

United Kingdom Repositioning for future growth

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LIFE INSURANCE | PENSIONS | ASSET MANAGEMENT

On track to deliver targets in the UK

- 25% cost reduction and restructuring will be delivered by end of 2011
- Expect customer redress program to be fully provisioned in 2011
- New Executive team in place with experience and commitment to deliver
- Strong growth agenda in targeted markets
- Our core business will generate substantial cash flows and earnings



Clear targets to support overall Group targets

Achieve a
return on capital* of

8-10%

by 2015

Reduce operating expenses by

25%

by end of 2011

More than double fee-based
earnings to

~75%

of underlying earnings by 2015

Increase annual operational
free cash flow to

**GBP 200-250
million**

by 2015

On track to deliver commitments for 2011

Strategic targets

Focus on core markets

- At Retirement – GBP 16 billion per annum retirement asset opportunity
- Workplace Savings – GBP 800 billion assets
- Exit non-core

Reduce costs by 25% by end 2011

- GBP 80-85 million per annum

Invest in core offering

Customer redress

- Complete sizing during 2011

Delivered by June 2011

- ✓ **On track** ▶ Maintaining leading positions in core markets
 - ▶ 4 non-core businesses exited
- ✓ **On track** ▶ GBP 58 million per annum savings actioned
 - ▶ 990 roles removed
- ✓ **On track** ▶ Announced platform strategy and partnership with Novia
- ✓ **On track** ▶ Program expected to be fully provisioned in 2011

Strong execution of our strategy

Contribution to AEGON targets

UK Targets and Progress

Return on Capital

✓ On track

- ▶ Return on capital of 8-10% by 2015*
- ▶ Improvement from cost reduction, new business growth, and financial market growth
- ▶ Existing ROC depressed by pre 2002 business
- ▶ New business generates ROC >12% by 2014

Underlying earnings

✓ On track

- ▶ Significant upside potential following restructuring
- ▶ Future growth on new low cost platform
- ▶ Compelling and distinctive offer to drive sales
- ▶ Removal of one-off project costs

Cash flows

✓ On track

- ▶ GBP 600-650 million cumulative cash flows (2010-14)
- ▶ By 2015 generating GBP 200 – 250 million p.a. in cash flow
- ▶ Lower cost model and lower new business strain post RDR

Fee business

✓ On track

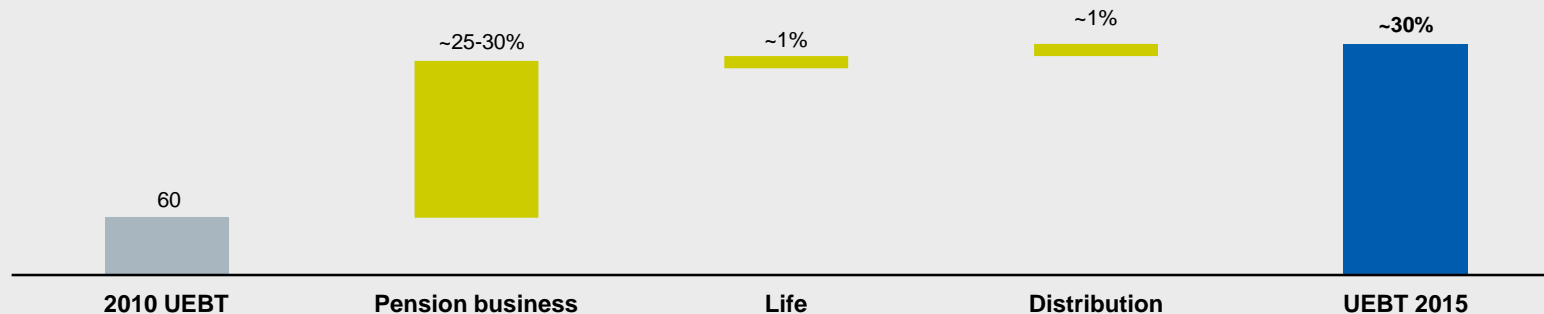
- ▶ Focus on fee-based unit linked business
- ▶ More than double fee-based earnings growth

