

A stylized world map in shades of blue and white, with a grid of latitude and longitude lines. The map is centered on the Atlantic Ocean and is set against a background of light blue rays emanating from the center.

Unlocking the global potential

# AEGON Americas & Global life reinsurance

**Pat Baird**

*Member of the Management Board and CEO AEGON USA*

**Darryl Button**

*Senior Vice President and CFO AEGON USA*

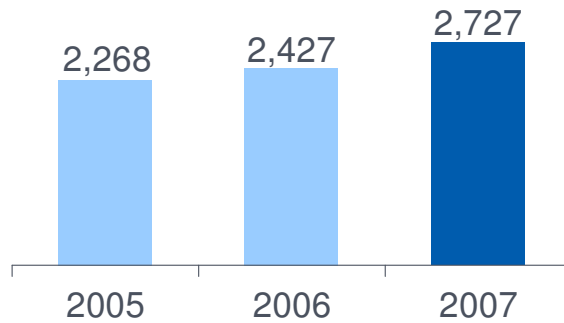
Analyst and Investor Conference, London, 2 - 3 June 2008

- Invest in higher growth, higher return businesses in the US
- Continued growth in varying market conditions
- Grow revenue generating investments
- Ongoing portfolio review will drive disciplined and focused acquisitions and divestitures
- Capture opportunities in our markets through branding, innovation, superior service and established distribution channels
- Leverage US scale and core competencies across the Group to fuel growth internationally

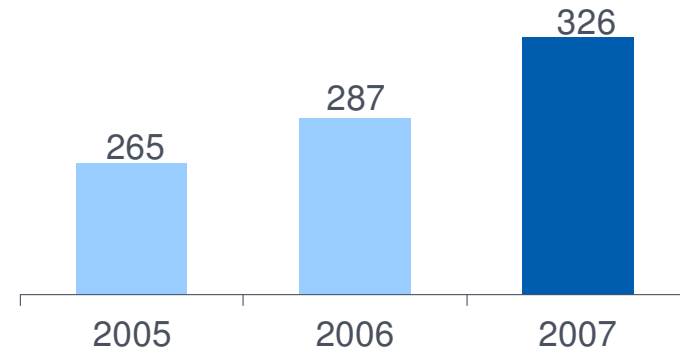
# Demonstrated growth under varying market conditions



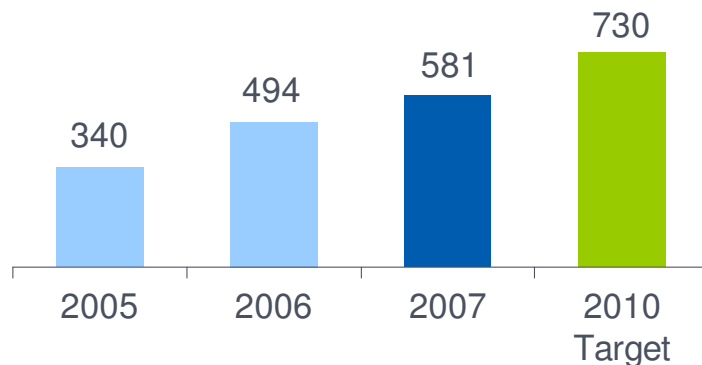
Underlying earnings before tax  
(USD million)



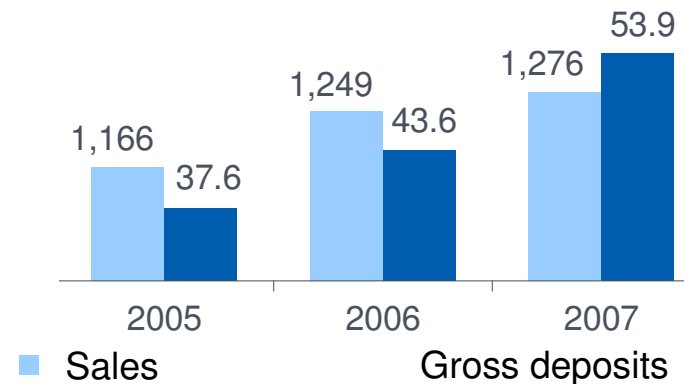
Revenue generating investments  
(USD billion)



Value of new business  
(USD million)



Sales (APE)  
(USD million)



Deposits  
(USD billion)

Our branding, superior service and established distribution channels position us to capture opportunities in our markets

- Lower US mortality rates; aging baby boomers
- Government retirement benefits inadequate; responsibility shifting to employee
- Pension plan sponsors winding down defined benefit and looking at outsourcing
- Retirement assets to grow to USD 18 trillion by 2010
- Unpredictable and volatile capital markets
- Momentum continues to build for optional federal charter



