



# Execution of strategy in the Americas

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Management Board  
and CEO Americas

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Conference

New York City,  
December 2010



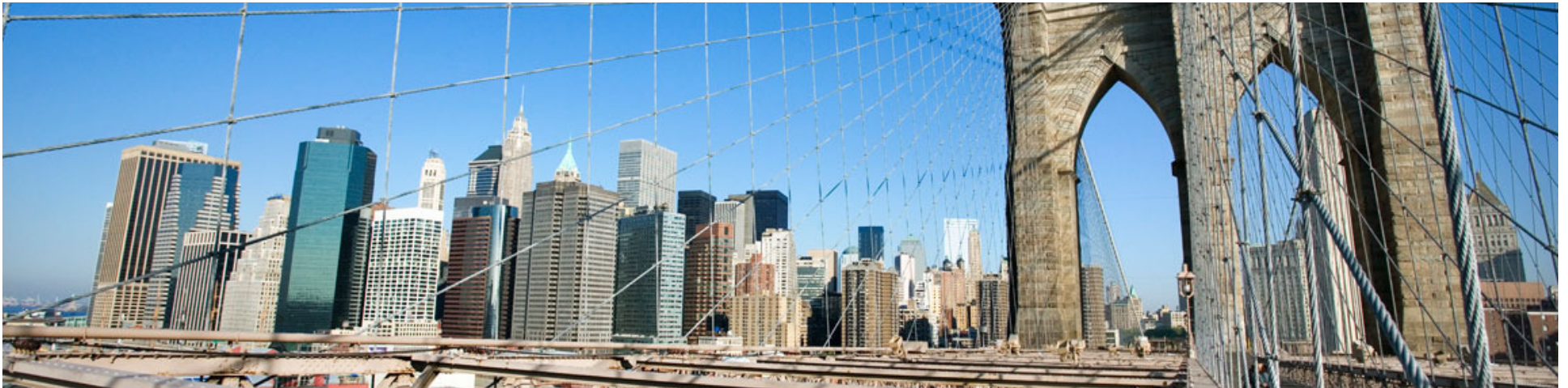
LIFE INSURANCE | PENSIONS | INVESTMENTS

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## Key messages

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- Significant change in mix of business
- Focus on business and shifting to less capital intensive products
- Growing in our chosen markets
- Improving our quality of service and operational efficiency
- Delivering better value to our customers, distributors and shareholders



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# AEGON Americas management team

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**Brenda Clancy**

**Chief Operating Officer Americas**

**Mark Mullin**



**Chief Executive Officer Americas**

**Darryl Button**



**Chief Financial Officer Americas**



**Craig Vermie**

**General Counsel**



**Scott Ham**



**Life & Protection**



**Jim Beardsworth**

**Corporate Development**

**Kent Callahan**



**Employer Solutions & Pensions**



**Tom Swank**

**Individual Savings & Retirement**



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## AEGON's ambition

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*“To be a leader in all of our chosen markets by 2015”*

- Reallocate capital
- Increase returns
- Optimize ONE AEGON



*... resulting in sustainable profitable growth*

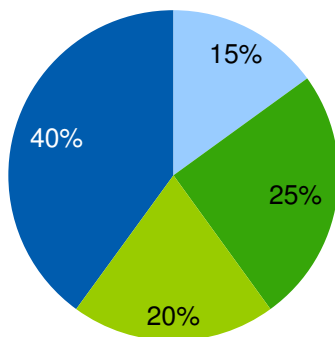
# Reallocate capital



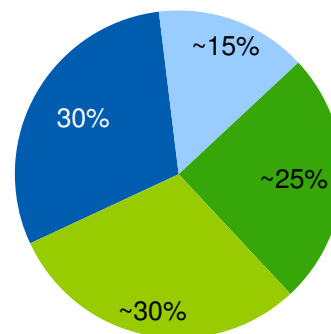
## Successfully reallocating capital and improving quality of earnings

- Growing fee based businesses
- De-emphasize sales of capital intensive products
- Exploring strategic options for Transamerica Reinsurance, including a sale
- Wind down of BOLI/COLI business
- Increased equity hedging on VA GMIB back-book (now ~80% delta hedged)
- Developed and re-priced products to adapt to the changing business environment

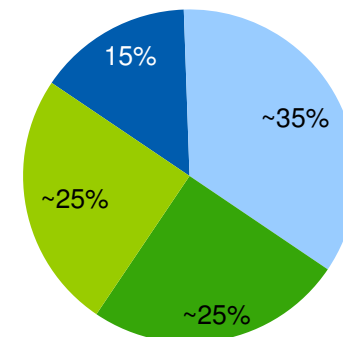
Pre-crisis underlying earnings  
2007



Current underlying earnings  
2010



Future underlying earnings  
2015



■ Spread      ■ Technical  
■ Fees        ■ Interest on Surplus

*Sources of earnings exclude new business strain*

# Increase returns



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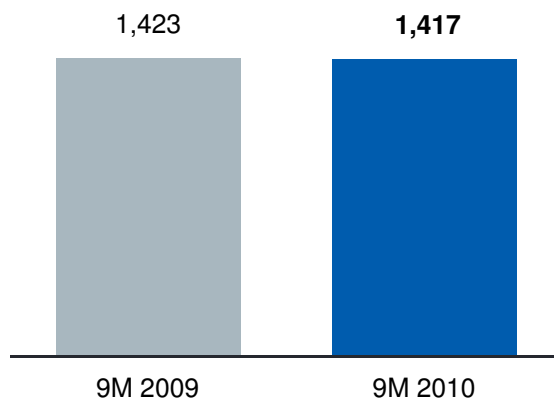
## Aggressively managing expenses

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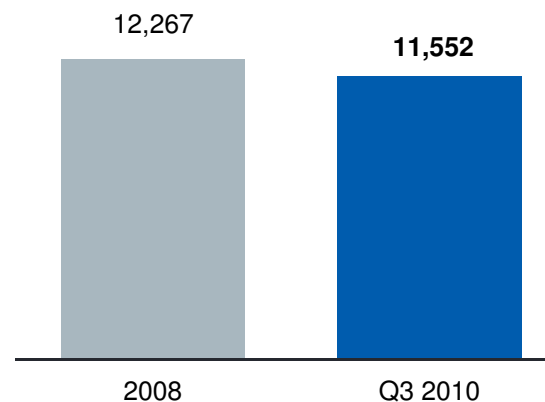
- Restructured business units
- Shutting down Louisville and consolidating operations to other locations
- Consolidating locations in Baltimore – new USA headquarters
- Operational excellence
  - Held operating expenses flat while continuing to grow the business
  - Significant headcount reduction since the end of 2008

