AEGON secures EUR 3 billion of core capital

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AEGON N.V.

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Highlights

- AEGON to reinforce capital buffer substantially above AA level requirements
  - AEGON secures EUR 3 billion of core capital from the Dutch State, via Vereniging[1] AEGON
  - Acceleration of de-risking and capital release actions
  - AEGON to forego final dividend for 2008

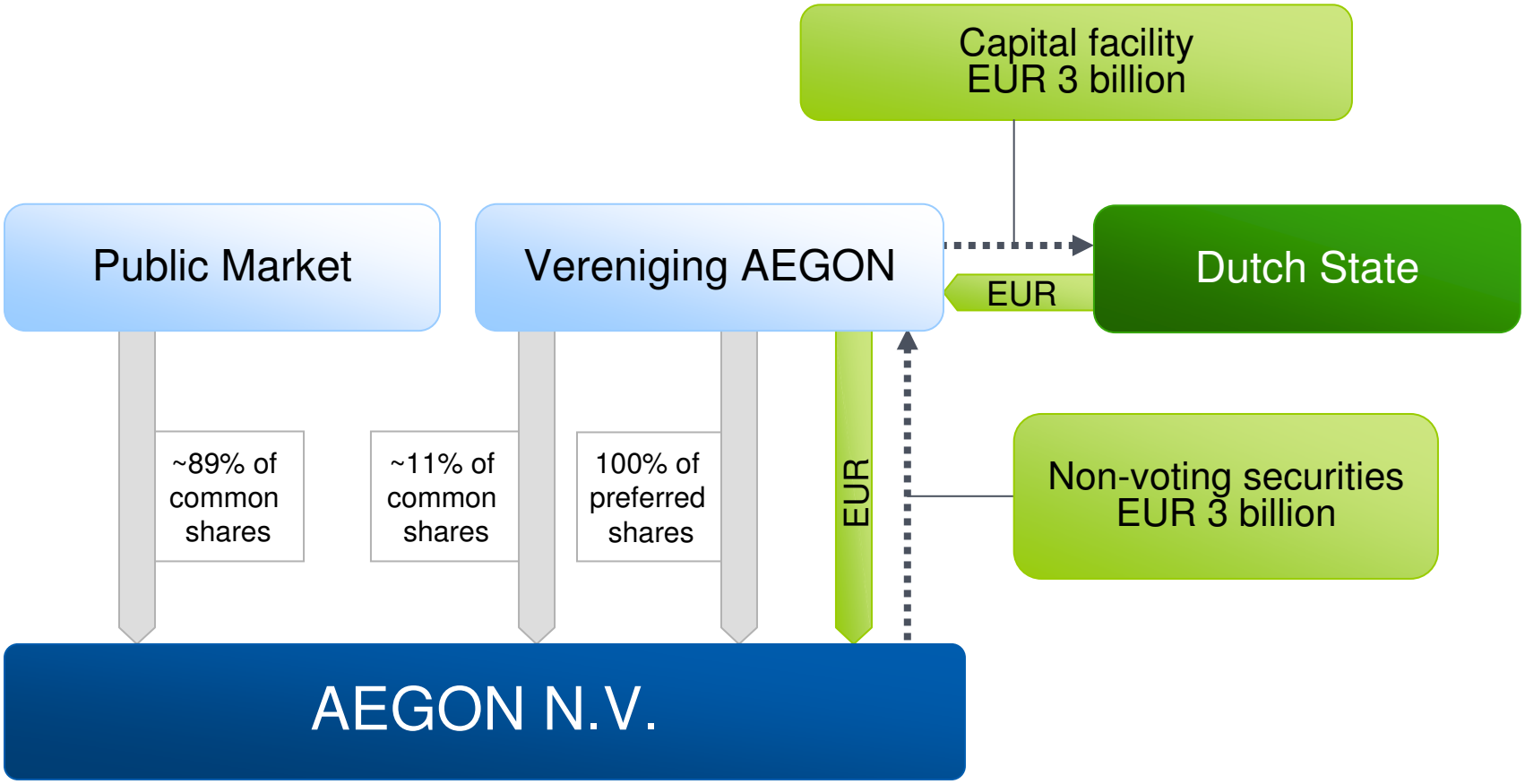
- AEGON expects to report Q3 results of approximately:
  - Underlying earnings before tax of EUR 500 million
  - Net loss of EUR 350 million
  - Shareholders' equity of EUR 9.4 billion

