretary

President

GROUP ANNUITY CONTRACT
FIXED INTEREST RATE
NO DIVIDENDS PAYABLE

SCHEDULE PAGE

OWNER	-	University of California ICC Fund
PLAN	-	University of California ICC Fund
CONTRACT NUMBER	-	SV04460Q
EFFECTIVE DATE	-	January 5, 2005
MATURITY DATE	-	December 31, 2010
EXPECTED CASH CONTRIBUTION	-	$ 25,000,000.00
DEPOSIT TYPE	-	Lump Sum
WINDOW CLOSE DATE	-	Not Applicable
CAP ON WINDOW	-	Not Applicable
SETTLEMENT DATE	-	Not Applicable
GUARANTEED INTEREST RATE	-	4.40%
INTERIM SCHEDULED PRINCIPAL PAYMENT DATE AND AMOUNT	-	Date / Amount January 3, 2006 / 20% of Principal Balance January 2, 2007 / 20% of Principal Balance December 31, 2009 / 25% of Principal Balance
INTEREST PAYMENT STRUCTURE	-	Accumulated Interest
INTEREST PAYMENT DATE(S)	-	Corresponding to Interim Scheduled Principal Payment Dates
PERIODIC CHARGES	-	$250.00 Clone Fee Per Contract
CORRIDOR OPTION	-	20% Lifetime Limit
WITHDRAWAL STRUCTURE	-	LIFO
BUFFER AMOUNT	-	0%

SCHEDULE PAGE - Continued

The Notice Addresses to be used for the Contract are as follows:

Company:
Transamerica Occidental Life Insurance Company
c/o AEGON Institutional Markets, Inc.

Street address:
400 West Market Street
Louisville, Kentucky 40202
U.S. mail address:
P.O. Box 35330
Louisville, Kentucky 40232

Facsimile Number: (502) 560-4344
Attn.: AEGON Institutional Markets, Inc. Operations

Owner:
University of California ICC Fund

c/o University of California
Treasurer of the Regents
Street address:
1111 Broadway
Oakland, California 94623
U.S. mail address:
P.O. Box 24000
Oakland, California 94623-1000

Facsimile Number: (510) 987-6258
Attn.: Mr. Melvin L. Stanton

Company Wire Transfer Instructions:
M & T Bank
One M & T Plaza
Buffalo, NY 14203
ABA #: 022000046
DDA #: 89539642
Account Name: AEGON Institutional Markets, Inc.
FFC: "SV04460Q" and " University of California ICC Fund "

Amount: $25,000,000.00

SECTION 1. DEFINITIONS

1.01 "Accumulated Interest," if shown as the Interest Payment Structure on the Schedule Page, means that interest accumulated in the Deposit Account will be paid on the Interim Scheduled Principal Payment Date(s), if any, shown on the Schedule Page and on the Maturity Date.

1.02 "Benefit Payments" means all payments of benefits resulting from a Participant's retirement, death, disability, termination of employment, payments resulting from loss of job activities such as mergers, acquisitions, and spin-offs, and payments resulting from a Participant's election to withdraw, borrow, or transfer an amount from such Participant's account, in accordance with the terms of the Plan as in effect on the Effective Date, and including any amendments to the Plan that do not materially and adversely affect the Company's obligations hereunder.

Since the Corridor Option has been elected, the term "Benefit Payments" shall also include payments resulting from Employer-Initiated Events up to an Annual and/or Lifetime Limit as specified on the Schedule Page. With the Corridor Option, cumulative Benefit Payments that result from Employer-Initiated Events over the twelve-month period ending on the date of receipt of the Owner's Written Notice of request for Benefit Payments may not exceed the limit percentages shown on the Schedule Page multiplied by the then current value of the Deposit Account. Payments resulting from Employer-Initiated Events above the specified limits will not be considered Benefit Payments.