- Changing and growing customer needs
- Customers value certainties



- ✓ Manage risks for customers
- ✓ Broad range of solutions

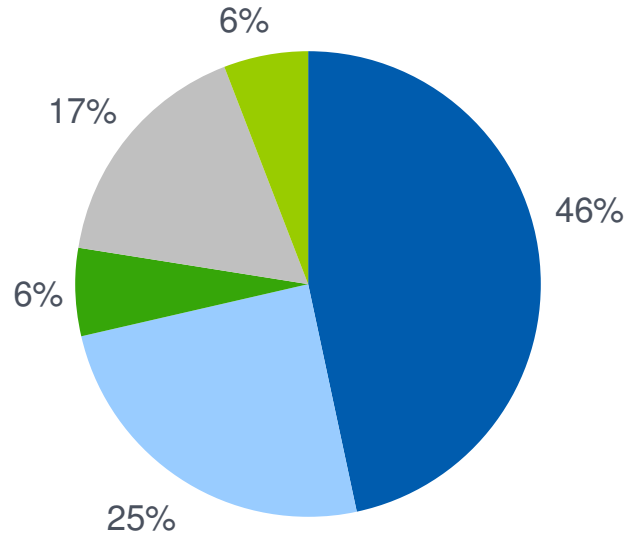
## Products

- Accidental death & dismemberment
- Automated underwriting
- BOLI/COLI
- Canadian segregated funds
- Collective trusts
- Equity-indexed universal life
- Fixed annuities
- Funding agreements
- GICs and synthetic GIC's
- Health and supplemental health
- Innovative XXX reserve financing solutions
- Medium Term Notes
- Mutual funds
- Product consulting and development
- Separate managed accounts
- Specialty insurance
- Structured products
- Term coinsurance
- Term life
- Traditional life
- Universal life
- Variable annuities
- Variable life

## Distribution

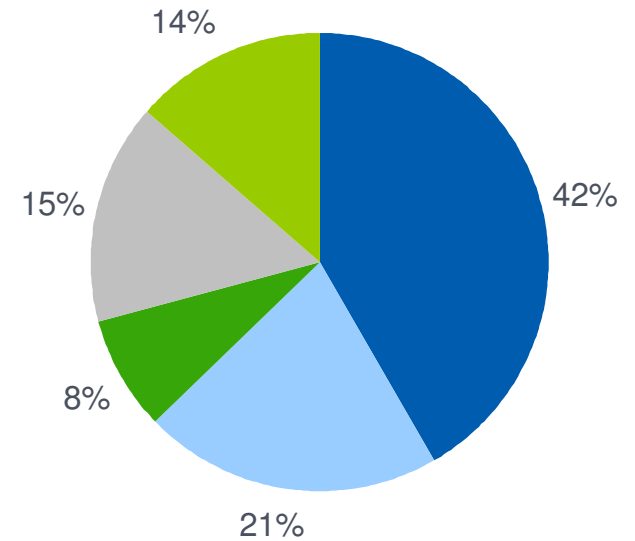
- Agents
- Banks
- Benefits brokers
- Broker/dealers
- Capital markets
- Company representatives
- Consultants
- Consulting firms
- Direct marketing
- Employee benefit brokers and benefit consultants
- Financial planners
- General agents
- Home service agents
- Independent marketing organizations
- Independent producers
- Institutional partners
- Registered representatives
- Third-party administrators
- Wirehouses
- Worksite specialists

Underlying earnings FY 07 before tax



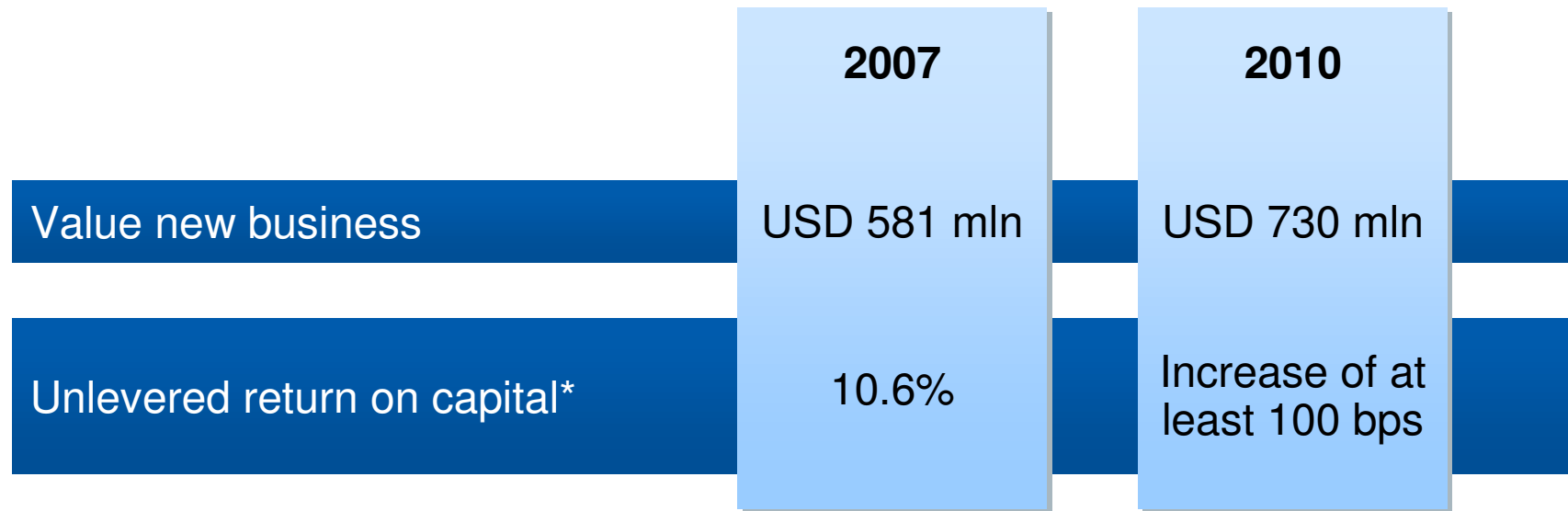
- Life and protection
- Individual savings & retirement
- Pension and asset management
- Institutional
- Life reinsurance