Grow underlying earnings before tax on average by ~30% per annum

- Growth in underlying earnings driven by:
 - ▶ Strong growth in pension business benefitting from new platform offering
 - ▶ Reduction in cost base driving efficiency
 - 25% lower operating expenses in Life & Pensions by end of 2011
 - Removal of significant exceptional costs related to customer redress, proposition development and regulatory developments
 - ▶ Growth in financial markets

Average annual growth of underlying earnings before tax

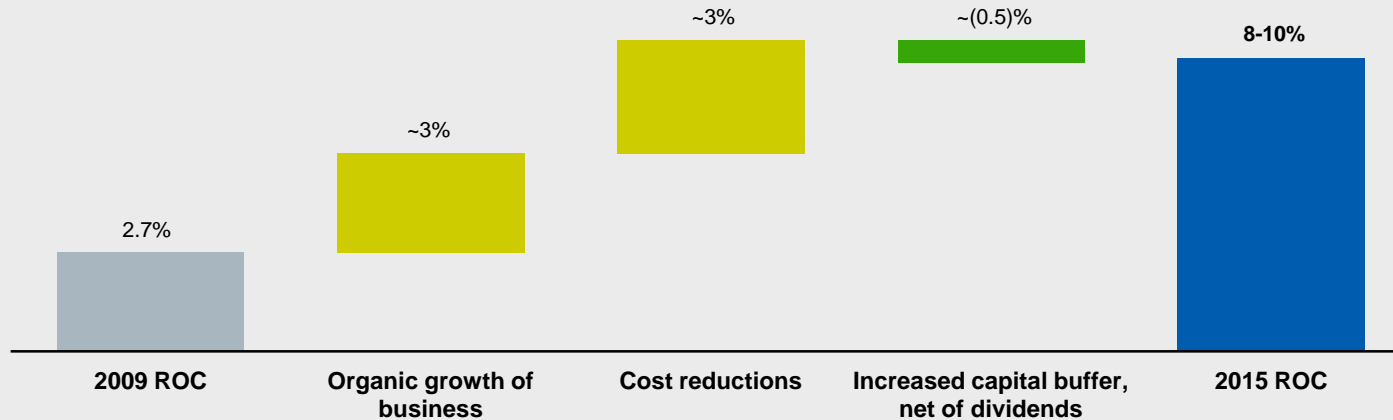
(GBP million)



Achieve a return on capital of 8-10% by 2015

- On track to deliver target of 8-10% by 2015
- Lower cost base and pension business growth driving improvement
- Return to paying dividends to Group

Return on capital*

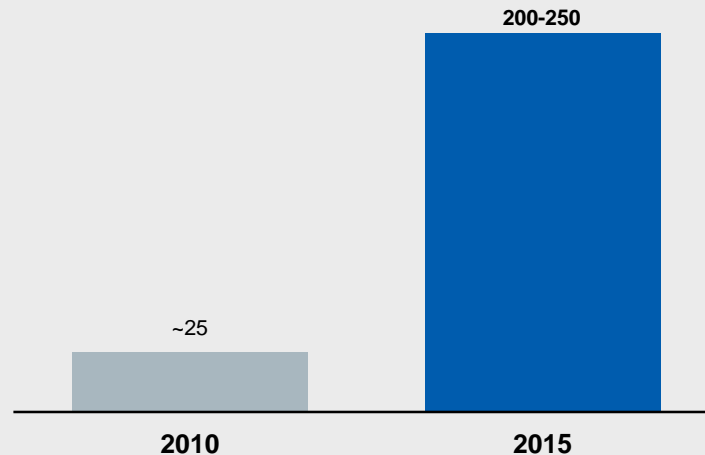


Substantial future cash flows

- Current cash flow is depressed by customer redress and restructuring costs
- Future growth driven by cost reduction and business growth
- Removal of commission for new business under RDR reduces new business strain

Normalized annual operational free cash flow

(GBP million)



Note: Normalized operational free cash flows are based on Solvency I.

