



## Unlocking the global potential

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

*Alex Wynaendts, CEO*

- A solid foundation
- High ambitions
- 3 strategic priorities:
  1. Reallocate capital towards businesses with higher growth and return prospects
  2. Improve growth and returns from existing businesses
  3. Manage AEGON as an international Group



### Fundamental demographic and economic changes...

- increasing longevity and ageing populations
- global wealth creation, extending into new markets
- financial market volatility
- reduced safety net from government, employers and family

### ...generating new customers and new needs...

- shift to dis-savings in developed markets
- new middle class in emerging markets

### ...driving more demand for our solutions

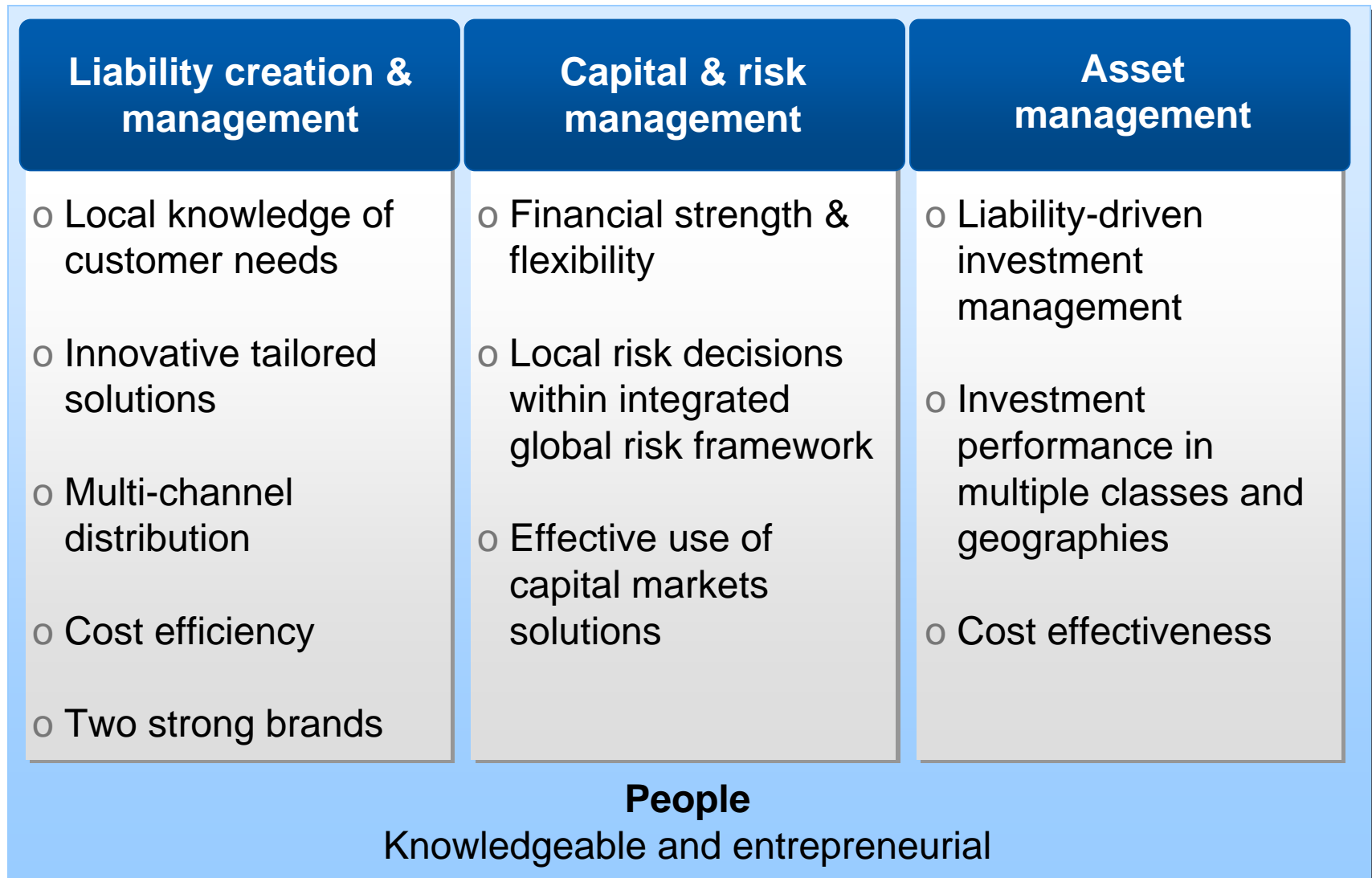
- need for long-term protection
- need for accumulation products
- need for financial guarantees