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**Adjusted operating expenses**  
(USD million)



**Headcount\***



\* Excludes Latin America and agents



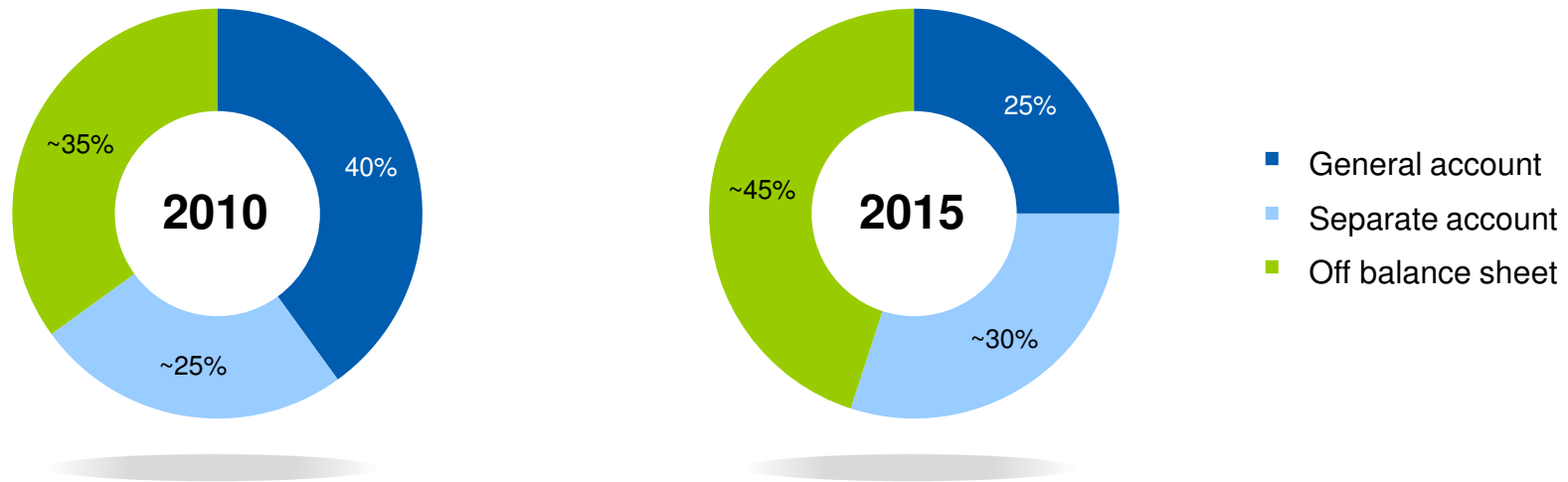
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## More fee based revenue by 2015

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### Revenue-generating investments Americas



- Significant shift in revenue generating investments
- General account reduced as we continue to run down the institutional spread-based business and de-emphasize fixed annuities
- Growth from fee based businesses will drive increased allocation to separate account and off-balance sheet assets

# Optimize ONE AEGON



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## Optimizing ONE AEGON

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- Support variable annuity business around the world (Europe and Japan)
- Implement and support global IT infrastructure
- Global Asset Management
- Global talent management
  - AEGON University 2.0
  - Global Leadership Team
- Global sustainability



# Portfolio management



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## Our chosen markets

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### Markets we plan to maintain or reduce

- Maintain synthetic GIC
- ↓ Spread business
- ↓ Life Reinsurance
- ↓ BOLI / COLI

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### Markets we plan to grow

- ↑ Life & Protection
- ↑ Variable annuities
- ↑ Retail mutual funds
- ↑ Pensions
- ↑ Latin America

Shifting to higher growth, higher return businesses

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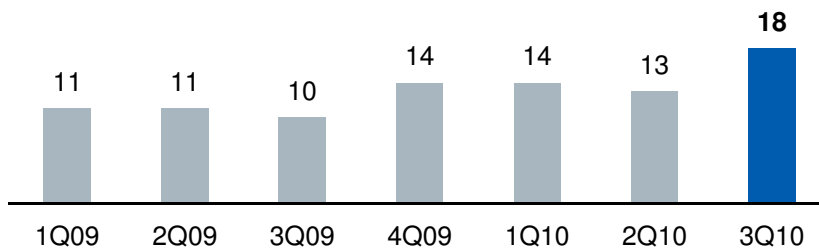
## Winding down BOLI / COLI

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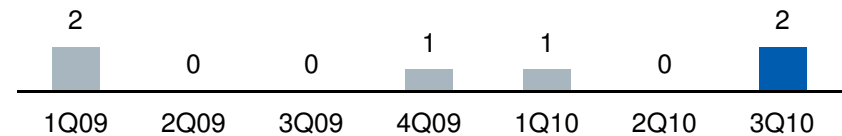
- Not considered part of our core businesses
- Closing business to new sales, but will continue to provide high quality service to existing customers
- Q4 charge of approximately USD 210 million related to write-off of goodwill and other intangible assets
- Results will be reported in the Run-off line beginning Q1 2011
- Key metrics:
  - BOLI / COLI account balance of USD 10.8 billion
  - 9M 2010 underlying earnings of USD 45 million

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**Underlying earnings before tax**  
(USD million)

