

contracts to include the terrorism clause in the third quarter of 2003 led to lapses, but also to new policies, with a small positive impact overall. Change in legislation regarding absence due to illness policies will probably lead to a revival of the accident and health insurance market.

AEGON Asset Management attracted EUR 3 billion of asset-only (funds under management) contracts in a competitive market. Part of this, EUR 1 billion, was from a large account that switched from an insurance contract into an asset-only contract.

Securities lease products were a high profile issue in the Netherlands in 2003. AEGON The Netherlands ceased selling securities lease products completely in early 2003. This decision had a significant impact on production, with a decrease from EUR 393 million in 2002 to EUR 13 million in 2003. The existing portfolio is very diverse. Since most of AEGON The Netherlands's customers bought products with guarantees attached to them or with redemption schemes on a long duration, the effects of volatile equity markets on the short term are limited. AEGON has set up a provision for losses resulting from AEGON not being able to recover in full the loans granted in the context of securities lease products.

Savings account balances decreased 11 per cent. from 31 December, 2002, to a total of EUR 5.7 billion at 31 December, 2003, primarily resulting from price competition for savings account assets.

Assets under management increased by EUR 11 billion to EUR 53 billion in 2003, mainly due to a net increase in asset-only contracts (EUR 2 billion), the acquisition of TKP Pensioen (EUR 7 billion) and a EUR 1 billion increase in the investments for account of policyholders. The increase in the investments for account of policyholders was mainly due to favorable investment returns on the equity and fixed income portfolios.

During 2003, part of the mortgage portfolio was securitized. At 31 December, 2003, the total of mortgage backed security programs amounted to EUR 5 billion.

UNITED KINGDOM

Income before tax

Income before tax of GBP 130 million in 2003 decreased 11 per cent. compared to 2002. The main reason for the decrease was lower policy fee income, reflecting an average 12 per cent. lower FTSE level in 2003 compared to 2002.

Income before tax in the traditional life product segment was GBP 1 million in 2003, a decline of GBP 11 million compared to 2002. This decline resulted primarily from a reduction in mortality profits on general account business, due to a release of reserves from certain closed blocks of business in 2002 and a number of one-time items in 2002.

Income before tax in the life for account of policyholders product segment was GBP 128 million for 2003, a decline of 9 per cent. compared to 2002. The profitability of this product segment is heavily dependent on the level of the equity markets, as the main source of income is charges on linked business. The lower average FTSE level during 2003 compared to 2002 therefore had a negative effect on earnings.

During 2003, AEGON UK acquired further stakes in distribution companies. The overall increase in income before tax in the fee business segment was primarily due to lower expenses in the asset management business and profitable growth in the distribution companies.

Net income

Net income for 2003 of GBP 93 million declined 17 per cent. compared to 2002. Contributing to this decline was an increase in the effective tax rate to 28 per cent. from 23 per cent. in 2002, due to the utilization of tax losses as a result of a settlement with the UK Inland Revenue in the fourth quarter of 2002.

Revenues

Revenues of GBP 4,284 million increased 3 per cent. from 2002, primarily due to a GBP 39 million increase in single premiums from life for account of policyholders products. The increase in non-premium revenues was due to the inclusion of the newly acquired distribution companies.

Commission and expenses

Commissions and expenses increased to GBP 442 million, up GBP 128 million, due to the inclusion of operating costs of the acquired distribution companies (GBP 40 million), growth in protection businesses (GBP 20 million), the recommencement of contributions to the staff pension scheme (GBP 7 million), higher DPAC amortization (GBP 63 million), increased amortization charges on IT project costs (GBP 24 million), partly offset by lower restructuring charges (GBP 7 million) and expense reduction (GBP 18 million). The restructuring charges resulted from a cost reduction review in 2002 and 2003 and a broader review of all of AEGON UK's operations which commenced in 2003 and will continue in 2004. The charges arose from the costs of redundancies and the provision for vacant property as a result of the rationalization of accommodation.

The increase in DPAC amortization and depreciation charges on the IT project above, were largely offset by a change in the technical provision for unitized business.

Production

The increase in production of 8 per cent. reflects growth in each of AEGON UK's core business lines. Production of pension business was satisfactory, while investor sentiment regarding equity products impacted the retirement planning and investment-only products.

OTHER COUNTRIES

HUNGARY

Income before tax

ÁB-AEGON's income before tax of HUF 16.6 billion for 2003 showed a 16 per cent. increase compared to 2002. The increase in income before tax came from life business, with 15 per cent. growth, and from the non-life business, which showed 20 per cent. growth. For both businesses, the main reasons for the increase are the premium income growth and cost efficiencies. Additionally, in non-life, the favorable claim payments were partially offset by a strengthening of technical provisions. The fee income from managed assets rose by 40 per cent. to HUF 2.8 billion, reflecting the increase in the pension fund portfolio and assets under management.

Premiums to reinsurers increased by more than 8 per cent., or HUF 0.1 billion. This increase was consistent with the development of premium income. Claim payments increased by HUF 2.8 billion, mainly due to maturities of life policies in the run-off portfolio. Non-life claims developed favorably in 2003 and were HUF 0.5 billion lower than in 2002. Commissions increased by HUF 1 billion, due to high pension fund and non-life sales.

As a result of expense control and technical innovations, expenses decreased by HUF 0.2 billion, or 2 per cent., compared with 2002, despite 5 per cent. inflation.

Revenues

Total revenues increased by HUF 5.1 billion compared to 2002. Premium income increased by HUF 5.1 billion. Life premium income increased by HUF 2.8 billion, mainly due to higher sales of unit-linked products, while non-life premium income increased by HUF 2.3 billion. The non-life growth was due primarily to a HUF 1.5 billion increase in the household portfolio and a HUF 0.8 billion increase in the car insurance and other non-life product lines. The measures taken to protect the existing portfolio as well as the increased number of agents were the main factors in the increase in premium income.

Investment income decreased by HUF 0.9 billion, mainly due to the maturity of high yield long-term bonds. In the second half of the year, as a result of monetary interventions, market yields increased substantially, affecting the investment performance and the market value of the portfolio.

Fee income increased by 40 per cent., or HUF 0.8 billion, from 2002, due to a 31 per cent. increase in assets under management and the increase in the number of participants in the pension funds managed by ÁB-AEGON.

SLOVAKIA

AEGON's life operations in Slovakia started in September 2003 as planned. Total premium income was SKK 5 million, whereas commissions and expenses were SKK 206 million.

SPAIN

Income before tax

AEGON Spain reported income before tax of EUR 36 million for 2003, a significant increase compared to 2002.