On track to deliver GBP 80 million cost savings by end 2011

Key Facts

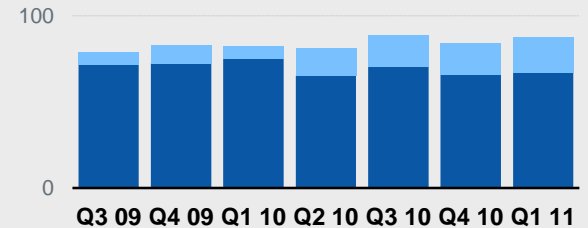
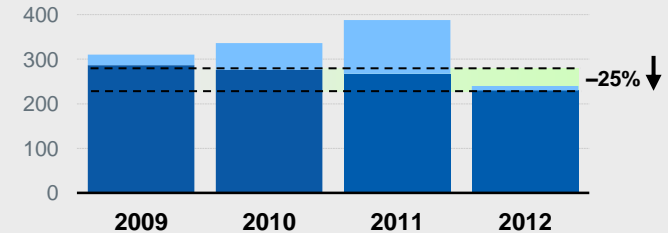
- Re-designed operating model
- Savings through centralized operations
- Implementing new technology
- New leadership and senior team

Delivered by end June 2011

- GBP 58 million per annum savings
 - ▶ Removal of ~990 roles
 - ▶ Exited 4 non-core businesses
- GBP ~60 million restructuring cost in 2011
 - ▶ GBP 15 million in 2010, GBP 6 million in Q1 2011

Operating expenses

(GBP million)



- Life & pension operating expenses
- Exceptionals*

On track to deliver 25% cost reduction by the end of 2011

Customer redress program

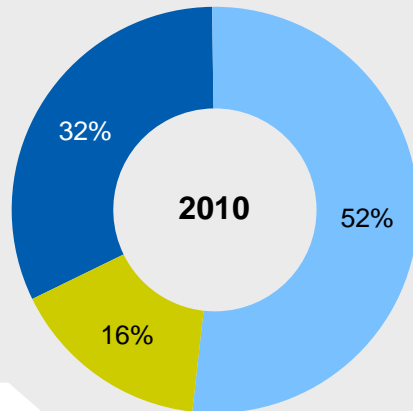
The redress program reinstates customers' records to the correct position for errors which date back to 1991

Background	Status	Management Action
<ul style="list-style-type: none">▪ 3 year (2009-2011) program to rectify historic issues▪ Robust process to identify, size, fix and implement▪ Working closely with the Regulator on plan and progress	<ul style="list-style-type: none">▪ Provisioned GBP 83 million by Q1 11▪ Complete provisioning in H2 2011▪ Complete the majority of the program by end 2011▪ ~450 people working on the program at a cost of GBP ~25 million per annum (incl. in exceptional cost)	<ul style="list-style-type: none">▪ New organisation structure▪ High profile risk management covering awareness, management and culture▪ Improved management information▪ New approach to issue escalation and prevention▪ Culture change

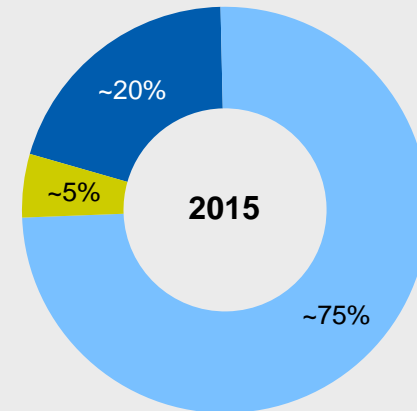
Increase fee business to ~75% of underlying earnings by 2015

- More than double fee income driven by:
 - Strong pensions business growth
 - Cost savings
 - Financial market growth
- Focus on fee-based unit linked business

Clear shift from spread income to fee-based earnings



■ Fees
■ Technical
■ Spread income



Our plans will deliver a focused and efficient business – allowing us to create sustainable shareholder value

Attractive markets with leading positions

Core markets

- At Retirement – favourable demographics and assets accumulated
- Workplace – significant assets and pension reform creates opportunity

Capital efficiency

- Focus on efficient commission structures and targeted new business management
- New business strain reduced post RDR