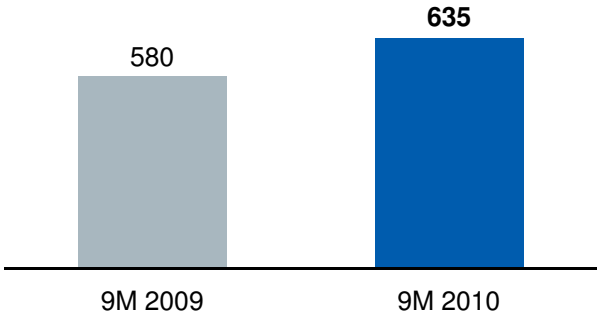


**Standardized life sales**  
(USD million)

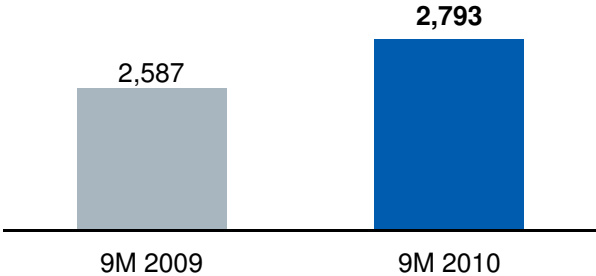


# Growing in our chosen markets

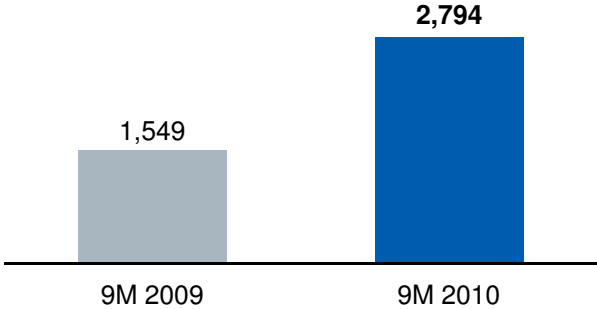
**New life sales up 9%**



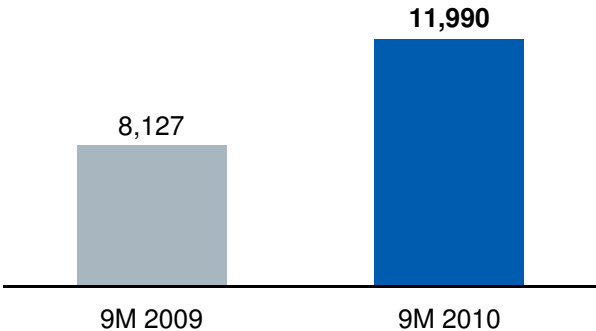
**Variable annuity deposits up 8%**



**Mutual funds deposits up 80%**



**Pension deposits up 48%**



All numbers in USD million

# Focus on core business





## Life & Protection – gaining market share

### Business profile

- Life and health products
- Stable market with solid earnings growth
- Top 10 player
- High quality earnings
- Lower capital markets leverage
- Strong distributable earnings

### Strategic priorities

- Continue to grow profitable sales
- Leverage operational efficiencies
- Manage market risks through product design and hedging
- Enhance customer service
- Promote the Transamerica brand

Life Sales	Change	Rank*	Market Share*
TOTAL	↑	6	5%
Term	↑	3	7%
Universal life	↔	4	5%
Whole life	↑	9	3%
Indexed UL	↑	5	9%

\* Source: LIMRO as of Q3 2010

# Individual Savings & Retirement – shifting to a more fee based model

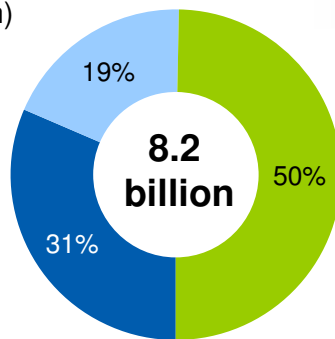
## Business profile

- Annuity and mutual fund products
- Strong growth potential
- Fee based quality earnings
- Some capital markets leverage post hedging

## Strategic priorities

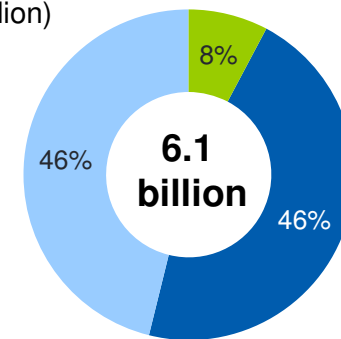
- Grow variable annuities, mutual funds and advisory services
- Leverage speed to market
- Embed strong product risk management disciplines
- Complete delta hedging of GMIB back book
- Promote the Transamerica brand

**Gross deposits 9M 2009**  
(USD billion)



*Growing fee business*

**Gross deposits 9M 2010**  
(USD billion)



- Variable annuities
- Retail mutual funds
- Fixed annuities

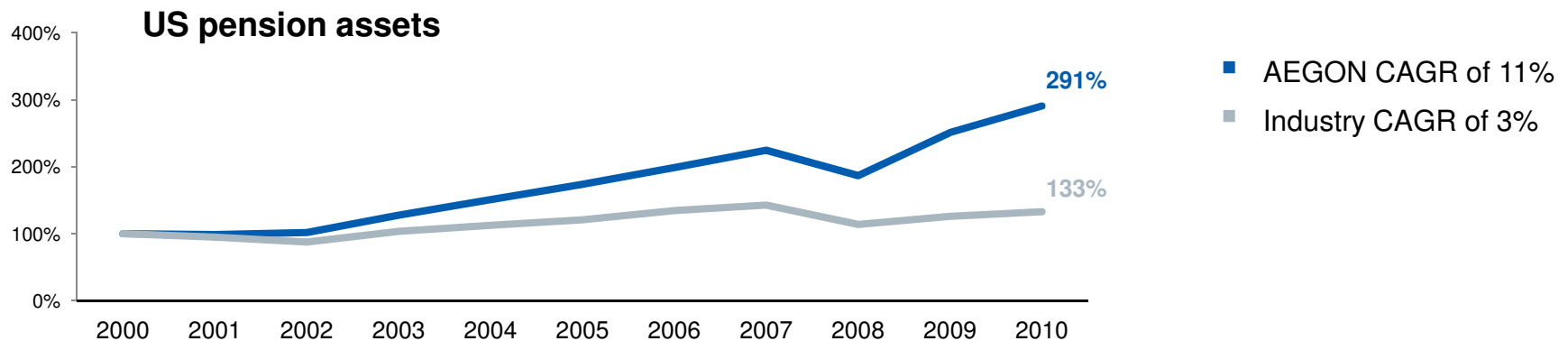
# Employer Solutions & Pensions – significant growth opportunities

## Business profile

- Employee benefit products and services
- High growth worksite business model supported by US demographics
- High quality fee based earnings
- Some capital markets leverage (fee based)

## Strategic priorities

- Continue to aggressively pursue opportunities in the market
- Dominate worksite distribution
- Lead with high quality service and innovative solutions
- Leverage technology
- Promote the Transamerica brand



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## Canada and Latin America

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### Canada

- Mature market with stable growth potential
- New leadership
- Expand distribution and focus on underserved middle market
- Implement business process improvement initiatives

### Latin America

- Represents two small joint ventures offering significant growth opportunities
- Mexico
  - Rebranded Argos AEGON
  - Establish new distribution through bancassurance
  - Expand tied agent recruiting and increase productivity
- Brazil
  - Grow worksite marketing channel
  - Launch affinity and direct marketing sales
  - Enter the high net worth market

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## 2011 will be a year of continuing to....