Pre-tax results in the life business generated income before tax of EUR 4 million, an increase of EUR 15 million compared to last year's loss of EUR 11 million. The main reason for the increase was the absence of the negative effects of the previous year. These negative effects were mainly caused by the losses of MoneyMaxx, because of low production resulting from the situation in the equity markets, and accelerated amortization of DPAC.

Non-life business reported income before tax of EUR 32 million in 2003, compared to EUR 23 million in 2002, mainly due to an increase in revenues and a decrease in claims. The non-life claims ratio improved in all lines of business as a result of a decrease in the number of claims. This trend started in 1999, when measures were implemented to improve the quality of the non-life portfolio.

Net income

Net income of EUR 24 million for 2003 reflects a growth of 167 per cent.. The effective tax rate increased from 25 per cent. in 2002 to 33 per cent. in 2003, due to this year's higher income, whereas tax deductible items remained at the same level as in 2002.

Revenues

Total revenues of EUR 475 million for 2003 increased by 4 per cent. compared to 2002.

Compared to 2002, life premiums increased by 6 per cent.. Traditional life products premium income increased by 26 per cent., while unit-linked products premium income decreased by 21 per cent.. The switch from unit-linked products to traditional life products was due to the situation in the equity markets and a change in Spanish fiscal regulations that has neutralized the tax advantages of unit-linked products.

Non-life premiums increased by 4 per cent. compared to 2002. In 2003, AEGON Spain continued to concentrate on personal lines and small companies, while de-emphasizing certain high risk business lines. This was the case for the other general liability branch and the marine, aviation and transport branch, which showed decreases in premium income from 2002 of 22 per cent. and 17 per cent. respectively.

Commissions and expenses

The 2003 results positively reflect a reduction in expenses, mainly due to the discontinuation of the MoneyMaxx business. Deferred policy acquisition costs during 2003 were lower than the previous year, due to the sale of a higher proportion of life products without DPAC. This was offset by lower DPAC amortization. In 2002 there was an accelerated DPAC amortization of EUR 4 million.

Production

Life production on a standardized basis increased by 88 per cent., primarily by involving the non-life intermediaries network in the sale of life products and the launch of a group life unit.

TAIWAN

Income before tax

AEGON Taiwan reported income before tax of NTD 15.2 million for 2003, an increase of 134 per cent. compared to NTD 6.5 million in 2002. This was primarily due to strong growth in new business production, which contributed positively to the bottom line.

Revenues

Premium income increased 253 per cent. to NTD 17,904 million for 2003, compared to NTD 5,073 million for 2002. Life insurance gross premiums of NTD 17,518 million increased by 260 per cent. compared to NTD 4,868 million in 2002. Most of the significant growth resulted from the newly developed distribution channels of brokers and banks. Life for account of policyholders premiums of NTD 387 million increased by 89 per cent. compared to NTD 205 million in 2002, primarily generated through the agency channels. Investment income increased 26 per cent. to NTD 546 million in 2003 compared to NTD 440 million for 2002, mainly due to an increase in the asset base. Investment assets increased from NTD 13.0 billion at 31 December, 2002, to NTD 24.6 billion at 31 December, 2003, but the investment yield of 3.5 per cent. in 2003 declined from 4.2 per cent. in 2002, mainly due to declining interest rates on new production.

Commissions and expenses

Commissions amounted to NTD 4,853 million for 2003, compared to NTD 1,260 million in 2002. Expenses were up 46 per cent. to NTD 940 million from 2002, primarily as a result of an increase in the number of employees, occupancy and policy related costs in connection with the development of new distribution channels and the substantial growth of new business volumes. Acquisition and maintenance expenses significantly decreased as a percentage of premium because of continued stringent expense control, combined with a significant increase in premium.

Production

New premium production increased significantly compared to 2002, mainly due to the strong sales of new 104 traditional whole life products through multi-channel distribution.

CHINA

AEGON's launch of the business in China, AEGON-CNOOC, occurred on time despite the impact of administrative restrictions relating to the SARS outbreak. Revenues were CNY 4 million in 2003.

Deposits and new premium products

<i>amounts in million EUR</i>	<i>Americas¹</i>	<i>The Netherlands</i>	<i>United Kingdom</i>	<i>Other Countries²</i>	<i>Full year 2003</i>
Deposits					
Fixed annuities	4.615	–	–	–	4.615
GICs and funding agreements	8.321	–	–	–	8.321
Variable annuities	5.632	–	–	–	5.632
Total	18.568	–	–	–	18.568
Savings deposits	–	2.899	–	–	2.899
Total production on balance sheet	18.568	2.899	–	–	21.467
Investment contracts	–	13	–	–	13
<i>amounts in million EUR</i>	<i>Americas¹</i>	<i>The Netherlands</i>	<i>United Kingdom</i>	<i>Other Countries²</i>	<i>Full year 2003</i>
Off balance sheet production					
Synthetic GICs	11.707	–	–	–	11.707
Mutual funds and other managed assets	7.343	3.522	481	165	11.511
Total production off balance sheet	19.050	3.522	481	165	23.218
Standardized new premium production life insurance					
Single	1.141	1.164	3.935	34	6.274
Recurring annualized	837	156	525	400	1.918
Total recurring plus 1/10 single	951	272	919	403	2.545

1 The figures 'Americas' include the results of AEGON in the USA and Canada

2 The figures under 'Other countries' include the results of the operations in Hungary, Spain, Slovakia, Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

Investments

<i>amounts in million EUR</i>	<i>Americas¹</i>	<i>The Netherlands</i>	<i>United Kingdom</i>	<i>Other Countries²</i>	<i>As at Dec. 31 2003</i>
Investments					
Fixed income	89.783	12.330	1.868	1.846	105.827
Shares & real estate	3.033	5.502	108	141	8.784
Total general account	92.816	17.832	1.976	1.987	114.611
Fixed income	9.880	11.096	23.542	427	44.945
Shares & real estate	26.502	7.032	21.403	207	55.144
Total policyholders account	36.382	18.128	44.945	634	100.089
Total insurance activities	129.198	35.960	46.921	2.621	214.700
Banking activities	–	6.360	–	–	6.360
Off balance sheet assets	50.475	10.514	1.354	509	62.852
Total business units	179.673	52.834	48.275	3.130	283.912
Other investments					223
Total group					284.135

1 The figures 'Americas' include the results of AEGON in the USA and Canada

2 The figures under 'Other countries' include the results of the operations in Hungary, Spain, Slovakia, Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

NON-CONSOLIDATED GROUP COMPANIES

Due to the dissimilarity of Transamerica Finance Corporation's (TFC) operations in relation to AEGON's operations, AEGON has considered TFC to be non-core. Consequently TFC's results have not been consolidated in AEGON's financial accounts.