Simplify

- Exit non-core
- Redesigned operating model and removed all duplication

New Approach

Packaged business*

+

Platform business

New Leadership team – committed to delivering

Adrian Grace
CEO



Clare Bousfield
CFO



Simon Skinner
COO



Charles Garthwaite
CRO



Duncan Jarrett
Sales



Paul McMahon
Marketing



Rob Waller
Strategy



Jim Ewing
Actuarial



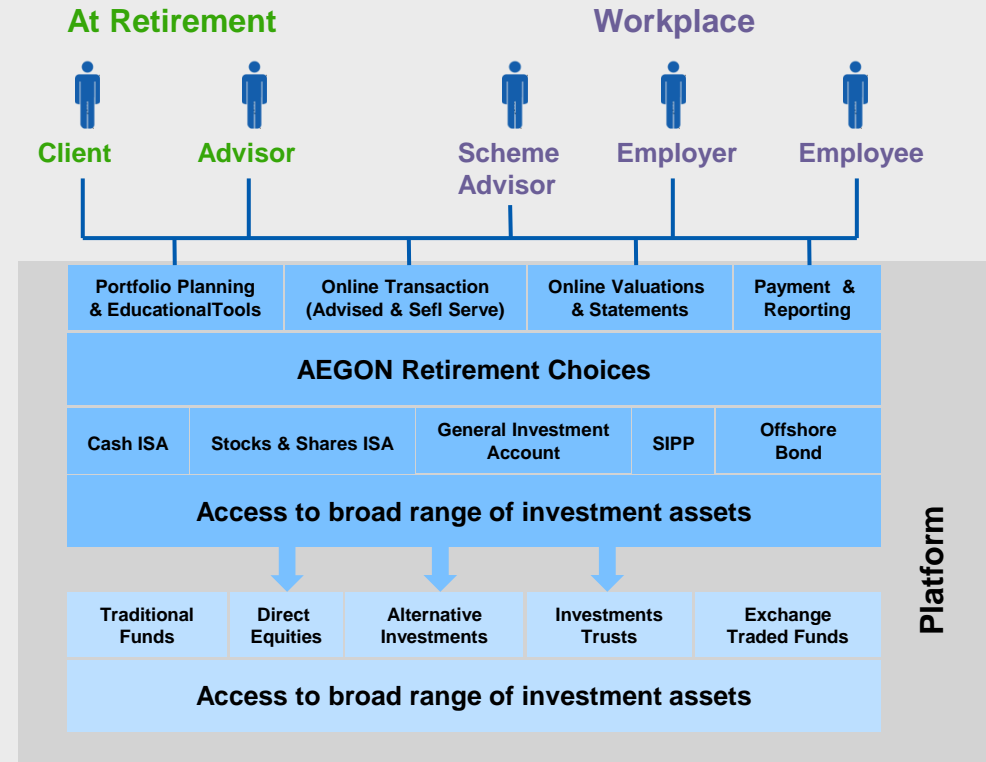
Focus on target customers creates a distinctive platform

New platform business

- Innovative approach, combining:
 - ▶ Our distribution capability & expertise
 - ▶ Novia technology & entrepreneurial culture
- Focused on core market needs
- Low cost model
 - ▶ New technology
 - ▶ Highly automated
- Alongside packaged solutions to support RDR transition

Differentiation

- Builds on existing strengths
- Focused solutions
 - ▶ guarantees, income funds, specific tools
- Integrated platform
- Benefitting from latest technology



Differentiated platform business launching in 2011

Why we will win

We will compete strongly against non-specialist platforms with a distinctive offering

Existing Strengths

- Leading market positions
- Reputation for expertise
- Distribution relationships
- Investment proposition and guided range
- Guarantees

Leveraging
existing
positions

Future differentiators

- Targeted & personalized offering for customers and employees
- Based on new technology
- Broader distribution channel appeal
- Tailored investment offering (e.g. specialist income-generating funds)
- Integrated guarantees

Packaged products paying commission

Integrated solutions to customers' needs

Extending our proposition through RDR, pension reform and beyond

Our approach will position us well to take advantage of the significant changes and opportunities expected in the UK market

Packaged Products

Back book capital generation and new sales

- Heritage in At Retirement & Corporate markets (incl. protection)
- Distribution reach
- Simplified and refined product range



Platform Business

Building a focused solutions business for profitability

- Latest technology delivers efficient operation
- Focused customer solutions differentiating against generalist wealth platforms
- Entrepreneurial culture focused on delivery

Combining the strengths of both offerings with AEGON's global strengths, we can deliver focused solutions to best support our advisor partners

Optimize our portfolio



At Retirement and Workplace Savings proposition development

- New platform powered by Novia for new customers (2011)
- Launched new Retirement Control platform
- Packaged products being refined for RDR
- Leveraging market position with proven technology