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- Sharpening our focus on core businesses
- Growing distribution and sales
- Building scale and achieving scalability
- Optimizing the benefits of organizational integration
- Adapting and revising products to better respond to market conditions
- Investing in:
  - Technology solutions
  - Employees
  - Innovation
  - Brand

Creating a platform for future growth and improved returns

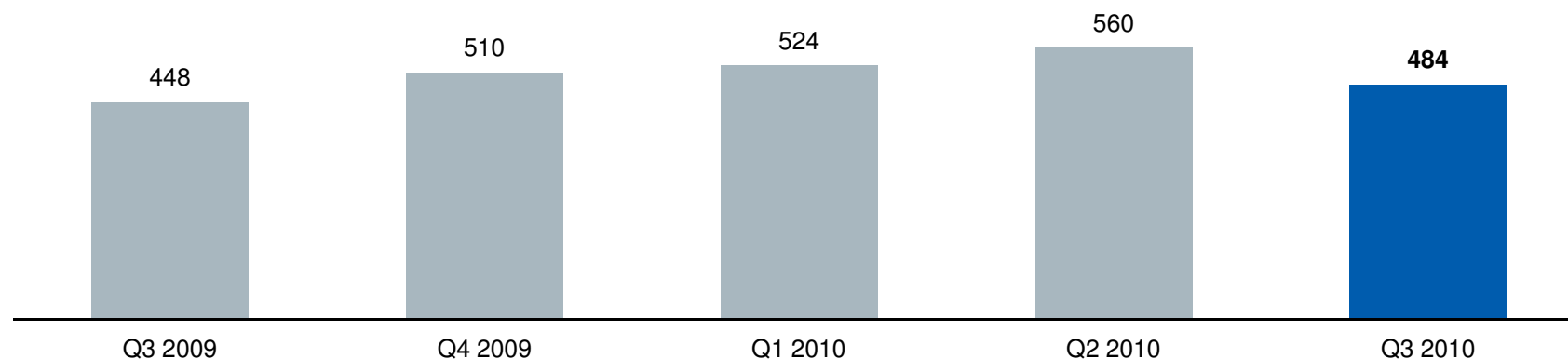
# Appendix



## Underlying earnings before tax

### Underlying earnings before tax

(USD million)



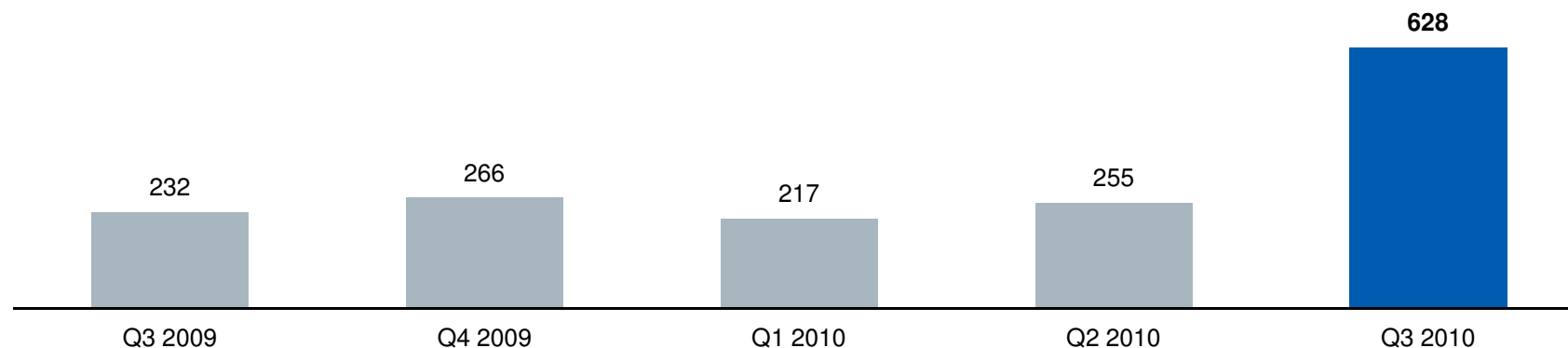
	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Life and Protection	244	237	194	241	220
Individual Savings and Retirement	132	163	190	175	144
Employer Solutions and Pensions	47	69	86	95	101
Life Reinsurance	20	22	42	33	4
Canada	5	21	11	15	13
Latin America	--	(2)	1	1	2
<b>Underlying earnings before tax</b>	<b>448</b>	<b>510</b>	<b>524</b>	<b>560</b>	<b>484</b>

Underlying earnings are stabilizing

## Net income

### Net income

(USD million)



	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Underlying earnings before tax	448	510	524	560	484
Over / (under) performance of fair value items	(133)	(222)	(120)	(39)	117
Realized gains (losses) on investments	(63)	153	33	21	121
Impairment charges	(287)	(231)	(191)	(73)	(111)
Other income (charges)	(5)	--	--	(140)	--
Run-off businesses	(44)	(64)	(83)	(62)	(35)
Income tax	316	120	54	(12)	52
<b>Net Income</b>	<b>232</b>	<b>266</b>	<b>217</b>	<b>255</b>	<b>628</b>