1.03 "Business Day" means each day, other than a Saturday or Sunday, on which the United States banking system is open for normal business and on which the Company is not closed to normal business due to force majeure (including, but not limited to war, civil unrest, fire, flood, earthquake, etc.) where such events make it impossible for the Company to reasonably transact normal business.

1.04 "Cash Contribution(s)" means the amounts of principal deposited into the Contract by the Owner in immediately available funds. All Cash Contributions must arrive by 2:00 p.m. Eastern Standard Time on any given Business Day in order to be credited as received on such day.

1.05 "Corresponding to Interim Scheduled Principal Payment," if shown as the Interest Payment Structure on the Schedule Page, means that interest will be paid on the Interim Scheduled Principal Date(s) shown on the Schedule Page, and that the amount of interest to be paid on such dates will be the amount of interest accumulated in the Deposit Account multiplied by the same percentage of the principal being paid on such date, as specified on the Schedule Page.

1.06 "Corridor Option" means that certain payments resulting from Employer-Initiated Events will be considered Benefit Payments, in accordance with Subsection 1.02.

1.07 "Deposit Account" means the Owner's account established by the Company on the Effective Date of the Contract.

1.08 "Effective Date" is as specified on the Schedule Page.

1.09 "Employer-Initiated Event" means any (i) merger, (ii) consolidation, (iii) sale of assets, (iv) mass layoff, (v) implementation of any early retirement incentive program, or (vi) other event (including, without limitation, a bankruptcy, a spin-off, a complete or partial termination of the Plan that is not connected with termination of Participants' employment, and a corporate restructuring) within the control of the Plan or the Plan Sponsor resulting in a material and adverse financial impact on the Company's obligations under the Contract, as reasonably determined by the Company.

1.10 "Excess Simple Interest," if shown as the Interest Payment Structure on the Schedule Page, means that interest payments will be made as shown on the Schedule Page but only to the extent that interest accumulated in the Deposit Account exceeds Benefit Payments made since the last Interest Payment Date. If the amount of such payments equals or exceeds the interest accumulated in the Deposit Account on an Interest Payment Date, no interest payment is then due.

1.11 "Expected Cash Contribution" as shown on the Schedule Page means the amount of Cash Contributions agreed to between the Company and the Owner to be deposited into the Contract.

1.12 "Guaranteed Interest Rate" means the interest rate shown on the Schedule Page.

1.13 "Interest Payment Date(s)" means the days, as shown on the Schedule Page and falling between and including the Effective Date and the Maturity Date, on which interest will be paid to the Owner from the Deposit Account in accordance with the Interest Payment Structure.

1.14 "Interest Payment Structure" is as specified on the Schedule Page.

1.15 "Interim Scheduled Principal Payment Date(s)" means the days, as shown on the Schedule Page and falling between and including the Effective Date and the Maturity Date, on which principal will be paid to the Owner from the Deposit Account.

1.16 "Interim Scheduled Principal Payment Amount(s)" means the amount of principal (expressed as a stated amount, a percentage of the Deposit Account, or a percentage of the principal remaining in the Deposit Account, as applicable) that is payable to the Owner on the Interim Scheduled Principal Payment Date(s), as specified on the Schedule Page.

1.17 "LIFO" (i.e., Last In First Out) means that, prior to requesting Benefit Payments, the Owner shall have first exhausted: (i) the normal sources of the Plan's cash flows, including net positive cash flow from contributions and transfers, interest payments, loan repayments, and maturities; (ii) cash reserves, short-term investments, and other similarly liquid investments; and (iii) depository (window) benefit-responsive contracts that have not yet been completely funded. Upon the exhaustion of the foregoing ("Buffer"), the last benefit-responsive investment purchased by the Plan will be the first one liquidated to make Benefit Payments. When the last investment purchased by the Plan is fully liquidated, then the next most recently purchased investment will be liquidated. This process will continue sequentially until the oldest Plan investment is liquidated. The Company's liability for Benefit Payments depends on the position of the Contract in this sequence as of the day the Company receives Written Notice of a request for Benefit Payments.