Embedded value FY 07



**Diversification is key**

- Diversification of business continues to add significant value
- Retail businesses provide steady cash flow through market disruptions
- Maintain strict pricing discipline in our institutional businesses
- Life reinsurance provides alternative diversified distribution channel into US life market
- Leverage US scale and core competencies across the Group to fuel growth internationally



Key **actions** to improve the return on capital:

- o Invest in higher return, higher growth businesses
- o Capital release from back books
- o Manage capital efficiently towards full economic capital implementation

\* Net underlying earnings / average capital excluding revaluation reserves

## 3 strategic priorities to improve performance



**1** Reallocate capital towards businesses with higher growth and returns

- Focus on retirement and pension products
- Drive disciplined and focused acquisitions and divestitures
- Execute selected securitizations and other capital efficiency transactions

**2** Improve performance from existing businesses

- Expand distribution and continue build-out of sales support
- Focus on innovation and branding
- Deliver superior service while maintaining operational efficiency
- Finalize legal entity mergers
- Continued vigilance on operating expenses

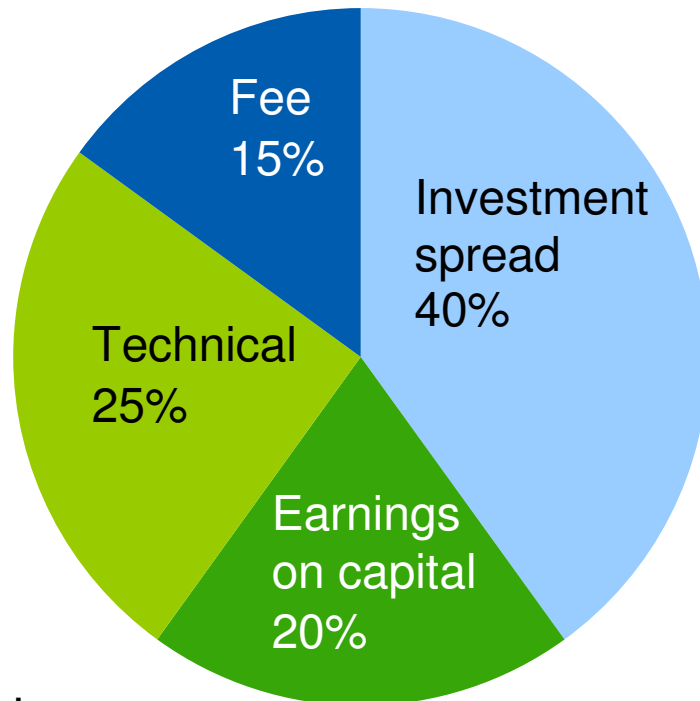
**3** Support AEGON as an international Group

- Export variable annuities competencies to international growth markets
- Grow selected businesses cross border where it makes sense
- Support operations in Asia Pacific