# Well positioned in key markets



Customer needs / Regions	Protection	Accumulation	Dis-savings	Institutional/ Reinsurance
North America	Strong position	Strong position	Strong position	Strong position
Western Europe	Strong position	Strong position	Strong position	Presence
CEE	Presence	Strong position		
Asia	Presence	Presence		Presence
Latin America	Presence	Presence		Presence

Strong position
  Presence



*“To be a global leader in helping customers secure their financial futures”*

*Leadership*

- Focus on largest and fastest growing global profit pools
- Build scale and competitive advantage in our markets
- Capture global benefits and advantages of local knowledge
- Create stability and flexibility through geographic diversification

*Secure financial futures*

- Build on our expertise in life and pensions
- Protect customers from risks to their wealth and standard of living
- Provide customers security across their financial lifecycle
- Develop solutions that deliver real customer benefit

*...resulting in sustainable profitable growth*

### **Grow value of new business to EUR 1.25 billion by 2010**

- Delivering on increased 2010 target

### **Earnings growth of at least 10% p.a. to 2012**

- Average net underlying earnings growth target in excess of 10% p.a. to 2012 from 2007 base of EUR 2,033 million (at 2007 constant currency)

### **Return on equity\* in excess of 15% by 2012**

- Return on equity\* to improve to at least 14% by 2010 and in excess of 15% by 2012 from 12% in 2007

\* Net underlying earnings / average shareholder's equity excluding revaluation reserves

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## 3 strategic priorities to improve performance

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**1** Reallocate capital towards businesses with higher growth and return prospects

**2** Improve growth and returns from existing businesses

**3** Manage AEGON as an international Group



## 3 strategic priorities to improve performance



1

Reallocate capital towards businesses with higher growth and return prospects

- Improve capital efficiency
- Optimize capital allocation by adjusting business and geographic mix

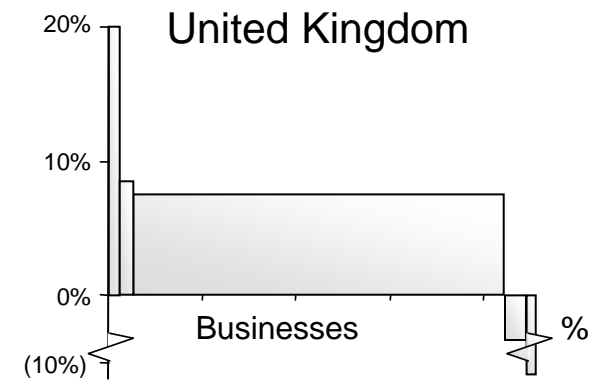
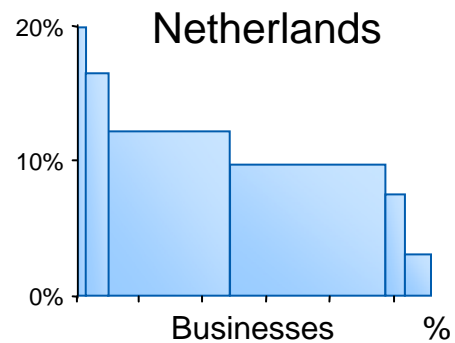
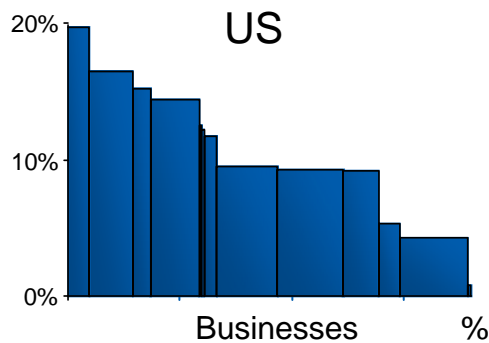
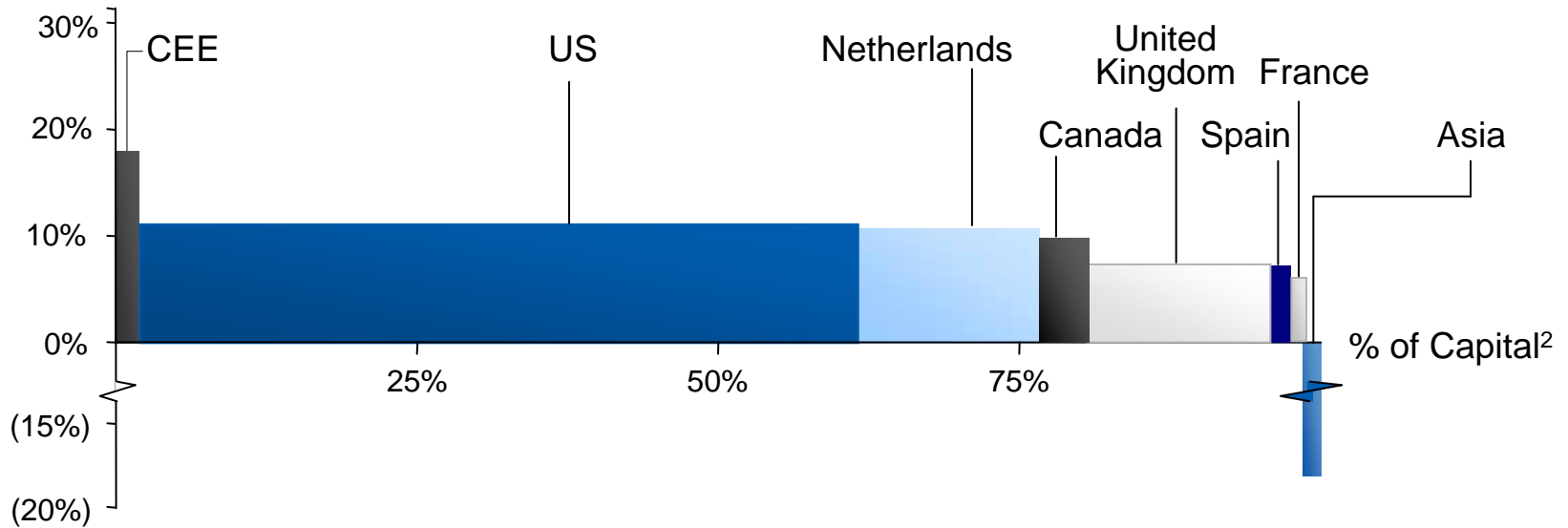
2