1.18 "Lump Sum," if shown as the Deposit Type on the Schedule Page, means that the Expected Cash Contribution shown on the Schedule Page will be received as a single deposit on the Effective Date.

1.19 "Maturity Date" means the Maturity Date as shown on the Schedule Page.

1.20 "Net Dollar Window," if shown as the Deposit Type on the Schedule Page, means that the Expected Cash Contribution will be deposited during the period commencing on the Effective Date and ending on the earlier of the Window Close Date or the day by which the full amount of the Expected Cash Contribution is deposited, such period to be referred to as the "Net Dollar Window Period."

During the Net Dollar Window Period, the Company will accept all Cash Contributions net of Benefit Payments until the full amount of the Expected Cash Contribution is deposited, at which point the Company will no longer accept Cash Contributions.

In the event that the full amount of the Expected Cash Contribution is not deposited by the Window Close Date, the Owner agrees to deposit the remainder by the Settlement Date.

1.21 "Notice Address(es)" means the addresses and, if applicable, the telephone numbers for facsimile transmissions shown on the Schedule Page or any such other addresses and telephone numbers as any party may specify to the other party by at least three Business Days' prior Written Notice.

1.22 "Owner" has the meaning specified on the Schedule Page or is any successor or assignee properly designated under the Contract.

1.23 "Participant" means any individual participating in or maintaining a balance in the Plan, or such individual's designated beneficiary under the terms of the Plan.

1.24 "Participant Communication" means any oral or written communication concerning investment elections under the Plan which is prepared for delivery to Participants of the Plan.

1.25 "Plan" has the meaning specified on the Schedule Page. The Company is not a party to the Plan.

1.26 "Plan Sponsor" means the party that establishes and maintains the Plan.

1.27 "Standard Window," if shown as the Deposit Type on the Schedule Page, means that the Expected Cash Contribution will be deposited during the period commencing on the Effective Date and ending on the Window Close Date, such period to be referred to as the "Standard Window Period."

During the Standard Window Period, the Company will accept all Cash Contributions net of Benefit Payments unless an amount is specified as a Cap on Window on the Schedule Page, in which case the Company shall not be required to accept Cash Contributions in excess of such cap.

In the event that the full amount of the Expected Cash Contribution is not deposited by the Window Close Date, the Owner agrees to deposit the remainder by the Settlement Date. If by the Window Close Date the Owner has deposited more than the Expected Cash Contribution, the Company will return the excess to the Owner by the Settlement Date.

SECTION 2. DEPOSIT ACCOUNT

2.01 Establishment of a Deposit Account. The Company shall receive the Cash Contribution paid to it by the Owner on the Effective Date of the Contract and shall establish a Deposit Account.

2.02 Nature of Deposit Account. With respect to the Deposit Account created pursuant to this section, the Company shall be the sole owner of the assets in the Deposit Account, shall have the sole right to control, manage, or administer such assets, and may commingle the assets in its possession pursuant to the Contract with its other assets. The assets in the Deposit Account are part of the Company's general account assets.

2.03 Interest Credits. At the end of each day, the Company will calculate the daily interest amount credited to the Deposit Account. The daily interest amount equals (1) multiplied by (2), where:

(1) is (1 + the Guaranteed Interest Rate)^(1/the number of days in the year) - 1; and
(2) is the value of the Deposit Account, if any, at the beginning of each day plus:
- (i) any Cash Contribution credited as received on such day; minus
- (ii) any payment made on such day; minus
- (iii) the amount by which (a) any requested payment subject to a market value adjustment exceeds (b) the amount actually paid on such day after application of a market value adjustment.

2.04 Value of the Deposit Account. At the end of each day (a "Valuation Date"), the value of the Deposit Account is equal to (1) plus (2) plus (3) minus (4) minus (5), where:

(1) is the value of the Deposit Account, if any, at the end of the previous day;
(2) is any Cash Contribution credited as received on the Valuation Date;
(3) is one day's interest calculated pursuant to Subsection 2.03;
(4) is any payment made on the Valuation Date; and

(5) is the amount by which (a) any requested payment subject to a market value adjustment exceeds (b) the amount actually paid on the Valuation Date after application of a market value adjustment.