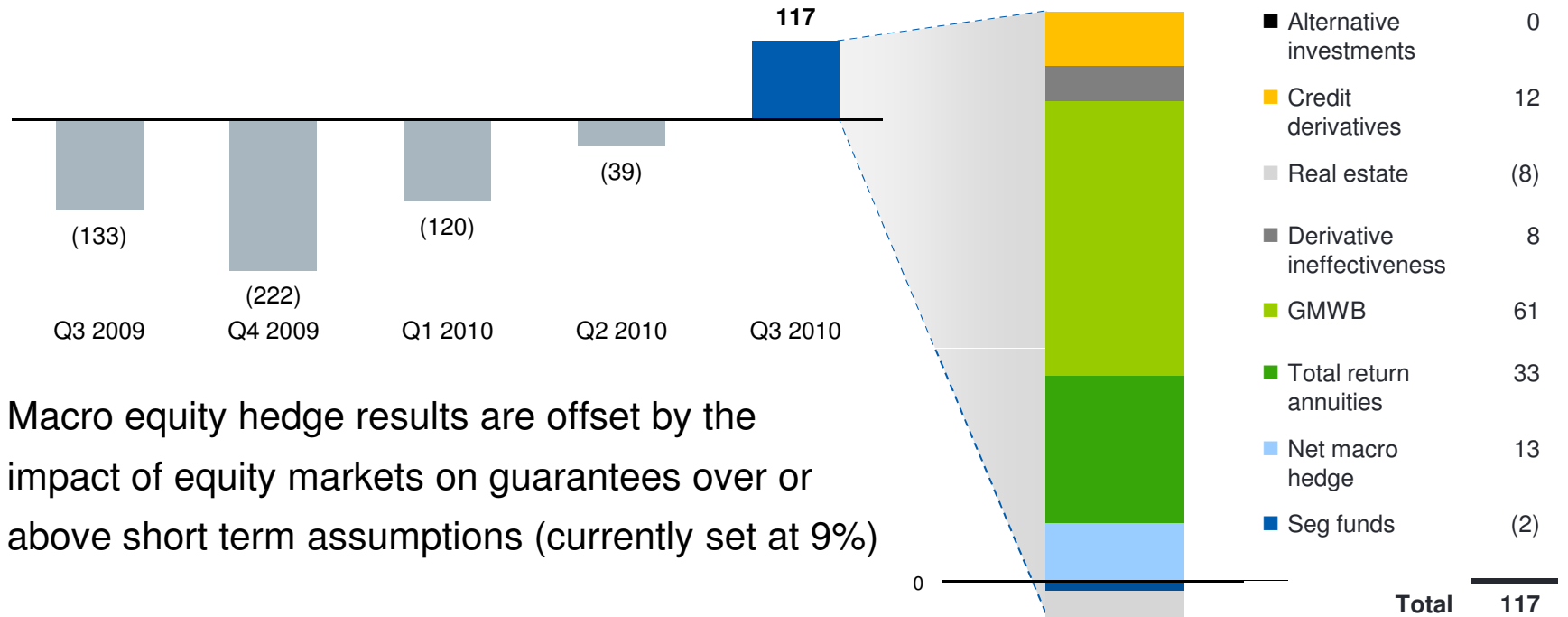
Q3 record net income driven by trading gains, fair value items and tax gains



# Fair value items

## Over / under performance of fair value items

(USD million)

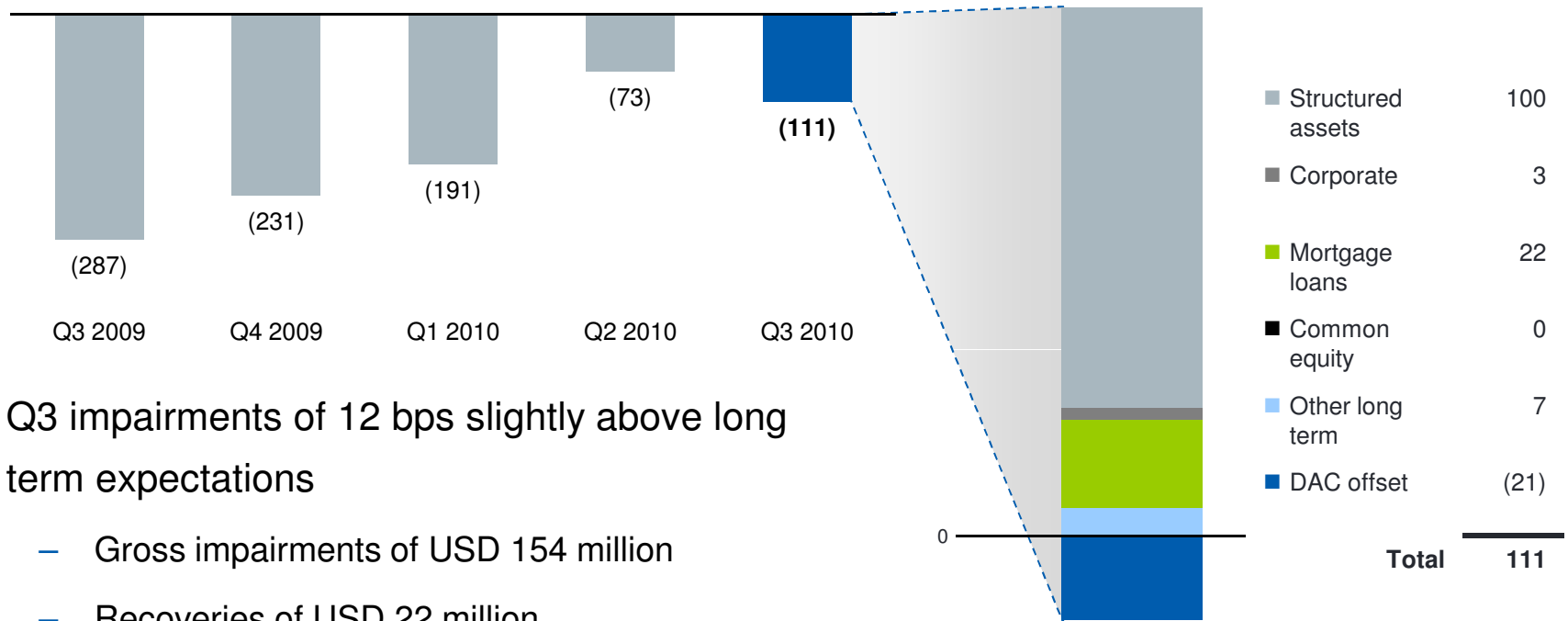


- Macro equity hedge results are offset by the impact of equity markets on guarantees over or above short term assumptions (currently set at 9%)