Net income for TFC for 2003 amounted to EUR 218 million (USD 247 million) compared to EUR 51 million (USD 48 million) in 2002. Business conditions in all segments were more favorable compared to 2002. In addition to lower funding costs, lower expenses, lower credit losses and the recognition of deferred income from the termination of a major client contract for an amount of EUR 31 million (USD 35 million), several one-time tax benefits totaling EUR 27 million (USD 31 million) were realized.

LIQUIDITY AND CAPITAL RESOURCES

General

The AEGON Group conducts its capital management processes at various levels in the organization. The main goal of AEGON's capital management is to manage the capital adequacy of its operating companies to high standards within leverage tolerances consistent with strong capitalization.

Capital adequacy

AEGON manages capital adequacy at the level of its country units and their operating companies. AEGON seeks to maintain its internal capital adequacy levels at the higher of local regulatory requirements, 165 per cent. of the relevant local Standard & Poor's capital adequacy models or internally imposed requirements. During 2003, the capital adequacy of AEGON's operating units continued to be strong. All of its units were capitalized within these tolerances. In the United States, at 31 December, 2003, AEGON held 330 per cent. of the minimum capital required by the National Association of Insurance Commissioners.

Capital base

AEGON applies leverage tolerances to its capital base. The capital base reflects the capital employed in core activities and consists of shareholders' equity, capital securities and dated subordinated and senior debt. AEGON seeks to manage its capital base to comprise at least 70 per cent. shareholders' equity, between 5 per cent. and 15 per cent. capital securities, and a maximum of 25 per cent. dated subordinated and senior debt. At 31 December, 2003, AEGON's leverage was within these prescribed tolerances: equity capital represented 71 per cent. of its total capital base, while senior and dated subordinated debt comprised 19 per cent. of its total capital base. Capital securities accounted for the remaining 10 per cent.. The ratio of shareholders' equity to total capital remains stable at approximately the same level as it was at year-end 2002.

AEGON manages currency risk related to its capital base using established currency risk policies. Capital employed in operating subsidiaries required to satisfy (local) regulatory and self-imposed capital requirements is kept in local currencies and is subject to currency movements when translated into euro for reporting purposes. The non-equity components of AEGON's capital base are held in or swapped into various currencies proportionally to the value of AEGON's activities in those currencies. Although AEGON's debt-to-total-capital ratio is accordingly not materially affected by currency volatility, currency fluctuations may affect the level of the capital base as a result of translation into euro.

Shareholders' equity

Shareholders' equity was EUR 14,132 million at 31 December, 2003, compared to EUR 14,231 million at 31 December, 2002. The decrease of EUR 99 million was largely due to the negative currency exchange rate difference of EUR 1,779 million (primarily resulting from the decline in the value of the US dollar compared to the euro), offset by net income of EUR 1,793 million before distribution of both preferred and common dividends. Goodwill charges of EUR 358 million, mainly as a result of the consolidation of the Meeùs Groep in the Netherlands, were largely offset by the gain on the sale of TFC's real estate tax services and flood hazard certification business units.

Debt funding and liquidity

AEGON's funding strategy continues to be based on assuring excellent access to international capital markets at low costs. As part of this strategy, AEGON aims to offer debt securities in amounts that are eligible for inclusion in major capital market indices and supports maintenance of liquid secondary markets in these securities by the banking community. This focus on the institutional fixed income investor base will continue to be supported by an active investor relations program to keep investors well informed about AEGON's strategy and results.

Most of AEGON's external debt is issued by the parent company, AEGON N.V., as well as two companies whose securities are guaranteed by AEGON N.V.

AEGON N.V. has employed its regular access to the capital markets through private placements issued under its USD 6 billion Euro Medium Term Notes Program and under a separate US shelf registration. AEGON's USD 2 billion Euro Commercial Paper Program and AEGON Funding Corp.'s USD 4.5 billion Euro Commercial Paper Program facilitate access to international and domestic money markets, when required. Additionally, AEGON utilizes a USD 300 million US Domestic Commercial Paper Program. AEGON maintains back-up credit facilities to support outstanding amounts under its Commercial Paper programs. Its committed credit facilities, provided by banks with strong credit quality, exceed USD 3 billion. In addition AEGON has access to various credit lines.

Internal sources of liquidity include distributions from operating subsidiaries on the basis of excess capital or cash and cash equivalents. Internal distributions may be subject to (local) regulatory requirements. Each business unit further manages its liquidity through closely managing the liquidity of its investment portfolio.

AEGON uses common derivative financial instruments such as swaps, options, futures and cross-currency derivatives to hedge against its exposures related to external borrowings. In general, the accounting treatment of the derivative mirrors the accounting treatment of the underlying financial instrument.

In the second quarter of 2003, in line with its funding strategy, AEGON N.V. issued EUR 1 billion of five year fixed rate notes, USD 750 million of ten year fixed rate notes and USD 250 million of two year floating rate notes to refinance maturing long-term and short-term debt. At December 31, 2003, AEGON N.V. had EUR 1.8 billion outstanding under its Medium Term Notes Program and EUR 1.6 billion under its Commercial Paper Programs.

The duration profile of AEGON's capital debt and interest rate structure is managed in line with the estimated duration of its investments in its subsidiaries. Of AEGON's total capital debt at 31 December, 2003, approximately EUR 2.1 billion matures within three years, EUR 1.2 billion between three and five years, and EUR 2.4 billion thereafter. AEGON believes its working capital, backed by the external funding programs and facilities, is amply sufficient for the group's present requirements.

During 2003, Standard and Poor's lowered AEGON N.V.'s credit ratings and now rates AEGON's senior debt at A+ with a stable outlook. The insurance financial strength ratings of our insurance operations in the United States are now AA, with a stable outlook. Moody's maintained the senior debt rating of AEGON N.V. at A2, with a negative outlook, while the outlook on the Aa3 insurance financial strength ratings of our United States operations remained stable.

Management

The Company is managed by an Executive Board, the members of which are employed by AEGON N.V.. The Executive Board is appointed by the general meeting of shareholders upon nomination by the Supervisory Board. The activities of the Executive Board are subject to the general supervision by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period.

Certain transactions affecting AEGON as a whole, such as the issuance or cancellation of shares, application for listing on a stock exchange, major acquisitions, major capital expenditures and all matters concerning substantial changes in employee relations require the approval of the Supervisory Board.

The members of the Supervisory Board are appointed and dismissed by the general meeting of shareholders. If appointment or dismissal is proposed other than upon nomination from the Supervisory Board, a resolution of the general meeting to that effect requires a 2/3 majority in a general shareholder's meeting representing more than half of AEGON's issued share capital. Members of the Supervisory Board are appointed for a maximum term of four years and may be re-appointed. However, members are no longer eligible for re-appointment if they reach the age of 70.