[1] Known in English as 'Association AEGON'

Background to an exceptional situation

- AEGON expects to report strong capital position per end Q3:
  - EUR 300 million in excess of its operating units AA rating requirements
  - Insurance Group Directive (IGD) capital surplus of EUR 5 billion (solvency ratio of 160%)
- Severe market disruption since September 30 and high level of uncertainty in financial markets
  - Increased sensitivity to equity markets
- Prudent to reinforce capital buffer to a level substantially in excess of AEGON's AA rating requirements
  - Structure provides security and flexibility
- Substantial capital buffer will support AEGON in executing its strategy

Structure


Capital facility
EUR 3 billion
Public Market
Vereniging AEGON
Dutch State
EUR
~89% of common shares
~11% of common shares
100% of preferred shares
EUR
Non-voting securities
EUR 3 billion
AEGON N.V.

Summary of term sheet

Instrument	Securities qualifying as core capital o No voting rights o Non-transferable o Minimize any future dilution
Maturity	Perpetual
Issue Price	EUR 4 per security
Repurchase option	AEGON can repurchase securities at any time o 250 million within first year at price between EUR 4 and EUR 4.52 o Any remaining securities at EUR 6 (150% of drawn amount)
Conversion option	AEGON can convert securities one-for-one into common shares after three years o Dutch State may opt for repayment in cash at par EUR 4 instead
Coupon	o Interest is the higher of 8.5% coupon (EUR 0.34 per security) or – 110% of dividend paid on common shares for 2009 – 120% of dividend paid on common shares for 2010 – 125% of dividend paid on common shares for 2011 and afterwards o Coupon paid only if a dividend is paid to common shareholders o Non-cumulative and not tax deductible
Ranking	Equal to common shares (*pari passu*)

Governance & remuneration

- Dutch State representation on AEGON Supervisory Board
  - Two seats granted
  - Formal appointment by Annual General Meeting of Shareholders
  - Membership of Audit and Compensation and Nominating Committees
- State representatives approval required on certain decisions
- AEGON maintains full discretion to determine dividend on common shares
- No bonuses for Executive Board in respect of 2008

Key benefits of the structure

The structure provides the following benefits to AEGON

Enhanced financial strength	→	Capital buffer against severe stress scenario
Flexible structure	→	Ability to repurchase
Permanence of capital	→	AEGON's option to convert
Regulatory & rating agency capital treatment	→	Enhanced capital ratios
Vereniging AEGON	→	No change in voting rights No change in shareholder structure Ongoing source of financial flexibility Representation of all stakeholders

Q3 results impacted by financial markets

- Underlying earnings before tax expected to be approximately EUR 500 million, mainly affected by lower equity markets and unfavorable mortality experience.

- Net loss of approximately EUR 350 million mainly impacted by
  - Underperformance of fair value items (approximately EUR 400 million pre tax)
  - Total impairments related to Lehman Brothers, Washington Mutual and housing related asset backed securities (approximately EUR 400 million pre tax)

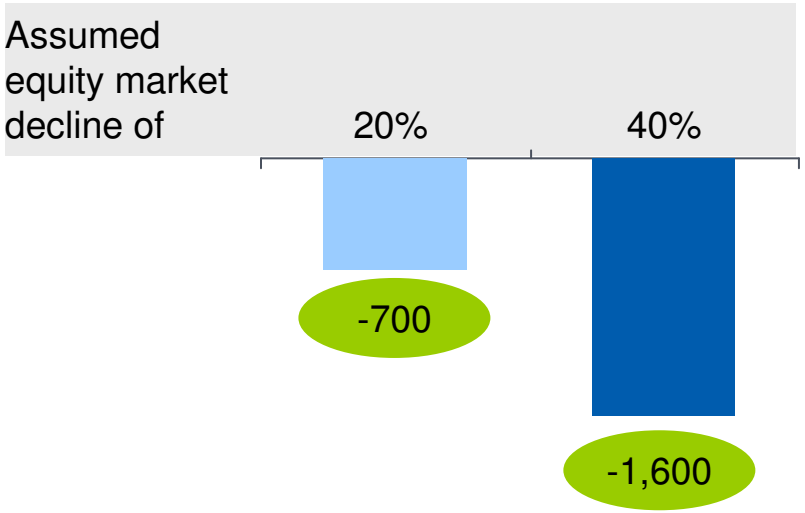
- Shareholders' equity is expected to be approximately EUR 9.4 billion by the end of the quarter
  - Shareholders' equity excluding revaluation reserve, is expected to be approximately 71% of total capital base, above target
  - Revaluation reserve in Q3 is expected to decline by approximately EUR 2.5 billion, driven by wider credit spreads

