



# Life & Protection



LIFE INSURANCE | PENSIONS | INVESTMENTS

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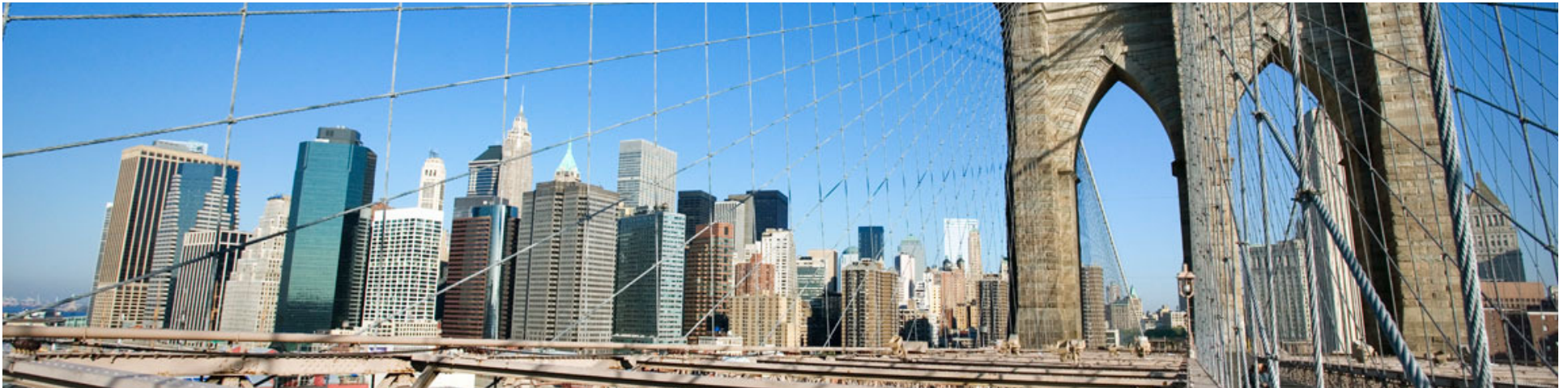
New York City,  
December 2010

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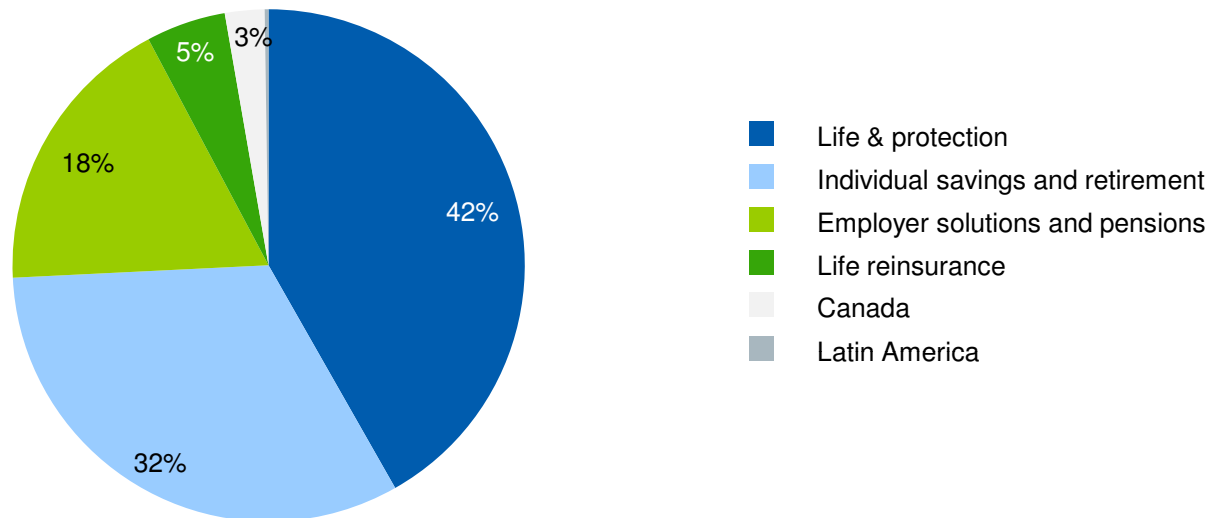
## Key messages