**Competitive Solutions + Good Service + Strong Relationship = Attracting & Retaining Distribution = Sustained Growth**



## Sources of US earnings 2007\*



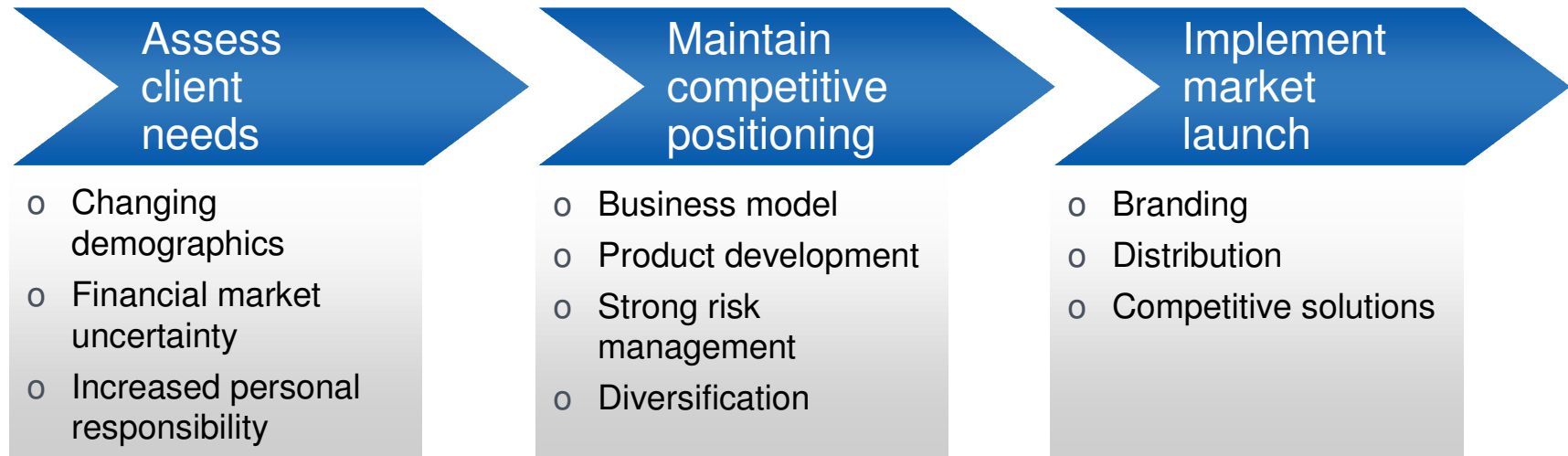
### Drivers

- Yield curve, credit spreads and other investment returns
- Investment returns
- Mortality, morbidity and persistency
- Asset values and volume

## Key objectives

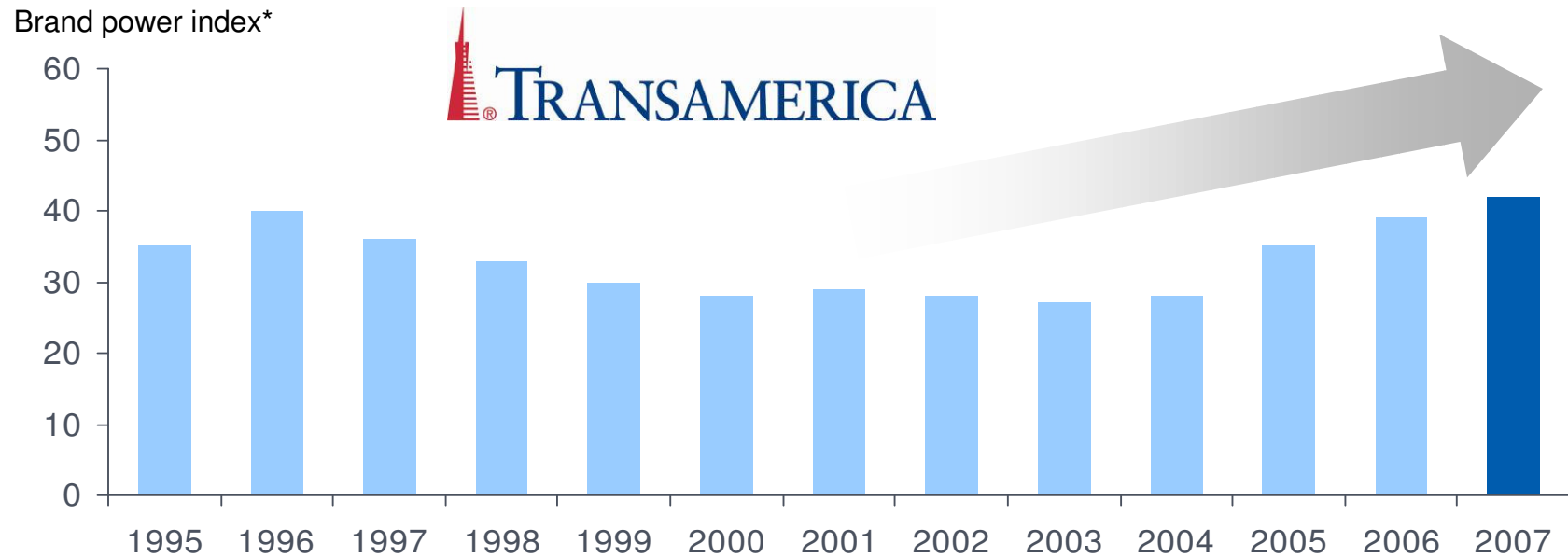
- Invest in higher growth, higher return business in the US
- Continued growth in varying market conditions
- Grow revenue generating investments
- Ongoing portfolio review
- Maintain cost leadership
- Leverage US scale and core competencies across the Group