- Liquidity remains strong

Equity market sensitivity increased due to market deterioration

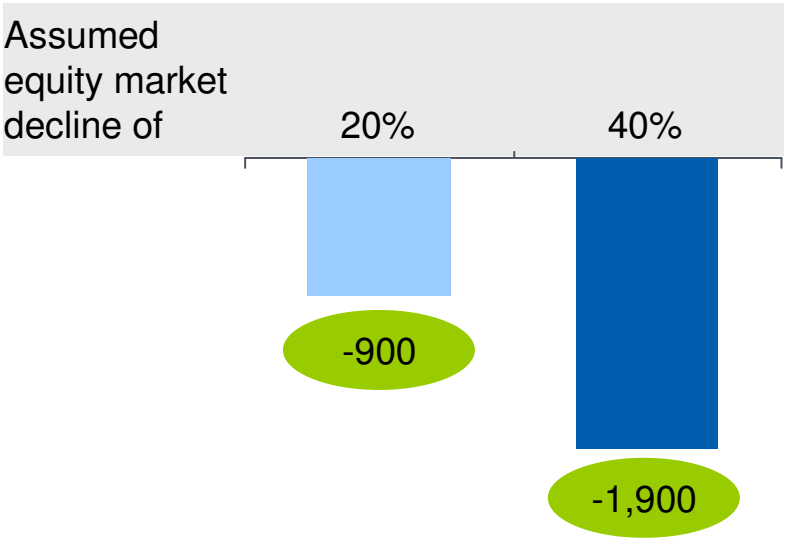
Based on equity markets as of September 30, 2008

Impact on earnings
(12 month period, EUR million)



- Lower fees
- Reserve strengthening for guarantees
- DAC unlocking*

Impact on capital
(EUR million)



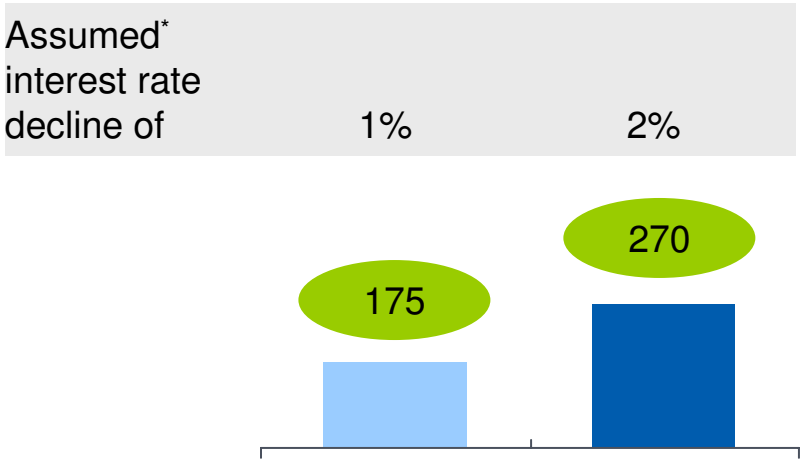
- Direct exposure
- Reserve strengthening for guarantees