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- Grow profitable new sales
- Leverage expertise to increase recruiting and expand existing distributions
- Proactive expense management by taking advantage of scale economies
- Continue to take actions to mitigate risks
- Maintain diverse product portfolio supporting diverse distribution



### Americas underlying earnings before tax 9M 2010

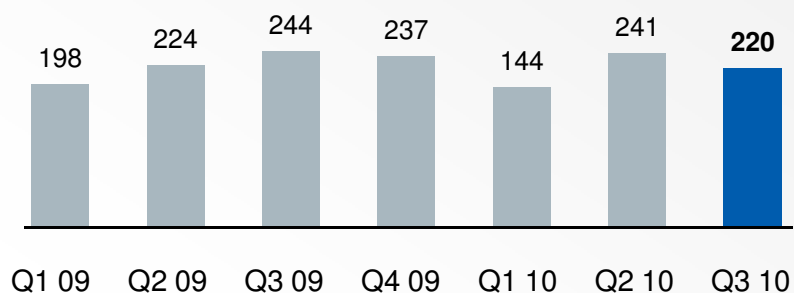


- Life and health product portfolio across a broad range of sales channels
- Business is primarily mortality- and morbidity-risk based with interest rate risk from long term guarantees
- Focus on high-quality, distributable earnings with lower capital markets leverage

# Financial review

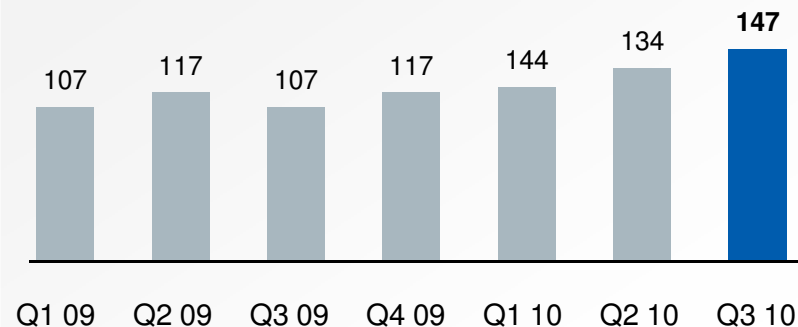
## Underlying earnings before tax

(USD million)



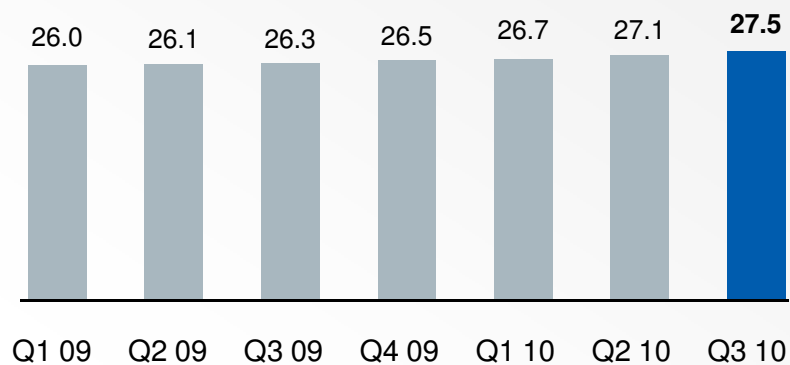
## New life sales

(USD million)



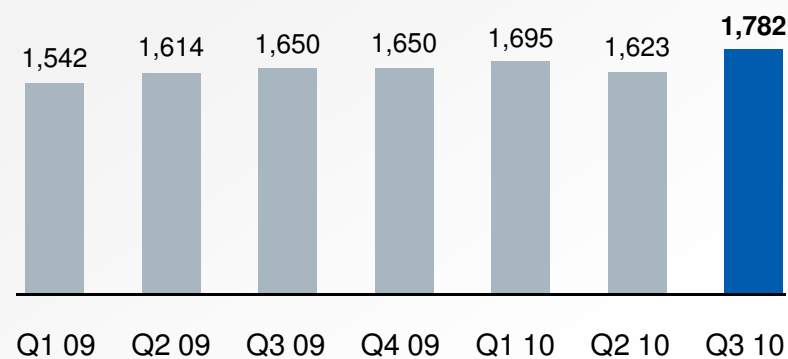
## Revenue-generating investments

(USD billion)



## Total gross premiums

(USD million)