Non-core business disposals and run-down

- Sold AEGON Trustee Solutions (Daresbury)
- Wind down of Group Risk and AEGON Benefit Solutions on track
- Exit from Group Annuities

Strong focus on two core markets with leading positions

Enhance customer loyalty



Customer redress program

- Expect to complete provisioning in 2H11
- Complete majority of program by end 2011
- Robust review and implementation process
- Rectification undertaken to avoid re-occurrence



Customer Service Transformation

- New technology improving accuracy and turn-around times
- New telephony system to improve service



Customer satisfaction

- Developing consistent customer satisfaction measurement
- Using Net Promoter Score for 2 years
- Action plan for improvement in place
- Executive accountability

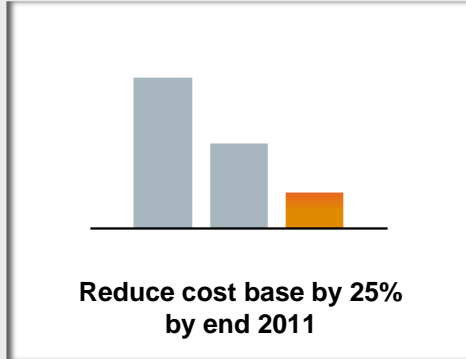


Building strong brands

- Leveraging on sponsorship (AEGON Championships)

Retaining customers as important as acquiring new ones

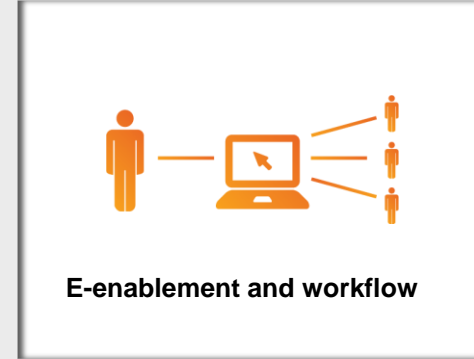
Deliver operational excellence



- Reducing cost base by GBP 80-85 million from 2009 base
- ~990 roles removed
- Non-payroll savings
- 4 businesses exited



- Complete re-design of the operating model
- Removal of duplication and excess, deliver lower cost model
- New Leadership structure already in place in most areas



- New workflow system (Q3/Q4 2011)
- E-enablement of key processes continuing
- Lean Six Sigma
- Outsourcing document management

Increase operational efficiency and improve service levels

Empower employees



Culture and Communications approach

- New leadership team communications with all staff
- Culture assessment underway – Q3
- Communication approach review – July



Develop consistent employee satisfaction measurement and follow-up process

- Regular surveys
- AEGON Group engagement measures and targets
- Action planning for improvement



Retain and develop key talent

- Global talent management process for senior leaders
- Review of development offering – Q3
- “Leading people through change” for managers

Stimulate innovation and increase accountability

Conclusion

- AEGON UK is committed to:
 - ▶ Focus on attractive core markets of At Retirement and Workplace Savings
 - ▶ Exit non core markets and businesses
 - ▶ Create a leaner business by reducing costs by 25%
 - ▶ Improve capital efficiency
- In order to achieve this we must:
 - ▶ Complete the sizing of redress issues by the end of 2011
 - ▶ Re-engineer the operating model of the Life & Pensions business
 - ▶ Plan to deal with significant regulatory change in the market
 - ▶ Implement a new leadership team to drive a new culture of focused delivery

Delivering strongly against targets to position for future profitable growth



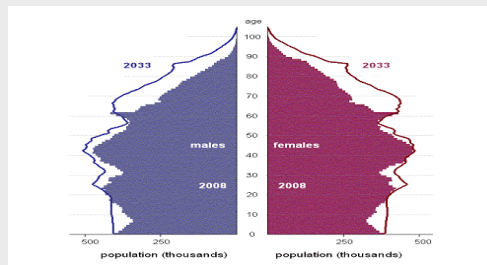
Appendix

At Retirement is an attractive market with opportunities

Getting older

Source: ONS

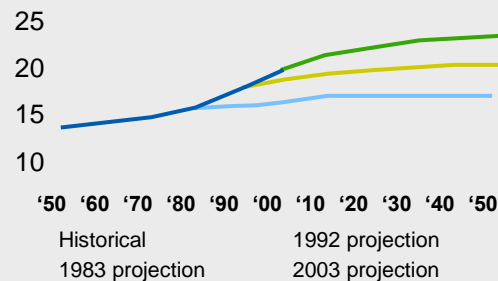
UK population to exceed 65 million by 2018