Set forth below is certain information concerning the members of the Executive and Supervisory Boards of the Company. The business address of each member of the Executive and Supervisory Boards is AEGONplein 50, 2591 TV, The Hague, The Netherlands.

Executive Board

Donald J. Shepard (1946), American nationality, started his career with Life Investors in 1970. Serving in various management and executive functions with Life Investors, he became Executive Vice-President and Chief Operating Officer in 1985, a position he held until AEGON consolidated its other US operations with Life Investors to form AEGON USA in 1989. He became a member of the Executive Board in 1992. In 2002 he became Chairman of the Executive Board of AEGON N.V..

Joseph B.M. Streppel (1949), Dutch nationality, started his career in 1973 at one of AEGON's predecessors in several treasury and investment positions. In 1986 he became CFO of FGH Bank and in 1987 he joined the Executive Board of FGH Bank. In 1991 he became CEO and Chairman of Labouchere and in 1995 also of FGH Bank. In 1998 he became CFO of AEGON N.V. Since May 2000 he has been a member of the Executive Board of AEGON N.V.

Johan G. van der Werf, (1952), Dutch nationality, started his career in 1973 as a First Officer in the Merchant Marine. In 1981 he joined one of the predecessors of AEGON as a district sales manager. From 1987 until 1992 he was chairman of the management board of Spaarbeleg and in 1992 he became a member of the management board of AEGON The Netherlands. In 2002 he became a member of the Executive Board of AEGON N.V. and CEO of AEGON The Netherlands.

Alexander R. Wynaendts (1960), Dutch nationality, started his career with AEGON in 1997 and was appointed Executive Vice-President Group Business Development in 1998. In the Executive Board he is responsible for business development and Asia. He is also member of the Boards of AEGON UK and La Mondiale Participations and of the Supervisory Boards of AEGON Hungary and AEGON Spain. Mr. Wynaendts has worked in the finance industry since 1984. In April 2003 he became member of the Executive Board of AEGON N.V.

Supervisory Board Members

M. Tabaksblat (1937), Chairman and Dutch nationality, is Chairman of Reed Elsevier plc and a retired Chairman and CEO of Unilever. He was appointed in 1990; his current term will end in 2005 after which he will not be available for re-election in order to comply with the Dutch Corporate Governance Code. He is also Chairman of the Supervisory Board of TNT Post Group and a member of the International Advisory Boards of Salomon Smith Barney (USA) and Renault Nissan (France). He is also a member of the Executive Committee of Vereniging AEGON. He is the Chairman of the Compensation, Nominating and the Strategy Committees.

D.G. Eustace (1936), British nationality, is Chairman of Smith & Nephew plc (London, UK) and former Vice-Chairman of Royal Philips Electronics. He was appointed in 1997. He is also a member of the Supervisory Boards of a number of Dutch companies, among which Royal KLM, Royal KPN and Board Member of Royal Ahold. He is the Chairman of the Audit Committee.

O.J. Olcay (1936), American nationality, is Vice-Chairman and Managing Director of Fischer, Francis, Trees and Watts, Inc. (New York, USA). He was appointed in 1993; his current term of office will end in 2004. He is Chairman of FFTW Funds Inc. in New York (USA), FFTW Funds Selection in Luxembourg and FFTW Funds in Dublin (Ireland). He is a member of the Nominating and Strategy Committees.

T. Rembe (1936), American nationality, is a partner of Pillsbury Winthrop LLP (San Francisco, USA). She was appointed in 2000; her current term will end in 2004. She is a member of the Board of Directors of Potlach Corporation (USA) and SBC Communications (USA). She is a member of the Audit Committee.

W.F.C. Stevens (1938), Dutch nationality, is a senator in the Dutch Parliament and a retired partner/senior counsel of Baker & McKenzie. He was appointed in 1997; his current term will end in 2005. He is a member of the Supervisory Boards of a number of Dutch companies, among which NIB Capital, Schiphol Groep and TBI Holdings. He is a member of the Compensation Committee.

K.J. Storm (1942), Dutch nationality, is a former Chairman of the Executive Board of AEGON. He was appointed in 2002; his current term will end in 2006. He is a Chairman of the Supervisory Boards of Royal Wessanen and Laurus and a member of the Supervisory Boards of Interbrew (Leuven, Belgium), Royal KLM and Pon Holdings.

L.M. van Wijk (1946), Dutch nationality, has held the position of Chief Executive Officer (CEO) at KLM Royal Dutch Airlines since 1997. He was appointed in 2003; his current term will end in 2007. Mr. Van Wijk is also a member of the Board of Directors of Northwest Airlines and of the Supervisory Boards of Randstad Holding, Martinair, TUI Nederland and 'Nederlands Bureau voor Tourisme'.

R. Dahan (1942), Dutch nationality, is Executive Vice-President and Director of Exxon Corporation. He was appointed in 2004, his current term will end in 2008. He is also member of the Supervisory Board of VNU, TPG and Ahold.

W. Bailey (1941), American nationality, has held the position of non-executive Chairman of the Board of AEGON USA Inc. He was President and Chief Executive Officer of Providian Corporation until 1997, the

year in which AEGON acquired Providian. Mr. Bailey is currently managing director of Chrysalis Ventures, established in Louisville, USA, a venture capital company.

P. Voser (1958), Dutch nationality, is Group Chief Financial Officer and member of the Group Executive Committee of ABB Asea Brown Boveri Ltd, Switzerland.

Capital and indebtedness

The following table sets forth the audited total consolidated capitalisation and indebtedness of AEGON N.V. at 31 December, 2003.

<i>amounts in million EUR</i>	<i>31 December, 2003</i>	
Preferred shares ¹	56	
Common shares	182	
Surplus Funds	13.894	
Shareholders' equity		14.132
Perpetual cumulative subordinated loans	1.517	
Trust Pass-through Securities	408	
Capital securities		1.925
Subordinated (converted) debt		452
Senior debt allocated to insurance activities		3.288
Total capital base		19.797

¹ Vereniging AEGON, based in The Hague, holds all the issued preferred shares.

COMMITMENTS AND CONTINGENCIES

AEGON N.V. has guaranteed and is severally liable for the following:

Due and punctual payment of payables due under Letter of Credit Agreements applied for by AEGON N.V. as co-applicant with its subsidiary companies AEGON USA, Inc., Commonwealth General Corporation and Transamerica Corporation (EUR 1.8 billion). At 31 December, 2003, the amount due and payable was nil.

Due and punctual payment of payables by the consolidated group companies AEGON Funding Corp., AEGON Funding Corp. II and Transamerica Corporation with respect to bonds, capital trust pass-through securities and notes issued under commercial paper programs (EUR 5,031 million).