Results reflect the volatility associated with market conditions

# Impairments

## Impairments (USD million)



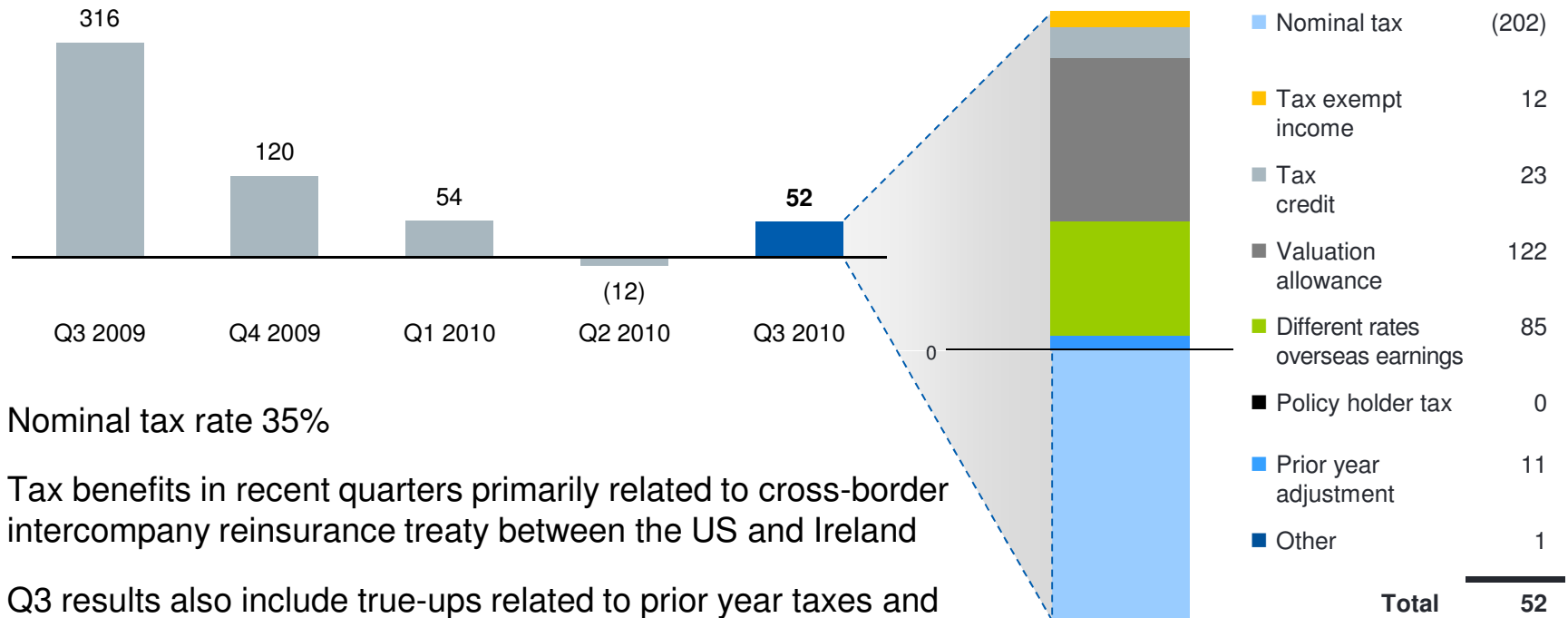
- Q3 impairments of 12 bps slightly above long term expectations
  - Gross impairments of USD 154 million
  - Recoveries of USD 22 million

Significant improvement in impairments since 2009

# Income tax benefit (expense)

## Income taxes

(USD million)



- Nominal tax rate 35%
- Tax benefits in recent quarters primarily related to cross-border intercompany reinsurance treaty between the US and Ireland
- Q3 results also include true-ups related to prior year taxes and benefits related to the recognition of deferred tax assets (DTAs)