* Acceleration of amortization of deferred acquisition costs

Interest rate sensitivity

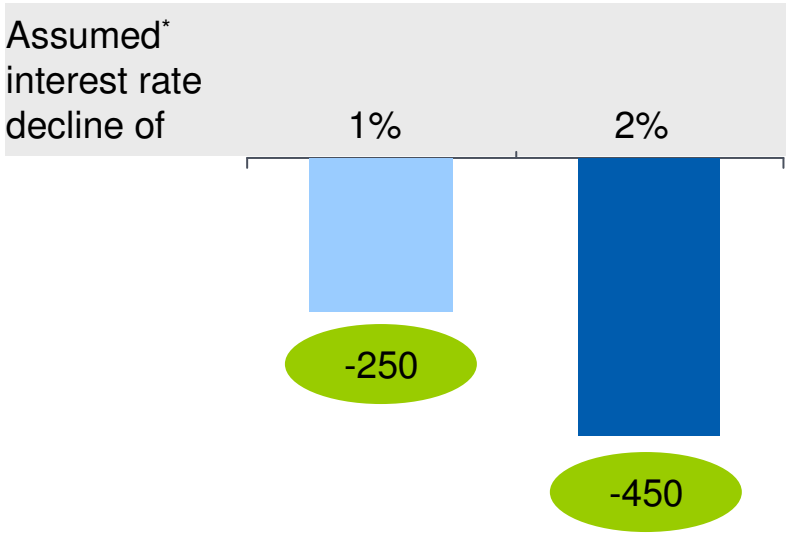
Based on interest rates as of September 30, 2008

Impact on earnings
(12 month period, EUR million)



- Lower funding costs
- Higher capital gains

Impact on capital
(EUR million)

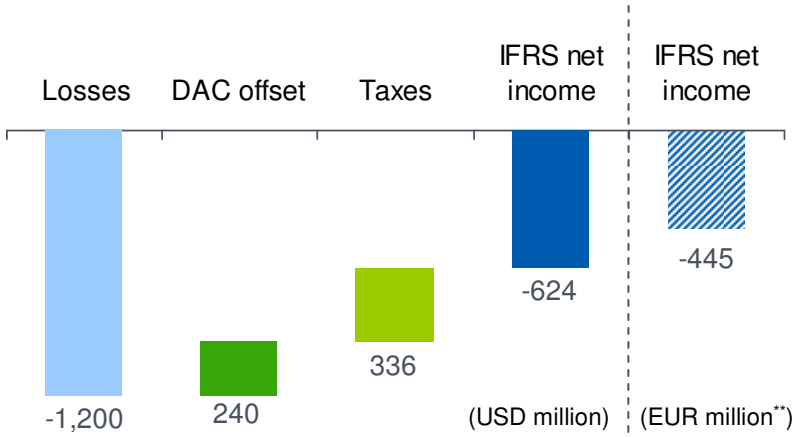


- Reserve strengthening for guarantees

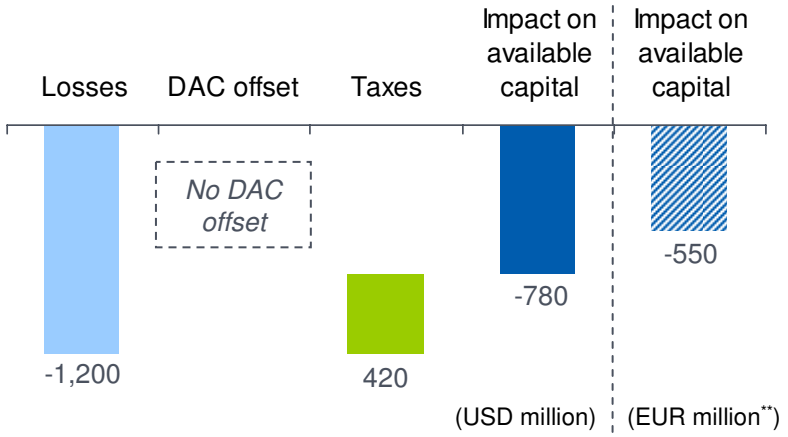
* Assumes a parallel shift in the yield curve

Impact of potential credit impairments

Impact on IFRS net income



Impact on available capital



Example:

- 100 bps of losses on USD 120 billion of assets*
- 20% DAC offset
  (possible range 0% – 60%, depending on business line)
- 35% tax offset
  (depending on geography)

* Includes bonds and mortgages of US fixed income portfolio
** EUR/USD rate of 1.41