Due and punctual payment of payables by the non-consolidated group company Transamerica Finance Corporation with respect to:

- a. debt securities issued under the following three indentures: the indenture with U.S. Bank National Association (successor in interest to Continental Illinois National Bank and Trust Company of Chicago) first dated 15 March, 1981, as amended, and both indentures with BNY Midwest Trust Company (successor in interest to Harris Trust and Savings Bank) first dated 1 July, 1982, and 1 April, 1991, respectively, as amended (EUR 835 million); and
- b. contractual obligations towards NCC Key Company as Owner Participant and U.S. Bank National Association (successor in interest to State Street Bank and Trust Company of Connecticut National Association) as Owner Trustee under a Participation Agreement dated 30 December, 1996, (EUR 42 million).

With respect to the former subsidiary FGH BANK N.V. (sold to Hypo-Vereinsbank):

- a. payables due to all unsubordinated and non-privileged creditors of FGH BANK on account of deeds prior to 27 February, 1987, and loans contracted by FGH BANK after 27 February, 1987, up to 30 March, 1998; and
- b. payables due by FGH BANK under guarantees rendered or several liabilities assumed prior to 27 February, 1987.

The sales agreement with Hypo-Vereinsbank includes recourse against that bank for liabilities emerging from the above guarantees.

Commitments and Contingencies at 31 December, 2003

<i>amounts in million EUR</i>	<i>2003</i>
Investments contracted	
Real estate	(5)
Mortgage loans	392
Bonds and registered debentures:	
Purchase	–
Sale	(51)
Private placements	16
Other:	
Purchase	451
Sale	–

DERIVATIVES

AEGON uses common derivative financial instruments such as swaps, options, futures and cross-currency derivatives to hedge its exposures related to investments, liabilities and borrowings. In general, under Dutch accounting principles the accounting treatment of derivatives mirrors the accounting treatment of the underlying financial instrument. In the balance sheet, the book values of the derivatives are recognized under the captions of the related underlying financial instrument. Foreign currency amounts are converted at the year-end exchange rates. Realized and unrealized results on derivative financial instruments are recognized in the same period and likewise as the results of the related investments, liabilities and debt.

US GAAP requires that all derivatives, including embedded derivatives, be recognized as either assets or liabilities in the balance sheet and be measured at fair value. Derivatives that do not qualify for hedge accounting treatment under US GAAP must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through income or recognized in other comprehensive income and amortized to income when the hedged transaction impacts income. Any portion of a derivative's change in fair value determined to be ineffective at offsetting the hedged risk will be immediately recognized in income. An EUR 5 million loss on the total return swaps with Vereniging AEGON was included in 2003 net income in the line derivatives.

<i>amounts in million EUR</i>	<i>Notional amounts 2003</i>	<i>Market value 2003</i>	<i>Book value 2003</i>
Interest rate contracts			
Interest rate swaps	31.274	(115)	146
Swaptions	40	–	–
Caps/floors	312	14	3
Forward rate agreements	136	14	–
Other derivative contracts			
Cross currency swaps	5.730	622	596
Foreign exchange contracts	3.428	78	79
Equity swaps	2.004	(346)	36
Over-the-counter options	77	41	39
Credit derivatives	579	2	(2)
Exchange traded options/futures	1.380	15	(1)
Synthetic GICs	30.794	–	–

amounts in million EUR 2003

Collateral and Guarantees given to third parties

Bonds and registered debentures	2.373
Ceded and securitized mortgage loans	5.091
Standby Letters of credit	964
Guarantees	287
Other Commitments	827
Other collateral and guarantees	559

OFF BALANCE SHEET ASSETS

As part of its core operations, AEGON concludes transactions and has relationships with institutional and retail customers for a variety of financial services. The return for these services is a fee related to the asset value, to the investment performance or to the risk exposure of the contract. The services include:

- management of investments for institutional investors and of mutual funds in the retail business;
- offering of synthetic GICs which guarantee to plan sponsors benefit responsiveness, whether or not in the form of annuities, in the event that qualified plan benefit requests exceed plan cash flows. The plan sponsor agrees to reimburse for such benefit payments with interest.

For all services the related assets are owned by the customers and therefore they do not appear on the balance sheet of AEGON. Total assets involved in these operations amount to EUR 63 billion (USD 79 billion), (2002: EUR 52 billion, USD 55 billion).

AEGON Levensverzekering N.V. completed two privately placed securitization programs in 2002 whereby the economic ownership of EUR 1.7 billion of aggregate mortgage receivables was conveyed to third parties. The transfer of the ownership title will take place upon notification of the borrowers by either AEGON or the third parties. The third parties have the right to notify the borrowers upon the occurrence of certain pre-defined 'notification events'. A first preferred 'silent' right of pledge on the mortgage receivables was given to the third parties. At the same time AEGON entered into a fixed-floating swap agreement with the contract parties under which AEGON agreed to pay the floating rate (EURIBOR based) and receive the fixed rate (scheduled yield from the mortgage receivables). Under both programs AEGON received the right to repurchase all of the mortgage receivables at a price equal to the then current portfolio market value of the receivables provided that AEGON simultaneously terminates the swap upon payment of the market value of the swap. For one program that right exists for the remainder of the term. The other program only allowed AEGON to repurchase the receivables between March 2003 and September 2003 and no longer permits AEGON this right.

AEGON Levensverzekering N.V. completed two publicly placed securitization programs in 2003 whereby the economic ownership of EUR 2.3 billion of aggregate mortgage receivables was conveyed to two special purpose companies. Both companies funded this purchase with the issue of mortgage backed securities. The transfer of the ownership title will take place upon notification of the borrowers by either AEGON or the special purpose companies. The special purpose companies have the right to notify the borrowers upon the occurrence of certain pre-defined 'notification events'. A first preferred 'silent' right of pledge on the mortgage receivables was given to the special purpose companies. At the same time AEGON entered into a fixed-floating swap agreement with the contract parties under which AEGON agreed to pay the floating rate (EURIBOR based) and receive the fixed rate (scheduled yield from the mortgage receivables). For both programs, after a period of seven years, the interest of the notes, issued by the special purpose companies will step-up, together with a similar step-up in the fixed-floating swap agreement. At this time, the special purpose companies have the right to call the notes.

In 2003, one of the privately placed securitizations from 2002 was called by AEGON Levensverzekering N.V. and bought back at market value. AEGON Levensverzekering N.V. now has a total of three publicly placed and two privately placed securitization programs outstanding with a total size of EUR 5 billion.