\* Estimated underlying earnings less new business strain



- Introduced PortfolioXpress personalized asset allocation solution
  - Dynamic lifetime investment strategy: re-balances every quarter to track with target retirement date
  - Service-based investment provided with no fee
- Developed Guarantee on Funds product\*
- Designed NOVUS technology
  - To provide straight through processing and electronic delivery of information
- Initiated Transamerica Partner iSeries pension administration application
- Launched Retirement Income Choice variable annuity rider

\* Pending SEC approval



- o Our branding strategy primarily focuses on the Transamerica brand
- o Brand recognition is key to success in many US retail markets
- o Increased recognition followed investments in the brand
- o Consistently in the top 5 most recognized insurance brands; most recently #2

\* Core Brands

- o Organizational structure maximizes scale economies and operating efficiencies
- o Operational advantages of geographical diversification
- o Opportunities to further improve performance

### Service excellence validated by nationally recognized third party surveys



#### **DALBAR 2007 Awards**

- o 1<sup>st</sup> - Financial Intermediary Service Quality Evaluation Award measures service provided to field reps
- o 4<sup>th</sup> - Annuity Service Evaluation Award measures services provided to policy owners



#### **Chatham Partners 2007 Awards**

Pension businesses earned Best in Class distinction in multiple categories

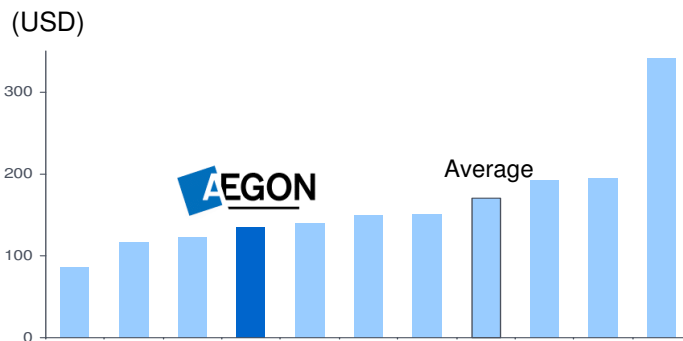


#### **PLANSPONSOR Magazine**

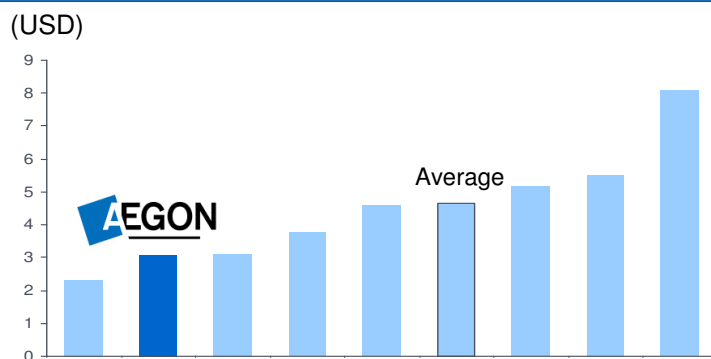
- o Industry survey geared toward DC market
- o Transamerica Retirement Services ranked as #1 retirement plan provider, earning 39 Best in Class awards
- o Diversified Investment Advisors earned 15 Best in Class awards in the mid-market group