On any day the Company's liability to make payments under the Contract shall be no greater than the value of the Deposit Account on such day.

2.05 Statement of Condition of Deposit Account. Monthly the Company shall furnish the Owner with a statement summarizing all transactions with respect to the Deposit Account.

SECTION 3. MARKET VALUE ADJUSTMENT

3.01 Market Value Adjustment. In the event a requested payment is subject to a market value adjustment, the amount payable by the Company shall be the result of multiplying (1) by (2), where:

(1) is the requested payment amount; and
(2) is the percentage of par value, not greater than 100%, that would be represented by the market value, on the day on which the related Written Notice is received, of a hypothetical bond described as follows:

(a) the coupon rate of the bond is equal to the Guaranteed Interest Rate specified for the Contract; and
(b) the scheduled maturity date of the bond is the Maturity Date of the Contract.

The market value of such hypothetical bond will be determined using commercially accepted pricing methods based on a market yield equal to (i) below if three or fewer years remain to the Maturity Date or (ii) below if more than three years remain to the Maturity Date:

(i) The Merrill Lynch 1-3 Year U.S. Corporate Bond Index plus 95 basis points;
(ii) The Merrill Lynch 3-5 Year U.S. Corporate Bond Index plus 95 basis points.

In the event that the relevant index should no longer be available, the Company will replace it with an index that the Company determines to be comparable.

SECTION 4. ANNUITY PURCHASE

4.01 Annuitization. In lieu of receiving any payments under the Contract, the Owner may direct the Company to apply such payments to the purchase of annuities for Participants. Notwithstanding any provision of the Contract to the contrary, the Company's obligation to make annuity payments purchased pursuant to this section shall not be affected by the subsequent maturity of the Contract.

4.02 Annuity Purchase Rate. The amount of each annuity payment must be at least $100 and must be payable for more than one year. For each annuity elected, the total amount payable will be determined when annuity payments begin. The purchase rates for annuities are permanently guaranteed under the Contract. Under the Contract, a life annuity option is available, pursuant to which the Company will make monthly annuity payments for the life of an annuitant, ceasing with the last payment due prior to the annuitant's death.

The annuity purchase rate table set forth below shows the guaranteed minimum amount of monthly annuity payments for each $1,000 applied to the life annuity payment option. The Company may, at the time of election, offer more favorable rates in lieu of the guaranteed rates shown below. The amount of each annuity payment will depend on the annuitant's age on the birthday nearest to the date on which the first annuity payment is due.

The amount of monthly annuity payment per $1,000 applicable for any ages not shown below in the annuity purchase rate table will be determined by linearly interpolating between ages that are shown.

	Life Annuity	
Age	Male	Female
60	$ 4.94	$ 4.61
65	5.72	5.24
70	6.79	6.09
75	8.39	7.35
80	10.83	9.27

4.03 Certificates to Be Issued. The Company shall issue to the Owner for delivery to each person for whom an annuity has been provided or purchased pursuant to this section a certificate summarizing the principal provisions of such annuity.

4.04 Misstatement of Age. The Company will make adjustments if the age of any person to whom the Company has issued an annuity pursuant to this section has been misstated or if the age of a contingent or joint annuitant has been misstated. After such adjustment, the payments under the annuity will be in the amounts that the premium applied would have purchased at the correct age. If an overpayment was made before the adjustment, the Company will subtract the amount overpaid from any payments to be made after the adjustment. If an underpayment was made before the adjustment, the Company will pay the amount underpaid in a lump sum after the adjustment.

SECTION 5. PAYMENTS

5.01 Benefit Payments. The Company will pay amounts for Benefit Payments without a market value adjustment in accordance with the Withdrawal Structure specified on the Schedule Page and further defined in Section 1. Any bona fide Benefit Payment will be made upon five days' Written Notice.