LITIGATION

Banque Internationale à Luxembourg S.A. and Dexia Bank Belgium S.A. (Dexia) initiated legal proceedings against AEGON in connection with its acquisition in 2000 of Labouchere, at that time a subsidiary company of AEGON. Dexia alleges that AEGON made certain misrepresentations and breached some of the warranties contained in the purchase agreement. The alleged misrepresentations and breaches of warranties relate to the securities leasing products sold by Labouchere. Dexia's claims include a claim for dissolution of the agreement and damages and, if honoured by the competent courts, may result in substantial damage to AEGON. AEGON has taken the view that the sale of Labouchere to Dexia constitutes a transaction between two large financial institutions that was duly effected and that Dexia's allegations are without merit. In view thereof, and given that the amount of damages due in case any of the claims of Dexia would succeed cannot be determined, no provision has been made for these claims in the annual accounts for 2003.

In January and February 2003, AEGON and certain current and former members of the Executive Board were named in a series of similar class action complaints filed in US federal court alleging various violations of US securities laws involving the issuance of false and misleading statements during the period between 9 August, 2001, and 22 July, 2002, when AEGON issued an update to its earnings guidance for 2002. AEGON believes these allegations are without merit and intends to defend vigorously against these actions, which have been consolidated. AEGON does not believe that these claims, either individually or in the aggregate, will result in a material adverse effect on its financial position or results of operations.

AEGON and some of its subsidiaries and affiliates are involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. The outcome of litigation is, at times, unpredictable. It is management's opinion, after consultation with legal counsel, that damages arising from such litigation will not have a material adverse effect on either the financial position or the results of operations.

RECENT DEVELOPMENTS

Caja de Ahorros del Mediterráneo (CAM) and AEGON have incorporated the holding for their strategic partnership. The partners have created a joint venture, which combines CAM's significant customer reach through its banking network and AEGON's expertise in life insurance and pensions. The new holding structure has become operational as per 9 June, 2004. All the necessary regulatory approvals have been obtained.

On 12 May, 2004 AEGON reported its first quarter results of 2004. In this press release information is provided on accounting changes. The relevant 2003 financial data have been adjusted to reflect these accounting changes for the purposes of comparability. This press release is incorporated in and is part of this Offering Circular.

Consolidated balance sheets at December 31

In accordance with Dutch Accounting Principles

Amounts in millions

<i>2003</i>	<i>2002</i>		<i>Note</i>	<i>2003</i>	<i>2002</i>
<i>USD</i>	<i>USD</i>		<i>number</i>	<i>EUR</i>	<i>EUR</i>
		Investments			
2,862	2,319	Real estate	1	2,266	2,211
3,643	3,729	Group companies and participations	2	2,884	3,556
150,164	134,615	Other financial investments	3	118,895	128,364
42	35	Deposits with ceding undertakings	4	33	33
156,711	140,698			124,078	134,164
126,412	99,341	Investments for account of policyholders	5	100,089	94,728
		Receivables			
3,189	2,218	Receivables out of direct insurance	6	2,525	2,115
1,136	586	Receivables out of reinsurance		899	559
1,373	1,194	Other receivables	7	1,087	1,138
5,698	3,998			4,511	3,812
		Other assets			
403	412	Equipment	8	319	393
2,077	1,664	Liquid assets	9	1,645	1,587
210	40	Other assets		166	38
2,690	2,116			2,130	2,018
		Prepayments and accrued income			
1,878	1,614	Accrued interest and rent		1,487	1,539
2,123	2,040	Other prepayments and accrued income	10	1,681	1,945
4,001	3,654			3,168	3,484
295,512	249,807	Total assets		233,976	238,206

<i>2003</i>	<i>2002</i>		<i>Note</i>	<i>2003</i>	<i>2002</i>
<i>USD</i>	<i>USD</i>		<i>number</i>	<i>EUR</i>	<i>EUR</i>
17,849	14,924	Shareholders' equity	11	14,132	14,231
2,431	2,106	Capital securities	12	1,925	2,008
571	646	Subordinated loans	13	452	616
20,851	17,676	Equity and subordinated loans		16,509	16,855
		Technical provisions	14		
116,896	106,735	Life insurance		92,554	101,778
1,330	1,043	Unearned premiums and unexpired risks		1,053	995
2,834	2,428	Claims outstanding		2,244	2,315
386	319	Profit sharing and rebates		306	304
667	537	Other technical provisions		528	512
122,113	111,062	Gross		96,685	105,904
(3,554)	(3,136)	Reinsurers' share		(2,814)	(2,990)
118,559	107,926			93,871	102,914
		Technical provisions with investments for account of policyholders	15		
129,048	100,574	Gross		102,176	95,904
(2,636)	(1,233)	Reinsurers' share		(2,087)	(1,176)
126,412	99,341			100,089	94,728
2,214	1,913	Provisions	16	1,753	1,824
5,926	4,044	Long-term liabilities	17	4,692	3,856
29	24	Deposits withheld from reinsurers		23	23
		Current liabilities			
3,391	2,771	Payables out of direct insurance		2,685	2,642
591	380	Payables out of reinsurance		468	362
3,336	4,469	Amounts owed to credit institutions		2,641	4,262
7,144	6,674	Entrusted savings accounts and deposits		5,656	6,364
4,662	3,656	Other payables	18	3,691	3,486
19,124	17,950			15,141	17,116
2,397	933	Accruals and deferred income	19	1,898	890
295,512	249,807	Total equity and liabilities		233,976	238,206

Summarized consolidated income statements

In accordance with Dutch Accounting Principles
Amounts in millions (except for per share data)

<i>2003</i>	<i>2002</i>		<i>Note</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
<i>USD</i>	<i>USD</i>		<i>number</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
		Revenues				
22,020	20,220	Gross premiums		19,468	21,356	21,578
8,354	7,947	Investment income	22	7,386	8,394	9,318
1,381	926	Fees and commissions	23	1,221	978	615
401	394	Income from banking activities	24	354	416	384
32,156	29,487	Total revenues		28,429	31,144	31,895
		Benefits and expenses				
2,560	2,397	Premiums to reinsurers		2,263	2,532	1,859
12,333	11,693	Benefits to policyholders		10,904	12,350	11,916
7,169	7,029	Change in technical provisions	25	6,338	7,424	8,815
194	179	Profit sharing and rebates	26	171	189	248
6,093	4,935	Commissions and expenses	27	5,387	5,212	4,574
730	691	Interest charges		645	730	862
649	812	Miscellaneous income and expenditure	29	574	858	378
29,728	27,736	Total benefits and expenses		26,282	29,295	28,652
2,428	1,751	Income before tax		2,147	1,849	3,243
(647)	(334)	Corporation tax	31	(572)	(353)	(918)
247	48	Net income unconsolidated group companies	32	218	51	72
2,028	1,465	Net income		1,793	1,547	2,397
1.30	0.98	Net income per share ¹	33	1.15	1.04	1.70
1.30	0.98	Net income per share fully diluted ¹	33	1.15	1.04	1.69