## Low cost provider

### Expense per inforce policy\*



### Expense per USD 1,000 annuity assets\*



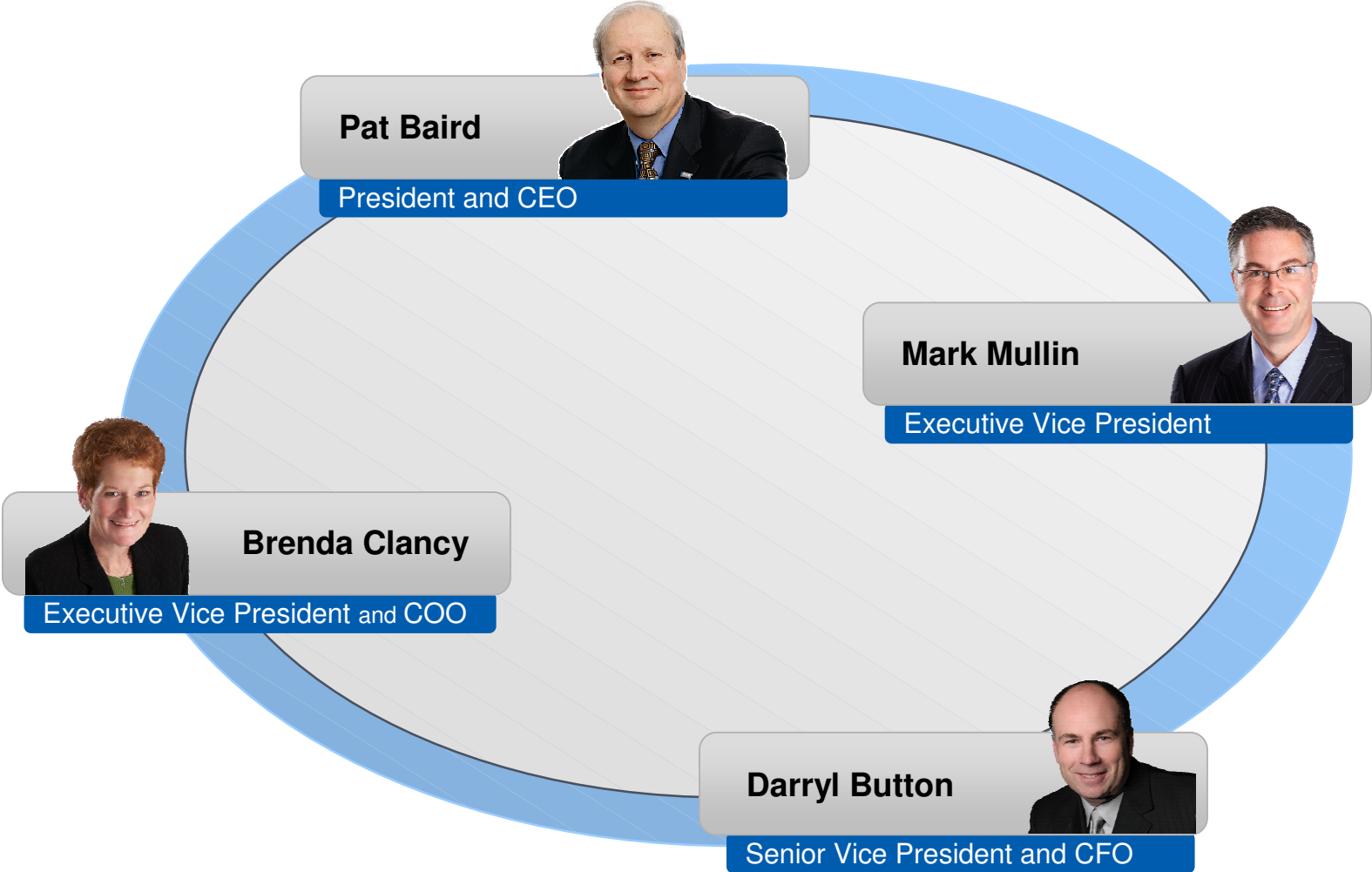
### Present position

- Life insurance serviced in three locations (agency, direct and home service)
- Kansas City integration successful with improved service levels
- All annuity products manufactured and serviced in one location
- Centralized corporate functions
- Over 60% of labor force in low cost areas

### Going forward

- Implement automated applications
- Reduce number of administrative systems
- Merge legal entities

\* Based on industry peer analysis performed by independent consultancy



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A horizontal banner featuring a stylized world map in shades of blue and white. The map is overlaid with a grid of latitude and longitude lines. The background has a subtle motion blur effect, suggesting global connectivity and movement.

Unlocking the global potential

## Global life reinsurance

Pat Baird

*Member of the Management Board*

Analyst and Investor Conference, London, 2 - 3 June 2008



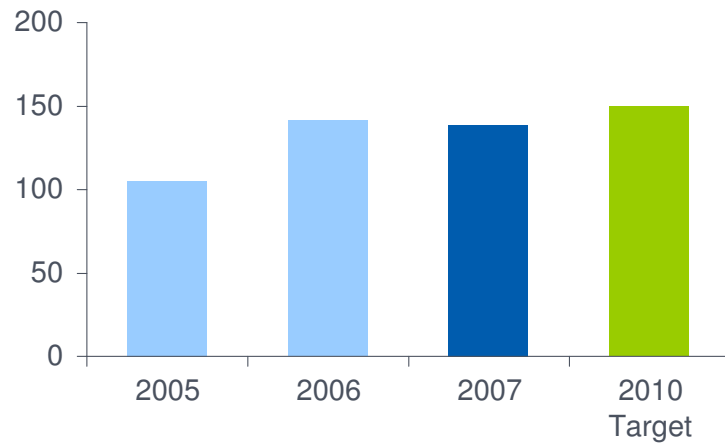
- o AEGON global life reinsurance is a core business
- o Build a global life reinsurance business by expanding into international growth markets (Asia, Europe, Latin America)
- o Provide infrastructure and knowledge to support AEGON businesses

