

Local knowledge. Global power.

AEGON is facing extraordinary challenges brought on by the global financial crisis. Like the rest of the financial industry, AEGON has been significantly affected by the turmoil underway in world financial markets. This is reflected in the net loss of EUR 1.1 billion AEGON reported for 2008. AEGON is taking decisive steps to deal with the crisis. Ensuring its capital strength is first and foremost among these actions. AEGON has reduced the amount of risk it carries, and freed up capital from its operations in Europe and the Americas. AEGON has also implemented clear cost-savings targets to ensure that its businesses are being as efficient as possible without sacrificing quality and customer service. In addition, AEGON secured EUR 3 billion from its largest shareholder, Association AEGON, and funded by the Dutch government, as a further contingency to withstand further market deterioration. These measures enabled AEGON to enter 2009 with a strong financial position and a significant capital buffer.

## SOLID FUNDAMENTALS

Despite the effects of the crisis, the strong fundamentals of AEGON's business remain intact. Full-year underlying earnings before tax were impacted by distressed capital markets and totaled EUR 1.6 billion, a 37% decrease at constant currency exchange rates. New life sales amounted to EUR 2.6 billion (an 11% decrease compared to 2007 at constant currency), while total gross deposits were EUR 41 billion, a modest decrease of 3% against last year. AEGON's Value of New Business (VNB) was also in line with 2007, down just 2%.

## SHARE PRICE IMPACT

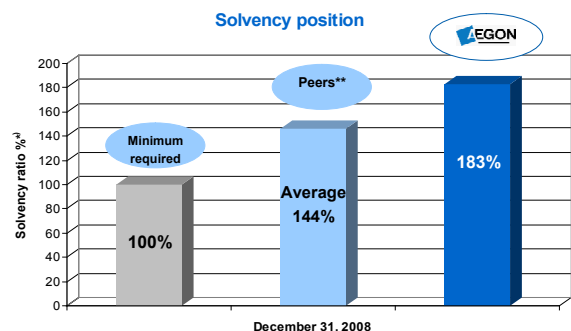
The financial crisis has led to a sharp fall in AEGON's share price. AEGON has little control over how markets value its shares. However, AEGON actively communicates to the market the steps it is taking to weather the storm with a strong capital position, as well as its progress in implementing a clear strategy to create long-term value for its many stakeholders.

## "UNLOCKING THE GLOBAL POTENTIAL"

The strategy AEGON announced in June of last year - "Unlocking the Global Potential" - is based on three strategic objectives: to reallocate AEGON's capital resources to areas with strong growth prospects, to improve growth and returns within its existing businesses, and to manage AEGON as an international group. The global crisis, however, necessitated that AEGON accelerate its measures aimed at preserving and releasing capital, in addition to taking steps to lowering risk and reducing operating costs. Characterized as "The 3 C's", given the focus on Capital, Costs and Contingency, these strategic objectives represent AEGON's approach for countering the effects of the financial crisis and ensuring a strong financial position in the years ahead.

## CAPITAL

Consistent with AEGON's announced plans to free-up between EUR 4 to EUR 5 billion of capital by 2012, AEGON achieved a release of EUR 1.7 billion of capital in 2008 and announced a target to release an additional EUR 1.5 billion in 2009. AEGON will do so by continuing to de-risk its balance sheet, further reducing exposure to equity and credit markets; reducing interest rate risks and lowering product guarantees; reducing spread-based balances within its institutional business in the US; increasing its hedging program; and improving the matching of assets and liabilities.



\* Solvency ratio: European Insurance Group Directive (IGD) ratio

\*\* Peers include AXA, Aviva, Allianz, CNP, Swiss Life, Prudential plc, Zurich Financial

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As a result of this focus, AEGON's businesses are well-capitalized, with core capital totaling EUR 9.1 billion, or EUR 2.9 billion more than required for double-A capital adequacy at the end of 2008. AEGON's European (IGD) solvency ratio stood at 183% at year-end 2008, compared with 190% at year-end 2007 and its solvency ratio in the United States (NAIC RBC) was at 350%.

## **COSTS**

AEGON has also announced that it plans to reduce operating costs by EUR 150 million in 2009. This is equivalent to approximately 5% of its annual operational expense base in 2008. AEGON will achieve these savings through restructuring programs, efficiency improvements and by cutting expenses in AEGON's operations mainly in the United States, the Netherlands and the United Kingdom.

It should be stressed that AEGON manages its business on service and costs, not on headcount. Moreover, AEGON has long maintained a lean operational cost structure. Optimizing efficiencies further is a key component of AEGON's strategic priorities to deal with the current distressed market environment. However, ensuring the loyalty and confidence of its customers during the ongoing financial crisis, and long into the future, remains AEGON's highest priority. As such, decisions to further reduce costs will be guided by the clear recognition that AEGON's employees are critical to maintaining high service levels and sustained customer satisfaction.

## **CONTINGENCY**

In October 2008, AEGON secured EUR 3 billion in additional core capital from its largest shareholder, Association AEGON, and funded by the Dutch State. This was a necessary precaution against further deterioration of financial markets. The steps AEGON has already taken to free-up capital from its businesses and its plans to release EUR 1.5 billion of capital in 2009 are together aimed at maintaining a sufficient capital buffer against further market turmoil.

**Capital**

**Costs**

**Contingency**



## **The Three C's**

### **THE FUTURE**

AEGON believes its strategy to deal with the severe effects of the global financial crisis is the right one to safeguard its position as a leading international provider of life insurance, pensions and related investment products. Now more than ever, customers across the globe recognize their need to take responsibility for decisions that will determine their financial security. In mature markets, the crisis has sharply reduced pension balances, while a growing number of companies have reduced or eliminated sponsored pension plans altogether. In emerging markets, governments have shifted pension responsibility to the private sector and the developing middle class in new economies across Central & Eastern Europe and Asia increasingly seek long-term savings, protection and retirement products. This constitutes AEGON's core business and expertise. AEGON is confident that the steps it is taking in the current economic turmoil provide the basis for continued customer confidence, financial strength and long-term growth in the years to come.

The Hague, March 12, 2009