Improve growth and returns from existing businesses

3

Manage AEGON as an international Group

Unlevered return on capital 2007<sup>1</sup>



1. Net underlying earnings / average capital in units excluding revaluation reserves  
 2. Average capital in units excludes revaluation reserves, holding activities and unallocated Group capital

### Optimize capital structure

- Implement more
  - Capital releases from back books
  - Reinsurance
  - Insurance linked securities

### Reduce capital intensity

- Further reduce
  - Equity risk
  - Interest rate risk

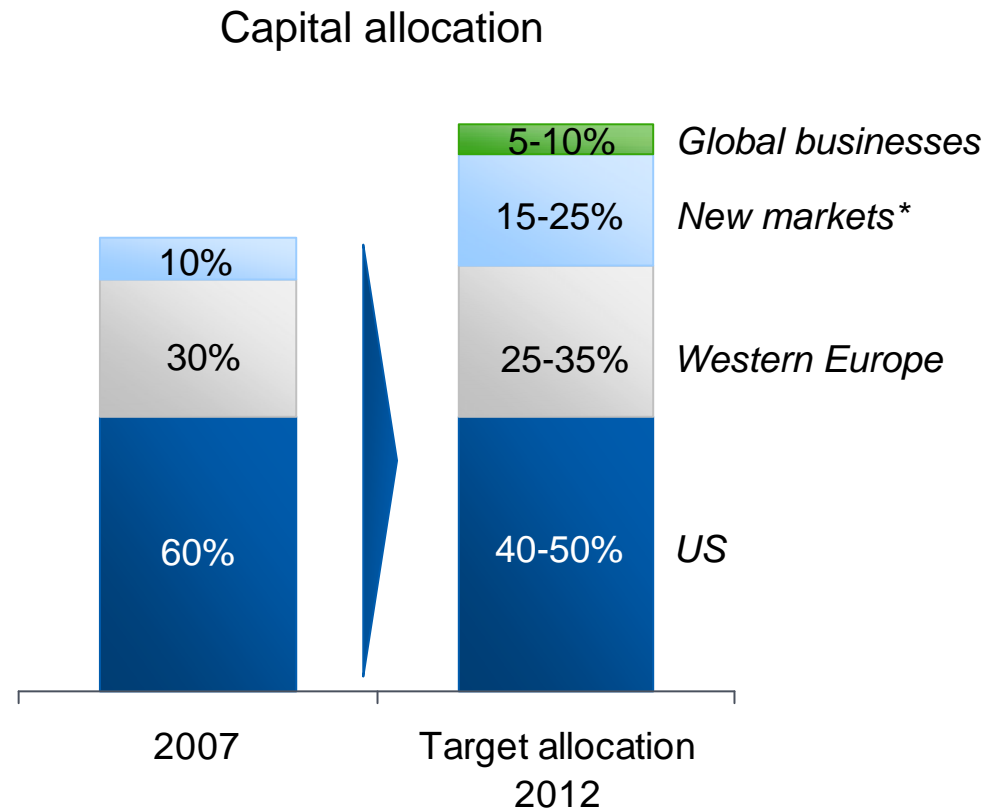
### Maximize diversification benefits

- Manage portfolio of risks
- Reset retention limits
- Build global risk pooling infrastructure

## Business mix

- Continuous assessment of group portfolio
- Strict strategic and financial criteria
  - Core business: fits life cycle need
  - Growth
  - Returns / risk
  - Cash generation

## Geographic mix



\* New markets = CEE, Asia and Latin America

- Acquisitions and divestitures are important to support strategy to reallocate capital across the portfolio
- We will maintain our strict strategic and financial criteria
- 3 focus areas:
  1. Accelerate growth in our new markets through
    - add-on acquisitions
    - distribution partnerships