AEGON ranked #2 in US

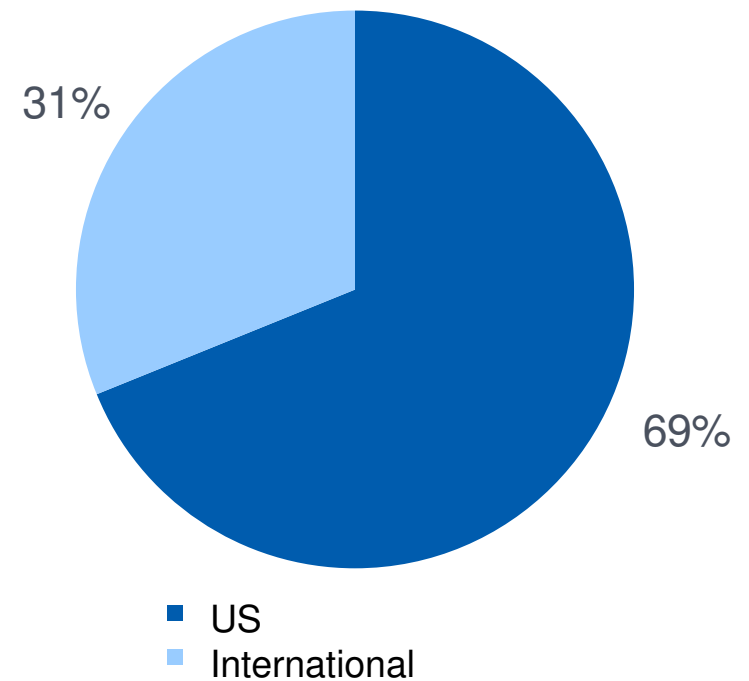
AEGON ranked #6 worldwide by premiums



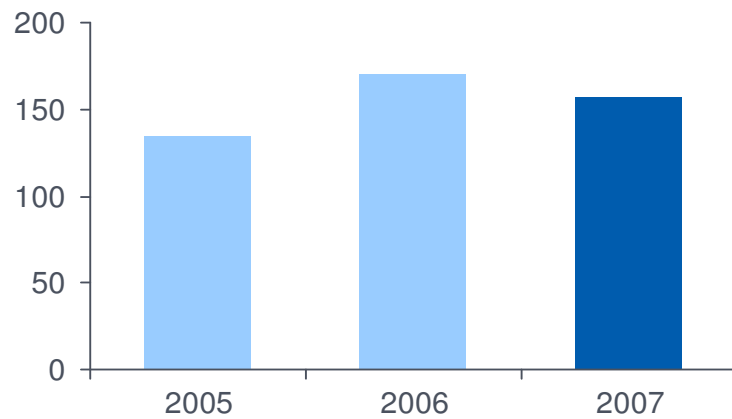
### Value of new business (USD million)



### Standardized life sales FY 07



### Underlying earnings before tax (USD million)



### Diversification

- o Distribution: business to business
- o Low correlation: primarily mortality and persistency, lower expense structure
- o Supports market entry for geographic expansion

### Expertise

- o Broad capital market financing solutions
- o State of the art mortality, underwriting and risk management capabilities
- o Disciplined risk and capital modeling processes enabled by data infrastructure
- o Innovation: product development and R&D focus

Life reinsurance operations  
strategic element of growth and competitive position



## Q&A

For questions please contact Investor Relations

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# Appendix

Analyst and Investor Conference, London, 2 - 3 June 2008

## Investment Portfolio

- o Credit impairments remain low
- o Alternative investment returns below expectations in Q1; returns well above in prior 10 quarters
- o Credit derivatives mark-to-market losses were significant in Q1, but we believe temporary
- o Decline in market value for available-for-sale bond portfolio due to widening credit spreads
- o Unrealized loss only EUR 250 million at Q1 on highest risk structured finance sector (Mezzanine Hybrid Subprime)
- o Stress testing of MBS portfolios continues to indicate few future losses, other than in the Mezzanine subprime portfolio
- o Liquidity profile of the business remains strong

## Business Perspective

- o Business diversity continuing to add significant value
- o Retail life sales growing
- o Modest customer shift from variable back to fixed rate products (annuities, BOLI/COLI)
  - AEGON USA positioned to capture either way
- o Pension sales growing
- o New spread-based institutional sales declined in 1Q08 on strict pricing discipline through a volatile spread environment
- o Reinsurance sales unaffected by market turmoil, but are influenced by increasing risk retention in the US industry

### Products

- o Traditional life
- o Term
- o Universal life
- o Indexed universal life
- o Variable life
- o Supplemental health
- o Accidental death & dismemberment
- o Specialty insurance

### Distribution

- o General agents
- o Registered representatives
- o Independent marketing organizations
- o Worksite specialists
- o Employee benefit brokers and benefit consultants
- o Home service agents
- o Direct marketing

### Competitive advantages

- o Innovative product, diverse distribution, multi-brand strategy
- o Superior service tailored to meet distributor needs
- o Technology platform leading to automated business flow from point of sale
- o Proven agent recruiting and retention strategies
- o Economies of scale