Extraordinary tax benefits from capital losses sustained during 2008 – 2009

# Investments general account

## AEGON N.V.

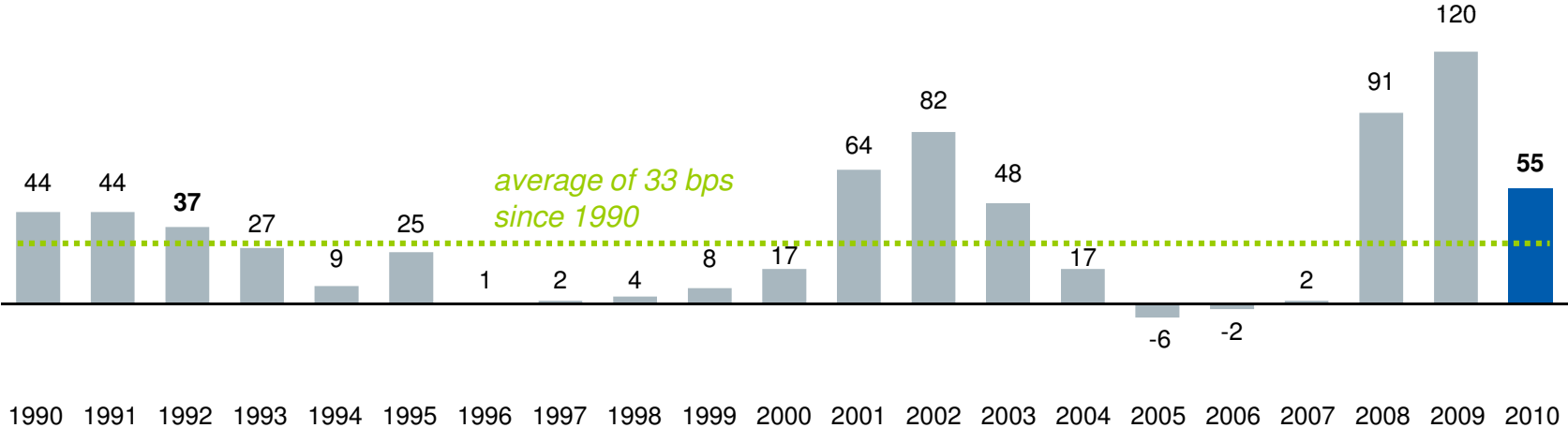
### INVESTMENTS GENERAL ACCOUNT

amounts in USD million, except for the impairment data	Americas
Cash / Treasuries / Agencies	21,510
Investment grade corporates	55,851
High yield (and other) corporates	4,124
Emerging markets debt	2,270
Commercial MBS	9,287
Residential MBS	7,587
Non-housing related ABS	7,007
<b>Subtotal</b>	<b>107,636</b>
Residential mortgage loans	84
Commercial mortgage loans	13,188
<b>Total mortgages</b>	<b>13,272</b>
Convertibles & preferred stock	301
Common equity & bond funds	1,515
Private equity & hedge funds	1,960
<b>Total equity like</b>	<b>3,776</b>
Real estate	1,456
Other	925
<b>Investments general account (excluding policy loans)</b>	<b>127,065</b>
Policyholder loans	2,860
<b>Investments general account</b>	<b>129,925</b>
<b>Impairments as bps (quarterly)</b>	<b>11</b>

# Credit losses in the US stabilized

- In Q3 2010 US credit losses in bps of fixed income assets amounted to 12 bps, level with 10 bps in Q2 2010
- Annualized YTD 2010 credit impairments amount to 55 bps

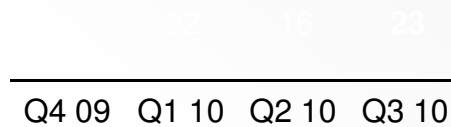
US credit losses in bps of fixed income assets



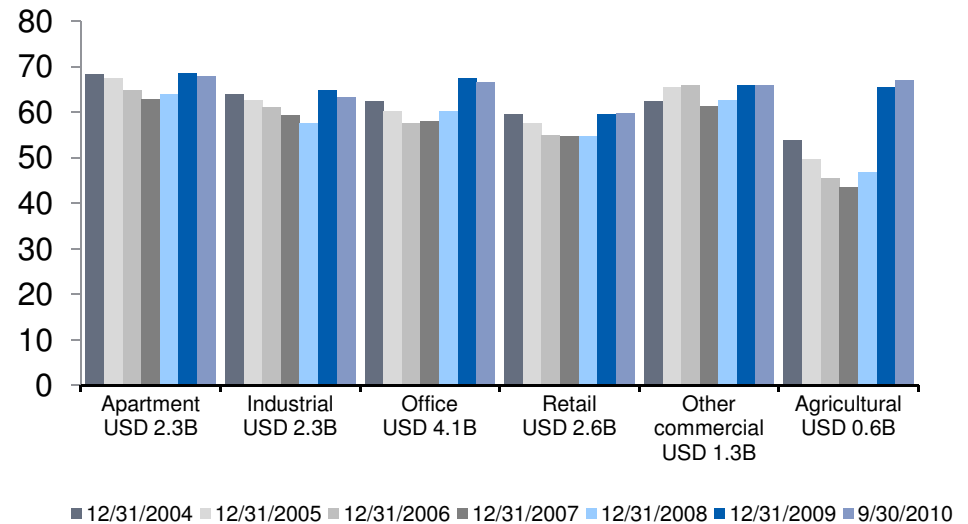
## US commercial mortgage loans

- USD 13.2 billion commercial mortgage loan portfolio\*
- Sound debt service coverage ratio of 1.8
- Average LTV of 65%
- Own origination

### CML net impairments - IFRS (USD million)\*\*



### Weighted average loan-to-value by property type \*\*\* (%)



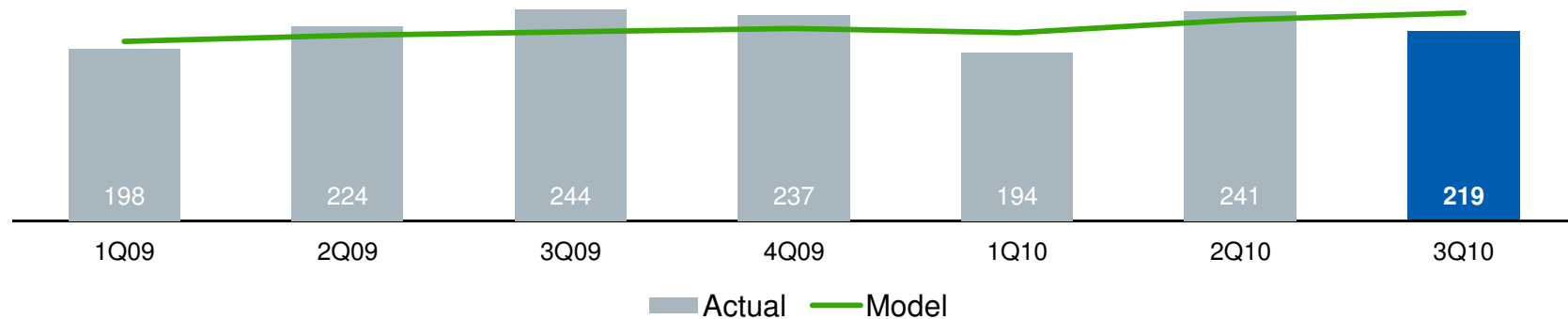
• Includes commercial mortgage loans, agriculture loans, and mortgage loan originated bond portfolios

\*\* Included in overall impairments

\*\*\* IFRS Carrying Values as of September 30, 2010

## Earnings drivers – Life & Protection

### Underlying earnings before tax (USD million)



- Source of earnings is a combination of insurance margins and investment spreads
- Sample model:

+ 0.5% of total life and health reserves

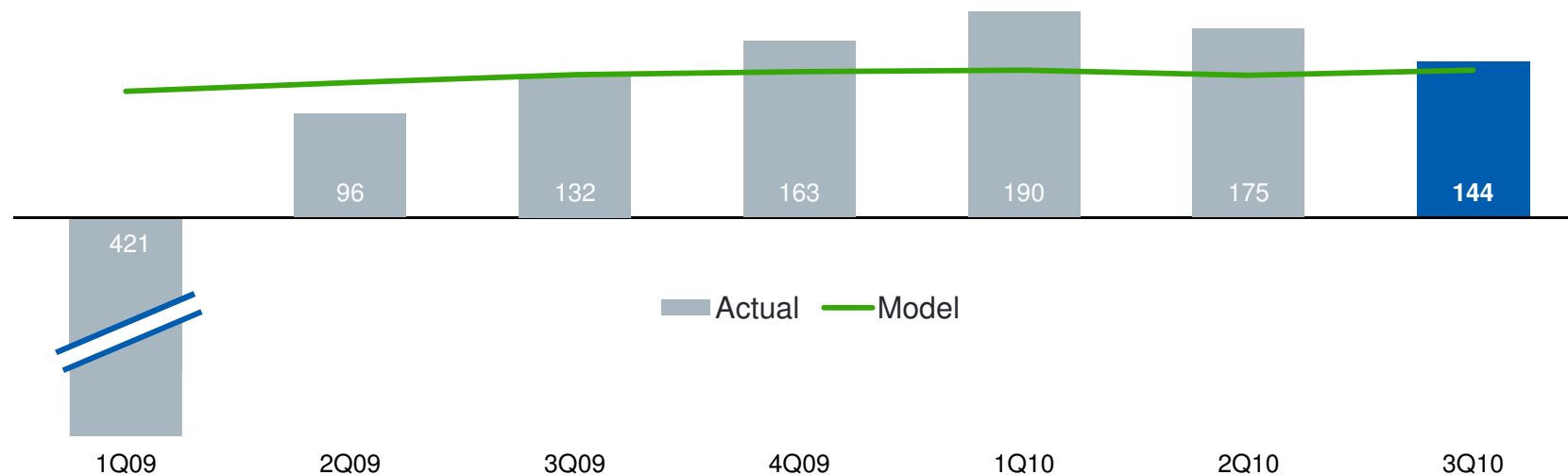
+ 8.5% of life premium

+ 15% of health premium

## Earnings drivers – Individual Savings & Retirement

### Underlying earnings before tax

(USD million)

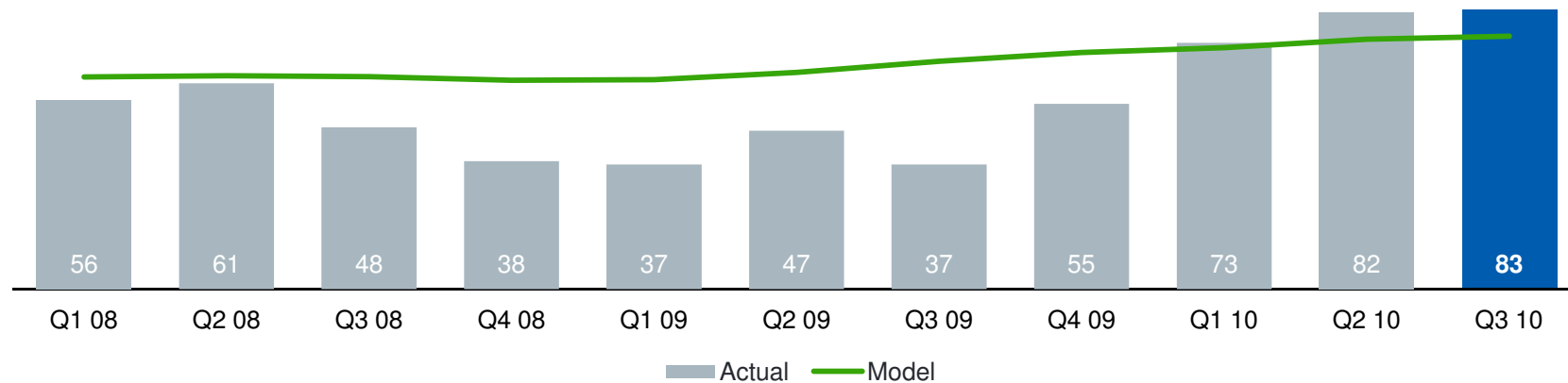


- Source of earnings is a combination of investment spreads and fee income
- We are reiterating guidance from 2007:
  - Variable annuities annual run rate 60 bps on AUM
  - Fixed annuities annual run rate 100bps on AUM



## Earnings drivers – Employer Solutions & Pensions

### Underlying earnings before tax\* (USD million)



- Source of earnings is a combination of:
  - Separate account and off balance sheet ➔ fees ➔ *approximately 50%*
  - Purchased annuities and general account ➔ spread ➔ *approximately 50%*
  - Worksite voluntary ➔ insurance margins
- Sample earnings model:
  - Pension = 25 bps of pension AUM
  - SVS = 15 bps of SVS AUM
  - Worksite voluntary = USD 10 million per quarter

\* Excluding BOLI/COLI



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# Disclaimer

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## Cautionary note regarding non-GAAP measures

This presentation includes certain non-GAAP financial measures: underlying earnings before tax and value of new business. The reconciliation of underlying earnings before tax to the most comparable IFRS measure is provided in Note 3 "Segment information" of our Condensed consolidated interim financial statements. Value of new business is not based on IFRS, which are used to report AEGON's quarterly statements and should not be viewed as a substitute for IFRS financial measures. AEGON believes that these non-GAAP measures, together with the IFRS information, provide a meaningful measure for the investment community to evaluate AEGON's business relative to the businesses of our peers.

## Local currencies and constant currency exchange rates

This presentation contains certain information about our results and financial condition in USD for the Americas and GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. Certain comparative information presented on a constant currency basis eliminates the effects of changes in currency exchange rates. None of this information is a substitute for or superior to financial information about us presented in EUR, which is the currency of our primary financial statements.

## Forward-looking statements

The statements contained in this presentation that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to our company. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in our fixed income investment portfolios; and
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities we hold;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity and other factors that may impact the profitability of our insurance products;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting our operations, the products we sell, and the attractiveness of certain products to our consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Lowering of one or more of our debt ratings issued by recognized rating organizations and the adverse impact such action may have on our ability to raise capital and on our liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of our insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability of its insurance subsidiaries and liquidity;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital we are required to maintain;
- Litigation or regulatory action that could require us to pay significant damages or change the way we do business;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for our products;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including our ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives; and
- The impact our adoption of the International Financial Reporting Standards may have on our reported financial results and financial condition.

Further details of potential risks and uncertainties affecting the company are described in the company's filings with Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report on Form 20-F. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