    - selectively entering new geographies
  2. Scale-up attractive segments in our core markets
  3. Divest underperforming assets to release capital for growth

	2007	2010	2012
Unlevered return on capital <sup>1,2</sup> (RoC)	9.6%	>11%	>12%
Holding and leverage effects	2.4%	3%	3%
Return on equity <sup>2,3</sup> (RoE)	12.0%	>14%	>15%

### Unlevered return on capital (RoC) 2007

Americas	10.6%
The Netherlands <sup>2</sup>	10.2%
United Kingdom <sup>2</sup>	6.9%
Other	4.4%

1. Weighted average of return on capital of country units
2. 2007 number adjusted for non-recurring tax benefits in the UK and NL
3. Net underlying earnings / average shareholder's equity excluding revaluation reserves

1

Reallocate capital towards businesses with higher growth and return prospects

2

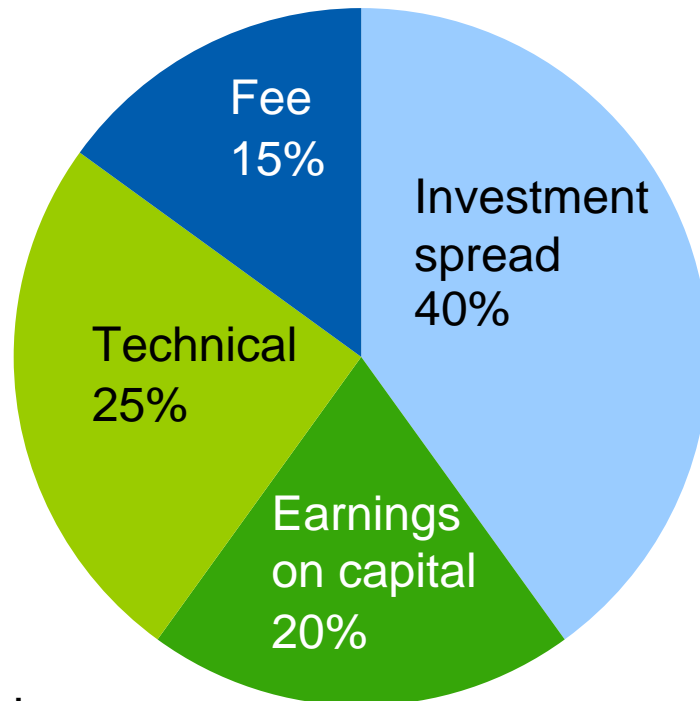
Improve growth and returns from existing businesses

3

Manage AEGON as an international Group

- o Invest in higher growth, higher return businesses in the US
- o Accelerate product and channel diversification in the UK
- o Address profitable growth challenge in NL
- o Build scale in new markets

## 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



	2005	2007	2010
Value new business	GBP 67 mln	GBP 157 mln	GBP 213 mln
VNB margin <sup>1</sup>	16%	21%	22%
Non-IFA distribution <sup>2</sup>	13%	19%	25%