### Background

- o Aging population creating need for generational wealth transfer
- o Trend in health care toward customer responsibility; employers shifting insurance expense to employees

### Key Strategic Initiatives

- o Invest in alternative distribution channels; recruit and retain high quality distribution
- o Capital market securitizations
- o Expand operations in Hong Kong and Singapore
- o Develop foreign currency policy capabilities
- o Continue investment in Worksite Marketing model
- o Shift direct marketing to “pull” strategy
- o Begin selling long term care



### Products

- o Fixed annuities
- o Variable annuities
- o Mutual funds
- o Canadian segregated funds

### Distribution

- o Banks
- o Wirehouses
- o Broker/dealers
- o Financial planners
- o Institutional partners
- o Agents

### Competitive advantages

- o Diverse distribution (wire, broker/dealer, bank, fee planner, agency and direct)
- o #5 in wirehouse channel post Merrill Lynch transaction
- o Product flexibility and innovation
- o State of the art hedging capabilities to control risk



Sophisticated product features will continue to drive need for advice

- o Continue build-out and development of sustainable wholesaling team – ‘no hired guns’
- o Expanding distribution in addition to increasing wholesaler productivity
- o Merrill Lynch strategic relationship
- o Investment in product innovation
- o Export variable annuities core competencies to international growth markets

## Products

- o Fixed annuities
- o Variable annuities
- o Mutual funds
- o Collective trusts

## Distribution

- o Consulting firms
- o Broker/dealers
- o Banks
- o Independent producers
- o Benefits brokers
- o Third-party administrators

## Competitive advantages

- o Focus on retirement plans combined with multi-channel distribution approach
- o Disciplined education/communication process for participants at every life stage
- o Customized services and flexibility of the administrative and investment platforms
- o Technology platforms provide seamless services for the customer

### Background

- o Older boomer just turned 60 and now retiring
- o Retirement assets to grow to USD 18 trillion by 2010
- o Continuous demand for innovation, education, and investment alternatives
- o Favorable legislative trends such as the Pension Protection Act
- o Some market consolidation occurring

### Key Strategic Initiatives

- o Solidify presence in the USD 25 million to USD 1 billion market
- o Expand in mid-market (USD 10 million to USD 25 million)
- o Enhance long-term relationships with clients, participants, and distribution
- o Continue to invest in technology
- o Enhance efficiency through fund complex consolidation
- o Develop the total retirement outsourcing business

## Products

- o Medium-term-notes
- o GICs and Synthetic GICs
- o Funding agreements
- o Structured products
- o BOLI/COLI

## Distribution

- o Company representatives
- o Capital markets
- o Consultants
- o Clark Consulting

## Competitive advantages

- o Effective, integrated asset/liability risk management
- o Diversified funding sources
- o Innovative product and market development
- o Substantial business platform

## Background

- **Institutional Guaranteed Products**
  - Current turmoil in credit markets
  - Wider asset credit spreads favorable long term
  - Market tolerance for earnings volatility
  - Opportunity to optimize strong balance sheet and liquidity profile
- **BOLI/COLI**
  - Operational and distribution consolidation
  - Competition coming from capital markets
  - Movement to separate account would pressure margins

## Key Strategic Initiatives

- Continue opportunistic expansion in various medium-term-note segments
- Focus on strict asset-liability management and pricing discipline
- Source new alternative value added investment opportunities
- Capitalize and leverage strong institutional relationships
- Invest in speed, accuracy and knowledge
- Innovate solutions for other post employment benefits and Euro COLI

Knowledge businesses that require continuous investment in people

## Products

- o Term coinsurance
- o Annuities
- o Product consulting and development
- o Automated underwriting
- o Innovative XXX reserve financing solutions

## Distribution

- o U.S. - company representatives (business to business)
- o International – representative offices in:
  - o Europe
  - o Asia
  - o Latin America

## Competitive advantages

- o Knowledge and infrastructure to support complex reinsurance solutions and related capital markets structures
- o Full service provider including underwriting, administration, product development and consulting services
- o Proven innovation ability (new collateral structures and automated underwriting platform)
- o State of the art mortality and risk management capabilities
- o Provide infrastructure and knowledge to support AEGON businesses

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## Cautionary note regarding forward-looking statements

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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: believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, 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;
- ◆ 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;
- ◆ 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.

### Cautionary note regarding Regulation G (non-GAAP measure)

This presentation includes non-GAAP financial measures: net underlying earnings, operating earnings before tax, value of new business and embedded value. Value of new business and embedded value are not based on IFRS, which are used to prepare and report AEGON's financial statements and should not be viewed as a substitute for IFRS financial measures. AEGON believes the non-GAAP measures shown herein, together with GAAP information, provides a meaningful measure for the investment community to evaluate AEGON's business relative to the businesses of our peers.