1. Adjusted for stock dividend

Consolidated cash flow statements

In accordance with Dutch Accounting Principles

Amounts in millions

2003 USD	2002 USD		2003 EUR	2002 EUR	2001 EUR
Cash flow from operating activities					
2,028	1,465	Net income	1,793	1,547	2,397
8,268	4,024	Increase technical provisions net of reinsurance	7,310	4,250	9,820
21,002	26,907	Annuity, GIC and funding agreement deposits	18,568	28,419	26,381
(17,421)	(17,297)	Annuity, GIC and funding agreement repayments	(15,402)	(18,269)	(19,059)
58	(736)	Change in provisions	51	(777)	(488)
1,955	1,749	Amortization of policy acquisition costs	1,728	1,848	1,422
81	80	Amortization of interest rate rebates	72	84	102
131	95	Depreciation of equipment	116	100	79
1,069	2,176	Change in current liabilities	945	2,299	734
(801)	(87)	Change in entrusted funds	(708)	(92)	1,257
(2,418)	(2,733)	Deferred policy acquisition costs	(2,138)	(2,887)	(2,558)
(43)	(47)	Interest rate rebates granted	(38)	(50)	(94)
(1,175)	(43)	Change in receivables	(1,039)	(45)	(904)
12,734	15,553		11,258	16,427	19,089
Cash flow from investing activities					
Invested and acquired					
(2,068)	(3,234)	Real estate and shares	(1,828)	(3,416)	(3,980)
(580)	(1,081)	Shares of group companies and subsidiaries	(513)	(1,142)	(1,673)
(109,609)	(95,210)	Other investments	(96,905)	(100,560)	(89,966)
(110)	(153)	Equipment	(97)	(162)	(194)
Disposed and redeemed					
1,905	3,770	Real estate and shares	1,684	3,982	3,335
718	299	Shares of group companies and subsidiaries	635	316	1,166
102,347	84,990	Other investments	90,484	89,766	78,254
9	11	Equipment	8	12	11
(714)	(718)	Indirect return real estate and shares	(631)	(758)	(723)
(4,875)	(3,980)	Change in investments for account of policyholders	(4,310)	(4,204)	(6,961)
(677)	(61)	Other movements	(599)	(65)	(335)
(13,654)	(15,367)		(12,072)	(16,231)	(21,066)
Cash flow from financing activities					
1,165	(747)	Change in subordinated and other long-term loans	1,030	(789)	1,107
21	0	Repurchased and sold own shares	19	0	(21)
0	0	Issuance of common shares	0	0	1,685
0	1,944	Paid in capital / withdrawal preferred shares	0	2,053	0
0	(1)	Change in deposits withheld from reinsurers	0	(1)	29
0	0	Options exercised	0	0	3
0	(6)	Cash settlement stock options	0	(6)	(71)
-	-	Cash settlement subordinated convertible loan	-	-	(68)
(200)	(695)	Dividend paid	(177)	(734)	(544)
986	495		872	523	2,120
66	681	Change in liquid assets	58	719	143
1.1311	0.9468	Translation rate EUR/USD: weighted average exchange rate			

The cash flow statement has been set up according to the indirect method. Only those changes affecting liquid assets have been taken into account. The effects of revaluation and currency exchange rate differences have therefore not been included. Currency exchange rate differences had a significant negative impact on liquid assets denominated in foreign currencies.

NETHERLANDS TAXATION

This section provides a general summary of the material Dutch tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Securities. This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Securities.

The prospective purchaser should consult his or her own tax advisor regarding the Dutch tax consequences of acquiring, holding, redeeming and/or disposing of the Securities.

This summary is based on the tax legislation, published case law, and other regulations in force as at [15 July], 2004, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

We assume that the holders of the Securities do not hold a substantial interest in AEGON N.V. Generally speaking, an interest in the share capital of AEGON N.V. should not be considered a substantial interest if the holder of such interest, and, if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, alone or together, does or do not hold, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital, of any class of shares, of AEGON N.V.

Withholding tax

All payments by AEGON N.V. in respect of the Securities can be made without withholdings or deductions for or on account of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities, any political subdivision thereof or therein or any of their representatives, agents, or delegates.

Taxes on income and capital gains

Residents of the Netherlands

Income received from a Security as well as a gain realized on the disposal or redemption of a Security, by a holder of a Security who is a resident of the Netherlands and who is subject to Dutch corporate income tax, is generally taxable in the Netherlands.

Income received from a Security as well as gain realized on the disposal or redemption of a Security, by a holder of a Security who is an individual who is a resident or a deemed resident of the Netherlands or has opted to be treated as a resident of the Netherlands, will be subject to Dutch individual income tax at progressive personal income tax rates up to 52 per cent. (2004 rate) if:

- (i) the individual has an enterprise or an interest in an enterprise, to the assets of which such Security is attributable, or
- (ii) such income or gain qualifies as income from miscellaneous activities (resultaat uit overige werkzaamheden), include activities with respect to the Security that exceed regular, active portfolio management (normaal, actief vermogensbeheer).

If the conditions set out in paragraphs i. and ii. above do not apply to a resident individual, income received by such individual from a Security as well as gains realized on the disposal or redemption of a Security are not taxable as such. Instead, the return on investments and savings is set at 4 per cent. (2004 rate) of the average value of the holder's yield basis (rendementsgrondslag) (including the Securities, if any) in a calendar year, after taking into consideration a certain limited threshold. The average value is calculated by dividing by two the aggregate of the value of the yield basis (including the Securities, if any) at the beginning of the calendar year and the end of the calendar year. The deemed return of 4 per cent. is then subject to personal income tax at the rate of 30 per cent. (2004 rate). All in all, the value of the holder's average yield

basis (including the Securities, if any) in a calendar year is taxed at an effective rate of 1.2 per cent. irrespective of the actual income received or gain realized.

Non-residents of the Netherlands

A holder of a Security who is neither resident nor deemed to be resident in the Netherlands nor has opted to be treated as a resident in the Netherlands who receives income from a Security, or who realizes a gain on the disposal or redemption of the Security, will not be subject to Dutch taxation on income or capital gains, unless:

- (i) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (ii) the holder is an individual, and such income or gain is attributable to his or her activities in the Netherlands (as described in paragraph ii. above under the heading 'Residents of the Netherlands'), other than business or employment activities (resultaat uit overige werkzaamheden in Nederland');

Taxation of gifts and inheritances

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of a Security by way of a gift by, or on the death of a holder of a Security who is a resident or deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax at the date of the gift or his or her death. An individual of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax if he or she has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of Dutch gift tax only if he or she has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Non-residents of the Netherlands

There will be no Dutch gift or inheritance tax levied on the acquisition of a Security by way of gift by, or on the death of, a holder of a Security, if the holder at the time of the gift or time of death is neither a resident nor a deemed resident of the Netherlands, unless:

- (i) at the time of the gift or death, a Security can be attributed to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (ii) the holder of a Security dies within 180 days of making the gift, and at the time of death is a resident or deemed resident of the Netherlands.