- o Continue to deliver on the clear and consistent strategy
- o Drive market share in attractive segments
- o Improve capital productivity to drive higher returns

1 VNB margin targets are on a pre-tax and pre-solvency basis

2 Based on APE

- o Strong cash flow generation
- o Significant recent operational improvements

- o New CEO with clear mandate
- o New plan being developed to accelerate profitable growth

**Update before the end of the year**

### Western Europe

- Expand successful bancassurance model in Spain
- Capture cross-border pension opportunities
- Pursue selective acquisitions that deliver leadership in attractive markets

### Central & Eastern Europe

- Achieve market leadership (top 5) in all our markets
- Broaden product and distribution range
- Pursue add-on acquisitions and entry into new markets

### Asia

- Establish regional office in Hong Kong
- Improve financial performance in Taiwan
- Grow our life and asset management businesses in China strongly
- Realize the potential from our start-ups in India and Japan
- Pursue selective entry into new markets

### Latin America

- Build scale in Mexico through organic growth and acquisition
- Pursue selective entry into new markets

## 3 strategic priorities to improve performance



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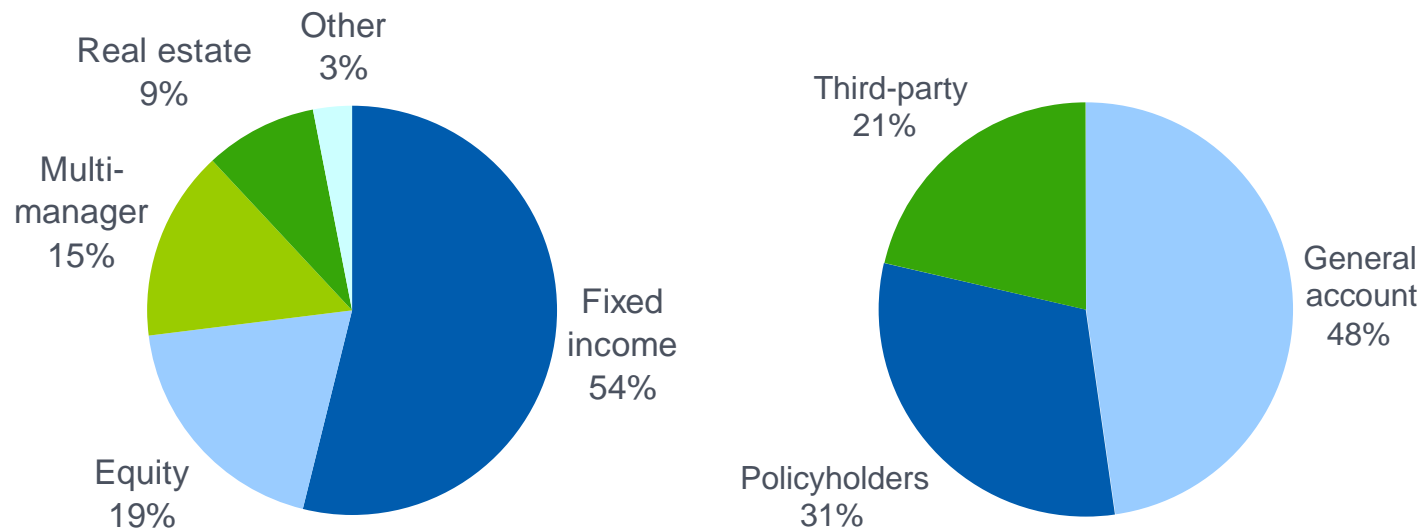
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Manage AEGON as an international Group

- o Launch global businesses
  - o Asset management
  - o Life reinsurance
  - o Variable annuities
- o Broaden the role of the Management Board to capture global benefits

## Strong asset management businesses with local focus

- Assets under management of EUR 271 billion\*
- Diversified asset and client base



- Strong capability in liability-driven investments & risk management
- Recognized quality of investment performance in local centers

\* As per end 2007

### Appointment of a global asset management team

- Erik van Houwelingen, Chairman of the Executive Committee
- Eric Goodman, CIO US and Head of General Account Management
- Andrew Fleming, Head of European Asset Management

### The Mandate

- Implement a global framework for general account management
- Build a European third party capability to support our pension and unit-linked business
- Capture global opportunities in third-party business