The maximum amount of Benefit Payments payable at any time is the then current value of the Deposit Account.

5.02 Periodic Interest Payments. The Company will make periodic interest payments from the Deposit Account to the Owner in accordance with the Interest Payment Structure and the Interest Payment Date(s), both as shown on the Schedule Page.

5.03 Periodic Principal Payments. The Company will make periodic principal payments from the Deposit Account to the Owner in accordance with the Interim Scheduled Principal Payment Date(s) and the Interim Scheduled Principal Amount(s), both as shown on the Schedule Page.

5.04 Payments for Employer-Initiated Events. Except to the extent covered by the Corridor Option, payments resulting from Employer-Initiated Events will be made with a market value adjustment as specified in Subsection 3.01. The value of the Deposit Account shall be reduced by the amount of the requested payment amount without the market value adjustment. Payments subject to this subsection will be paid within 30 days following receipt of Written Notice by the Company.

5.05 Payment Upon Maturity. On the Maturity Date, provided the Company's liability with respect to the Contract and the Deposit Account shall not have been previously discharged, the Company shall pay the then current value of the Deposit Account to the Owner or to such other person as the Owner may designate in writing and satisfactory to the Company. Such payment shall constitute a full discharge of the Company of its liability with respect to the Deposit Account and the Contract.

SECTION 6. METHOD OF PAYMENT

6.01 Method of Payment. Payments will be made by federal funds transfer unless another method is agreed upon. If, on a due date, the Federal Reserve Wire Transfer system is closed, payment will be made on the next day it is open.

6.02 Payment on Business Day. Except as otherwise provided, if the date for any payment is not a Business Day, the Company will make the payment on the first Business Day following.

6.03 Currency. All payments made to and from the Deposit Account will be made in United States currency in immediately available funds.

SECTION 7. MISCELLANEOUS PROVISIONS

7.01 Issuance of Contract Under Similar Plan or "Clone" Contract. If the employer sells part of the business and any group of employees who are Participants under the Plan become participants in a similar plan provided by the new employer, or if, because of a change in the employer's corporate structure, a group of employees become participants in a segregated plan, then the proceeds of the Contract attributable to those employees may be transferred at book value by issuing a new, substantially similar contract which shall be subject to a fee of $250 per contract. The Company will accept such plan for underwriting if its terms are substantially the same as the terms of the Plan submitted for issuance of the Contract. Additionally, the Company may accept a dissimilar plan's terms with a corresponding change in the Guaranteed Interest Rate.

The minimum initial cash contribution of a contract issued under the provisions of this subsection shall be $500,000.

7.02 Expense or Service Charges. The Company may assess Periodic Charges, as specified on the Schedule Page, for its expenses and services in connection with the Contract. The Company and the Owner shall agree to any such charge in advance of the performance of services.

The Company shall bill for the Periodic Charges following the end of the period for which such charges are to be assessed.

Unless otherwise provided, the Owner or its designee shall remit to the Company the amount billed within 10 days of the day the Company transmits the bill. The Company shall notify the Owner or its designee of any past due payments, and such past due payments shall accrue interest at the Guaranteed Interest Rate compounded daily.

The obligation to pay any Periodic Charges due upon and past due at the maturity of the Contract shall survive the maturity of Contract.

7.03 Notices. Any notice or other communication to be given under the Contract shall be given to the party to which it is directed by Written Notice.

7.04 Information to Be Furnished. The Owner shall furnish such information in such form and at such time as the Company may reasonably require with respect to any payment to be made or any annuity to be purchased under the Contract, and, notwithstanding any provisions of the Contract to the contrary, it shall not be obligated or required to make such payment or provide such annuity until it has received such information in such form. The Company may rely on the information so received and shall not be liable with respect to any omission or inaccuracy contained therein.