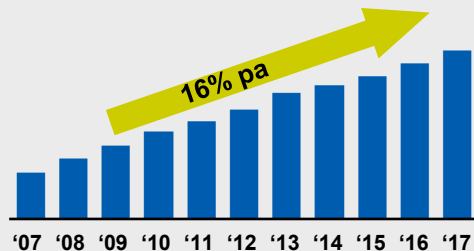
Living longer

Source: GAD

Projected life expectancy for 65 year old male



Projected life expectancy for 65 year old male



In, At or Near Retirement

- Have money and need income during extended retirement years
- Want security, certainty, help and support
- Large and growing market GBP 16 billion of retirement assets maturing annually

At Retirement focus

Primary offering

Pension consolidation

Income from fund

Payout annuity

Supported by

ISA wrapper*

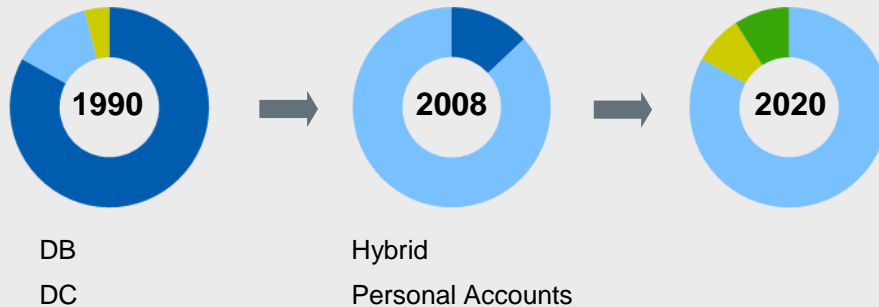
Guarantees

Mutual funds

* ISA = individual savings account

Workplace savings is an attractive market with GBP 800 billion of assets

Large DB shift with employers concerned for employees in the new world...

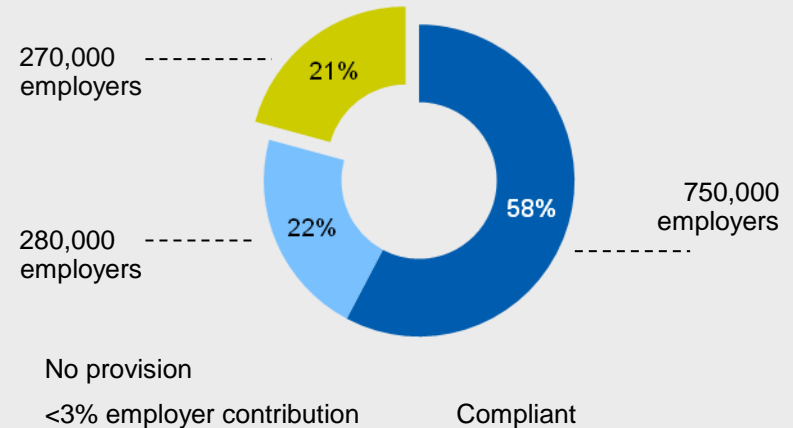


Workplace savings – employer views

- 87% concerned insufficient retirement savings
- 73% agree should help employees plan for retirement
- 66% believe that they will have no DB provision in 10 years

Pension Reform highlighting large under-provision in corporate market

(c1 million employers or 79% of employers must take action to comply)



Sales of Group schemes are large and growing

- GBP 540 million APE in 2010 in insured schemes (up 40%)
- 90% of private DB schemes are now closed to new members

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Disclaimer

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 primary financial statements and should not be viewed as a substitute for IFRS financial measures. We may define and calculate value of new business differently than other companies. Please see AEGON's Embedded Value Report dated May 12, 2011 for an explanation of how we define and calculate. 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, persistence 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;
- The non-fulfillment of the conditions precedent underlying the agreement to divest Transamerica Reinsurance.

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