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

AEGON ranked #2 in US

AEGON ranked #6 worldwide by premiums





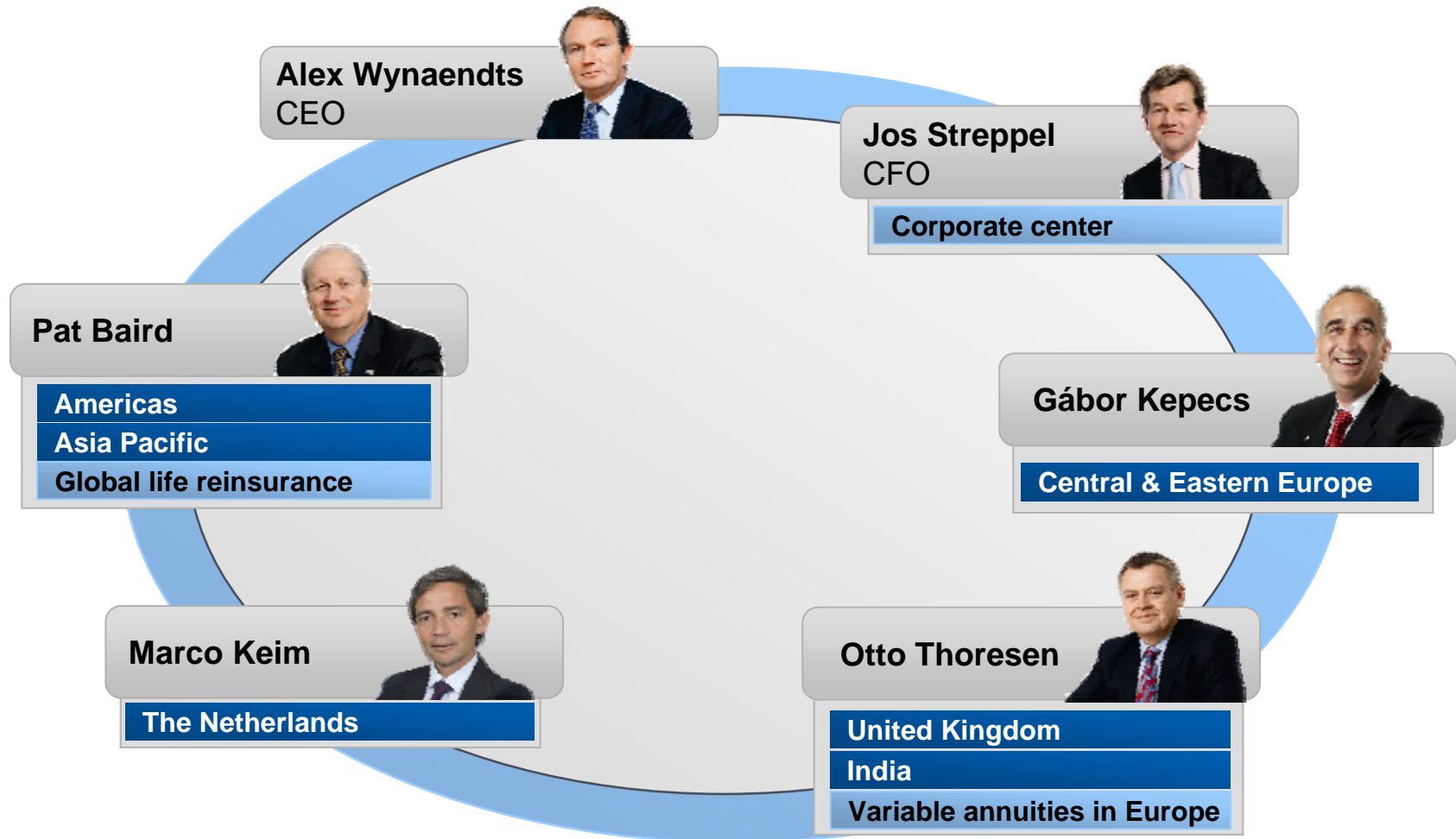
## The variable annuities opportunity in Europe (EUR billion in AuM potential)



## Approach

- Leverage US resources and hedging expertise
- Build on UK success across Europe:
  - Starting in Spain and France
  - Expanding in other European countries
- Implementation team in place

# Broaden the role of the Management Board



- Align top management incentives with targets
- Cascade incentives throughout the organization
- Leverage global talent pool



Ambitious targets

Clear strategic priorities

Management committed to deliver



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 slight motion blur effect, suggesting global connectivity and movement.

Unlocking the global potential

## Q&A

Unlocking the global potential

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# Cautionary note regarding forward-looking statements

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## Cautionary note regarding 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: 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.