7.05 Responsibility of the Company. The Company may rely on the Owner's directive and shall not be liable in any way or to any person because of its failure to question or challenge a directive of the Owner.

7.06 Amendment of the Contract. The terms and conditions of the Contract may be changed at any time by written agreement between the Company and the Owner. Changes are not valid unless made in writing and signed by an officer of the Company and the Owner.

7.07 Construction of the Contract. Index and section or subsection titles of the Contract are inserted for convenience of reference. They constitute no part of the Contract and are not to be considered in its construction.

7.08 Assignment. The Owner may assign the Contract only with the Company's written consent. The Company assumes no responsibility for the validity of any attempts at assignment and may rely on the written assignment filed with it. To the extent permitted by law, payments provided under the Contract shall not be subject to commutation, anticipation, encumbrance, alienation, or assignment by any person entitled thereto, nor shall they be liable to be seized, taken, or appropriated by any legal or equitable process or by operation of law to pay any debt or liability of the person entitled to such payment under the terms of the Contract. The Company may not assign the Contract unless such assignment is agreed to by the parties. Notwithstanding the above, an assignment of the Contract to a lawful successor trustee of the Plan shall not require prior approval from the Company but, to be binding on the Company, such an assignment must be in writing and signed by all the parties.

7.09 Entire Contract. The entire contract between the parties consists of the Contract and any riders, endorsements, or signed amendments.

7.10 Restrictions on the Company. The Company may defer honoring any request for a payment under the Contract if, due to the closing of financial markets or exchanges, the Company is unable to settle the necessary transactions.

7.11 Representations. The Owner represents that:

(1) Participants make and will continue to make elections to withdraw or transfer funds from their respective accounts free from any suggestions, instructions, or persuasion by any party to the operation or management of the Plan; and

(2) the execution, delivery, and performance of the Contract will not violate the terms of the Plan.

Further, by making a request for a Benefit Payment, the Owner is deemed to have represented that the entire payment constitutes a Benefit Payment.

7.12 Effect of Participant Communications; Limitations on Alteration of the Plan. If (a) any Participant Communication is delivered that is designed to induce Participants to transfer all or part of their money or account balances into or out of the Contract, or (b) the Plan is amended or its administration altered in such a way as to effect a change in the provisions or administrative practices relating directly or indirectly to, among other things:

(1) the vesting or forfeiture of benefits;
(2) the nature, timing, or amount of benefits;
(3) the eligibility requirements;
(4) the existence, availability, issuance, or terms of loans or promissory notes; or
(5) participant withdrawals, interfund transfers, limitations on deposit percentages, or restriction or expansion of Plan options;

and the Company determines that such amendment or administrative alteration will materially and adversely impact the Company with respect to its obligations under the Contract, then the Company shall have the right, at its sole discretion, effective as of the date of such Participant Communication, amendment, or administrative alteration, to:

(a) ignore the effect of any such Participant Communication, amendment, or alteration in fulfilling its obligations under the Contract;
(b) adjust the Guaranteed Interest Rate, with the agreement of the Owner; or
(c) negotiate a new arrangement with the Owner.

For purposes of the Contract, the following Participant Communications originating with the Plan Sponsor shall not be deemed to induce Participants to transfer: factual information about the investment options, a general discussion of asset allocation principles and investment strategies, and any information that is required to retain the qualified status of the Plan.

Notice of Non-Coverage
California Life and Health Insurance Guarantee Association Act

This Policy is NOT covered by the California Life and Health
Insurance Guarantee Association

EXCLUSIONS FROM COVERAGE

The following are not covered by the California Life and Health Insurance Guarantee Association:

- Unallocated annuity contracts; that is, contracts which are not issued to and owned by individuals and which guarantee rights to group contract holders, not individuals;
- Employers and association plans, to the extent they are self-funded or uninsured;
- Synthetic guaranteed interest contracts;
- Any policy or any portion of it that is not guaranteed by the insurer or for which the insured has assumed the risk, such as a variable contract sold by prospectus;
- Any policy of reinsurance unless an assumption certificate was issued;
- Interest rate yields that exceed an average rate;
- Any portion of a contract that provides dividends or experience credit ratings.