Value added tax

No value added tax will be due in the Netherlands in respect of payments made in consideration for the issue of a Security, whether in respect of payments of interest and principal or in respect of the transfer of a Security.

Other taxes

There will be no registration tax, capital contribution tax, customs duty, stamp duty, real estate transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution or delivery of the Securities or the performance of AEGON N.V.'s obligations under the relevant documents.

However, Dutch capital contribution tax at a rate of 0.55 per cent. (2004 rate) will be payable by AEGON N.V. upon the issue of Ordinary Shares by AEGON N.V. on the basis of the Alternative Coupon Satisfaction Mechanism.

Residency

A holder of a Security will not become, and will not be deemed to be, resident in the Netherlands merely by virtue of holding such Security or the execution, performance and/or delivery of any relevant documents.

European Union Savings Directive

On 3 June, 2003, the Council of the European Union adopted a Council Directive on the taxation of savings income in the form of interest payments (the Directive'). Based on the Directive and subject to a number of important conditions being met, a Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments.

SUBSCRIPTION AND SALE

Under a subscription agreement entered into by the Issuer on 13 July, 2004 (the 'Subscription Agreement'), ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Barclays Bank Plc, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, HSBC Bank Plc, ING Bank N.V., J.P. Morgan Securities Limited, Merrill Lynch International, Morgan Stanley & Co. International Limited, UBS Limited and The Royal Bank of Scotland Plc (together the 'EUR Managers') have agreed to subscribe for the EUR Capital Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the EUR Managers a combined management, underwriting and selling commission of 2 per cent. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

Under a subscription agreement entered into by the Issuer on 13 July, 2004 (the 'Subscription Agreement'), ABN AMRO Bank N.V., BNP Paribas, Citigroup Global Markets Limited, Barclays Bank Plc, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, HSBC Bank Plc, ING Bank N.V., J.P. Morgan Securities Limited, Merrill Lynch International, Morgan Stanley & Co. International Limited, UBS Limited and The Royal Bank of Scotland Plc (together the 'USD Managers') have agreed to subscribe for the USD Capital Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the USD Managers a combined management, underwriting and selling commission of 2 per cent. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

United States

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the 'Securities Act') and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Securities(i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of US persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under the Securities Act.

The Securities are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

In addition, until 40 days after the completion of the distribution of all Securities, an offer or sale of Securities within the United States by any Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the expiry of the period of six months from the date of issue of the Securities, will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

- (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (“FSMA”) with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has severally represented and agreed that it will not offer or sell the Securities, nor will it make the Securities the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act 2001 of Singapore (the “Singapore Securities and Futures Act”), (b) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the Singapore Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the Singapore Securities and Futures Act.

Belgium

This Prospectus and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Securities.

Each Manager has represented and agreed that it will not:

- (a) offer for sale, sell or market in Belgium such Securities by means of a public offer within the meaning of the law of 22 April, 2003 on the public offer of securities; or
- (b) sell Securities to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14 July, 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Germany

Each Manager has represented and agreed that it shall only offer Securities in the Federal Republic of Germany in compliance with the provisions of the German Securities Sales Prospectus Act (Wertpapier-Verkaufsgesetz) or any other laws applicable in the Federal Republic of Germany.

Italy

The offering of the Securities has not been cleared by CONSOB (the Italian Securities exchange Commission) pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the notes be distributed in the Republic of Italy, except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 2 February, 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May, 2000, as amended.

Any offer, sale or delivery of the Securities or distribution of copies of the Prospectus or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September, 1993 (the **Banking Act**); and
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations.

Dubai

This Prospectus has not been approved by the UAE Central Bank and the Managers have not received any authorisation from the UAE Central Bank to market or sell the Securities within the UAE. No services relating to the Prospectus may be rendered in the UAE.

General

Each Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Manager shall have any responsibility therefor.

Neither the Issuer nor any of the Managers represents that the Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

1. The issue of the Securities was duly authorised by a resolution of the Executive Board of the Issuer dated 13 June, 2004.

Listing

2. Application has been made to list the Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

Clearing Systems

3. The Securities have been accepted for clearance through Euroclear Netherlands. The ISIN Code for the issue of the EUR Capital Securities is NL0000116150 and for the issue of the USD Capital Securities is NL0000116168, the Amsterdam Securities Code (*fondscore*) for the issue of the EUR Capital Securities is 11615 and for the issue of the USD Capital Securities is 11616 and the Common Code for the issue of the EUR Capital Securities is 019600882 and for the issue of the USD Capital Securities is 019600971.

No material adverse change

4. There has been no material adverse change in the financial position of the Issuer other than set out in this Offering Circular since 31 December, 2003.

Auditors

5. Ernst & Young Accountants have acted as the auditors of the annual accounts of the Issuer for the financial years ending 31 December, 2001, 2002 and 2003 respectively.

Use of Proceeds

6. The net proceeds of the issue of the Securities, amounting to approximately euro 490,000,000 and USD 245,000,000 will be applied by the Issuer for its general corporate purposes

Documents available

7. Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being as long as any of the Securities remains outstanding:
 - (a) the English translation of the Articles of Association (*statuten*) of the Issuer;
 - (b) the audited financial statements of the Issuer (in English) in respect of the years ended 31 December, 2001, 2002 and 2003;
 - (c) copies of the Trust Deed and the Agency Agreement;
 - (d) the 1983 Merger Agreement between the Issuer and Vereniging AEGON as amended by agreement dated 26 May, 2003; and
 - (e) the Preferred Shares Voting Rights Agreement between the Issuer and Vereniging AEGON dated 26 May, 2003.

U.S. Tax Legend

8. All Securities will carry a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code”. The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of an Perpetual Security.

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REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

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2591 TV The Hague
The Netherlands

CALCULATION AGENT

ABN AMRO Bank N.V.
Kemelstede 2
4817 ST Breda
The Netherlands

PAYING AGENT

ABN AMRO Bank N.V.
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4817 ST Breda
The Netherlands

AMSTERDAM LISTING AGENT

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

LEGAL ADVISER

To the Managers
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1077 AB Amsterdam
The Netherlands

INDEPENDENT PUBLIC AUDITORS

Ernst & Young Accountants
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The Netherlands

TRUSTEE

ATC Financial Services B.V.
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The Netherlands

GLOBAL COORDINATOR

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