# Organizational structure



- Diverse distribution focused on specific target markets
- Back office operations and IT focused on scale economies and customizing to front office needs where cost effective
- Common centralized approaches to middle office functions
- Risk process, consolidated investment portfolios and ALM managed at a Life & Protection level

Significant changes made in the last year to re-align the organization

## Diverse distribution – Affinity markets

Affinity

Agency

Brokerage

International

### Distribution

- Associations
- Financial institutions
- Retailers
- Specialty (travel agencies, schools, etc)

### Competitive advantages

- Market leader in the affinity space
- Direct marketing skills and processes
- Ability to tailor offerings and products
- Breadth of product offerings

### Products

- Small face amount life
- Supplemental health
- Accidental death
- Specialty (travel, student, membership)

### Current opportunities

- Leverage inbound agent capability
- Deeper penetration of existing relationships
- Cross selling products across distribution channels

Analytics driven direct marketing

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## Diverse distribution – Agency

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Affinity

**Agency**

Brokerage

International

### Distribution

- Career agencies
- Marketing organizations

### Competitive advantages

- Brand awareness
  - Transamerica is one of most recognized insurance brands
- Recruiting expertise
- Lead generation

### Products

- Term life
- Universal life
- Variable universal life
- Whole life

### Current opportunities

- Revitalize career agency sales
- Expand lead program
- Consolidate final expense program
- Consolidate marketing support

**Working with closely tied distribution organizations to bring insurance solutions to the underserved middle market**



## Diverse distribution – Brokerage

Affinity

Agency

**Brokerage**

International

### Distribution

- Traditional general agencies
- Independent marketing organizations
- Internet life insurance brokerage firms

### Competitive advantages

- Brand awareness
  - Transamerica is one of most recognized insurance brands
- Integrates sales solutions, product materials and illustrations
- High consumer value products
- Large case underwriting expertise

### Products

- Term life
- Universal life

### Current opportunities

- Deeper penetration via new relationships
- Align support based on type of relationship
- Strong relationship with selling agent
- Higher adoption of electronic solutions

Life insurance sales through independent brokerage distributors to affluent and high net worth individuals



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## Diverse distribution – International

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Affinity

Agency

Brokerage

**International**

### **Distribution**

- Financial institutions
- Retailers
- Insurance companies

### **Products**

- Universal life
- Supplemental health

### **Competitive advantages**

- Brand awareness and strong ratings
- Divers product portfolio
- Direct marketing expertise and best practices

### **Current opportunities**

- Evaluate existing countries
- Expand bank relationships to sell to mass affluent customers

**Exporting US techniques, products and technology  
to Asia Pacific, Europe and Latin America**

## Growing the business faster than the industry

- Strong growth in market share since the end of 2008
- Outpacing the industry in 2010
  - AEGON nine month total sales growth of 13% versus industry growth of 5%
  - AEGON nine month term sales growth of 2% versus industry decline of 10%
- Opportunities for continued growth
  - Only 44% of US households have individual life insurance - a 50 year low partially due to economic challenges facing the market in the last couple of year
  - Already present in key insurance markets where need for product is high
  - Broadening of existing distributor and client relationships
  - Recruiting and training expertise for more contact points with the US and Canadian households

	Ranking			Market Share			Change
	2008	2009	Q3 10	2008	2009	Q3 10	
Total life	8	8	6	4%	4%	5%	↑
Term	11	5	3	3%	5%	7%	↑
Universal life	4	4	4	6%	5%	5%	↔
Whole life	9	9	9	2%	2%	3%	↑
Indexed UL	4	4	5	9%	8%	9%	↑

Source: LIMRA year to date standardized life sales


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## Continued focus on execution of strategy

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### Reallocate capital

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- Adjust product pricing to market conditions
  - Judicious restructuring
  - Introduce new products responsive to changing environment
  - Reduce dependency on capital market solutions
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### Increase returns