A determination as to whether an insurance contract is covered under the Guarantee Association or whether an annuity contract is allocated or unallocated must be initially made by the insurer based on its knowledge of the specific contract offered.

Also, you are not protected by this Association if:

- The insurer was not authorized to do business in this state when it issued the policy or contract;
- The policy is issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society;
- You are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose guarantee association protects insureds who live outside that state.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited bylaw from using the existence of the Guarantee Association to induce you to purchase any kind of Insurance policy.

If you have any questions concerning this Notice, you may contact

California Life and Health Insurance Guarantee Association P.O. Box 17319 Beverly Hills, CA 90209-3319 (213) 782-0182	OR	Consumer Service Division California Department of Insurance 300 South Spring Street Los Angeles, CA 90013 (800) 927-4357 or (213) 897-8921

AEGON
Institutional Markets Inc.

AEGON INSTITUTIONAL MARKETS, INC.
PRODUCT WITHDRAWAL INSTRUCTION SHEET

Policyholders may make withdrawals from a contract by requesting either wire transfer or check. To effect either type of withdrawal, a Signature Card containing signatures of authorized persons eligible to request such withdrawals must be on file with AEGON Institutional Markets, Inc. Withdrawals will be made in accordance with the terms of the policy.

Customers may confirm the company's receipt of written notification by contacting Jeff Webb at 502.560.2293 (fax: 502.560.4344). Receipt of wire transfers is guaranteed for the transaction date. We cannot, however, guarantee the time of day the wire will be received. Withdrawals will be transferred according to the written direction on the Signature Card or other such written authorization.

Should the wire transfer instructions or authorized signatures change, AEGON Institutional Markets, Inc. should be notified, as soon as possible, by submitting a new Signature Card. The company must receive the new written direction before any further withdrawals will be allowed.

Mailing Address:

AEGON Institutional Markets, Inc.
Jeff Webb at 502.560.2293
P.O. Box 35330
Louisville, KY 40232

400 West Market Street
Louisville, Kentucky 40202
502.560.2825
www.aegoninstitutional.com

AEGON

Institutional Markets Inc.

Contract: SV04460Q Effective Date: January 5, 2005

SIGNATURE CARD Please sign full name and print title

Only the following individuals will be allowed to sign for withdrawals from this contract.

Signature: ____________________ Title: ____________________

Signature: ____________________ Title: ____________________

Signature: ____________________ Title: ____________________

Signature: ____________________ Title: ____________________

Please check box if this is a change in authorized signer(s)

WIRE INSTRUCTIONS For clarity please type the following information.

Wire transfers should be made to:

BANK NAME: ____________________

CITY & STATE: ____________________

ABA NUMBER: ____________________

ACCOUNT NAME: ____________________

ACCOUNT NUMBER: ____________________

Further detail line to be used for additional account number forwarding only.

FURTHER DETAIL: ____________________

Please check box if this is a change in Wire Instructions

Name and telephone number of contact regarding wires.

Name: ____________________ Telephone: ____________________

FACSIMILE WAIVER AGREEMENT

The Owner acknowledges that it is the standard policy of Transamerica Occidental Life Insurance Company (the "Company") to require original signature hard copies of instructions to transfer funds ("Funds Transfer Requests"). The Owner further acknowledges that the Company will accept facsimile requests only if the Owner acknowledges and assumes all risks relating to the use of such facsimile Funds Transfer Requests. The Owner hereby acknowledges and assumes all risk relating to the sending of Funds Transfer Requests by facsimile.

The undersigned has executed this document for and on behalf of the Owner.

____________________ ____________________ ____________________

(Signature) *(Title)* *(Date)*

400 West Market Street

Louisville, Kentucky 40202

502.560.2825

www.aegoninstitutional.com