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- Merged broker dealers
  - Closed auto credit insurance
  - Combined investment portfolio
  - Career agency right-sizing
  - Consolidated international support functions
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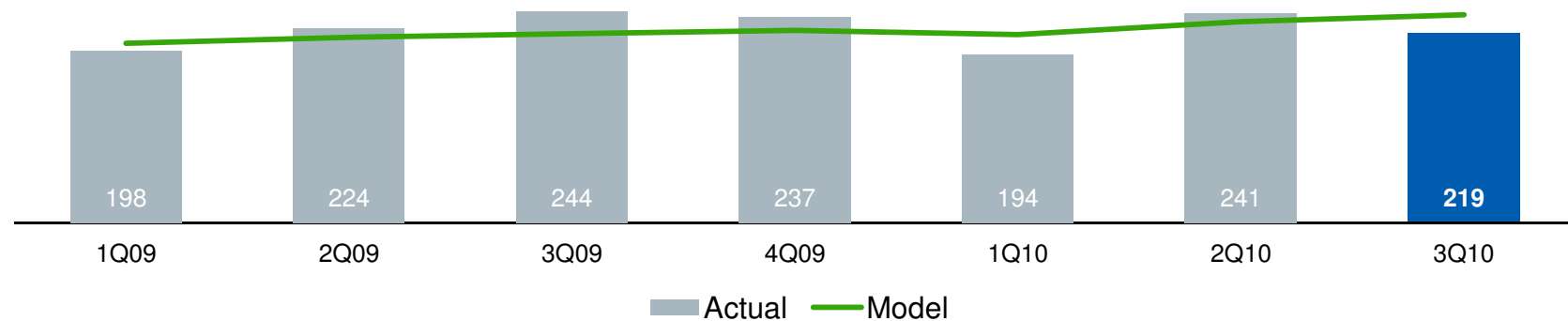
### Optimize ONE AEGON

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- New leadership team
  - Created new career opportunities for employees
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## Providing consistent and predictable underlying earnings

### 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

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## Disciplined expense management

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- Consolidation of Baltimore groups to one location
- Combined print, mail and scanning functions
- Realigned operational services across Transamerica Life & Protection, allowing for leverage in both costs and service levels
- Consolidated marketing support functions
- Consolidated final expense distribution organizations
- Lead generation function brought in-house

Focused on taking cost out of our processes

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## Risk management is key

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- Managing investment portfolio / asset liability matching on a consolidated basis (maximizing value, minimizing risk)
- Active asset liability management by
  - lengthening portfolio / reduce credit risk through buying long-term treasuries
  - using derivatives to manage interest rate risk
- Modest use of reinsurance to dampen mortality volatility
- Product pricing reviewed quarterly to assure compliance with guidelines
- Revised product features, lowering crediting rates and raising premiums to adapt to a lower interest rate environment
- Introducing products that minimize the need for redundant reserve financing

Risk management of all aspects of the business

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## Key business drivers

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*Top line*



Profitable sales growth

*Bottom line*



Reduce expenses

*Service*



Upgrade delivery to distributors and policyholders

*Capital*



Product design and optimal business mix

*People*



Game changers



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## Conclusion

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- Grow profitable new sales
- Leverage expertise to increase recruiting and expand existing distributions
- Proactive expense management by taking advantage of scale economies
- Continue to take actions to mitigate risks
- Maintain diverse product portfolio supporting diverse distribution



# Appendix



## Retail new life sales

By distribution channel →

	YTD		Q3		
	(in USD million)	2010	2009	2010	2009
Agency		317	280	113	105
Banks		32	14	15	6
Direct		53	61	19	20
Total		402	355	147	131

By product →

	YTD		Q3		
	(in USD million)	2010	2009	2010	2009
Universal life		184	137	73	52
Term		122	117	41	46
Whole life/other		88	94	30	31
Variable life		8	7	3	2
Total		402	355	147	131

## Production overview

### A&H production ➔

	YTD		Q3	
	2010	2009	2010	2009
(in USD million)				
Agency	6	3	3	1
Direct	410	441	136	137
<b>Total accident and health production</b>	<b>416</b>	<b>444</b>	<b>139</b>	<b>138</b>

### Gross premiums ➔

	YTD		Q3	
	2010	2009	2010	2009
(in USD million)				
Life insurance	3,663	3,230	1,341	1,125
Accident and health insurance	1,618	1,576	535	525
<b>Total gross premiums</b>	<b>5,281</b>	<b>4,806</b>	<b>1,876</b>	<b>1,650</b>

### Underlying earnings ➔

	YTD		Q3	
	2010	2009	2010	2009
(in USD million)				
Underlying earnings before tax	655	666	220	244





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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.