Capital position

AEGON to reinforce capital buffer significantly above AA level requirements

	June 30, 2008	Expected September 30, 2008
Capital Base Ratio (debt / equity ratio)	74%	71%
S&P risk-based insurance capital model excess capital in operating units above AA level	EUR 842 million	EUR 300 million
Insurance Group Directive (IGD) surplus capital	EUR 8.5 billion (205%)	EUR 5 billion (160%)

Expected changes in Q4

- \+ Underlying earnings
- \- Market movements
- \+ De-risking
- \+ Capital releases

Substantial buffer to protect against further market deterioration

Ongoing acceleration of de-risking and capital release

Capital preservation and risk mitigation actions important to enhance capital buffer

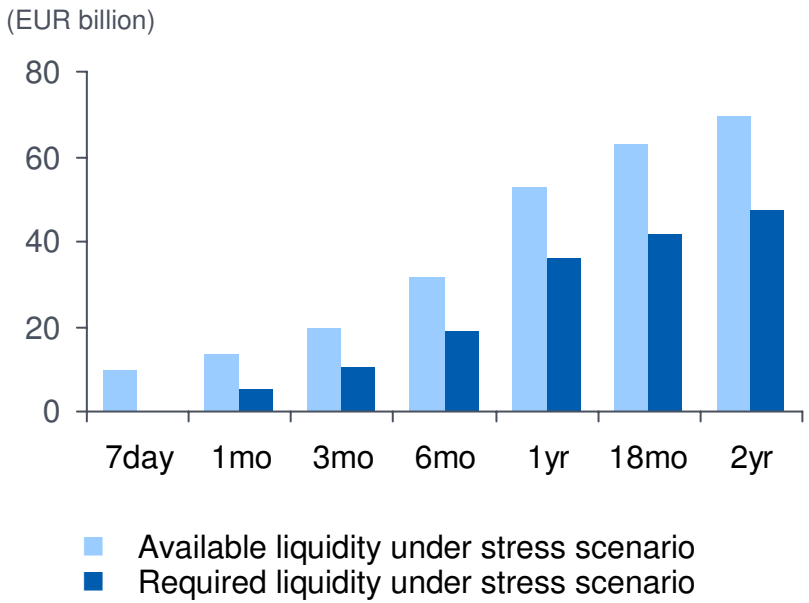
Complete execution on identified capital preservation and risk mitigation actions, including:

- Lowering investment risk
  - New money
  - Existing portfolio
- Risk transfer through reinsurance
- Securitizations

Strong liquidity position

Liquidity management

Stress scenario



Assumptions:

- Extreme possibility of 'frozen' markets for years anticipated
- Impaired capital markets liquidity test assumes an extended period and normal liquidity only resuming in 2 years

Results:

- Our liquidity position remains very strong even ignoring contingent liquidity sources
- Under a conservative best estimate basis, AEGON has positive net inflows into 2010

This stress scenario assumes:
- severely impaired capital markets liquidity
- a 3% immediate and permanent increase in interest rates
- liabilities are assumed to withdraw at their earliest conceivable date

Conclusions

- AEGON secures EUR 3 billion of core capital
- Commitment to maintaining strong capital position
- Ongoing acceleration of capital release and risk reduction
- Liquidity remains strong
- A sound business model

Q&A

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Appendix:
Supervisory Board decisions that require approval of State representatives

- State representatives approval required on certain decisions:
  - Issue or repurchase of AEGON shares
  - Listing and delisting on stock exchange
  - Acquisitions or divestitures amounting to 25% or more of AEGON's equity (approximately EUR 2.5 billion)
  - Proposal for merger, split off or dissolution of AEGON
  - Proposal to shareholders for change of the remuneration policy

Appendix:
Vereniging AEGON

- The purpose of the Vereniging is the balanced representation of the interests of AEGON, as well as those of policyholders, employees, shareholders and other relations of the Company
- The Vereniging is committed to the long-term continuity of AEGON
- Represents approximately 34% voting rights
  - The Vereniging uses under normal circumstances 24% of existing voting rights
- The Vereniging is the largest shareholder of AEGON
  - All preferred shares
    - 211,680,000 Class A preferred shares of EUR 0.25 nominal per share
    - 35,170,000 Class B preferred shares of EUR 0.25 nominal per share
  - Approximately 11% common shares
    - 171,974,055 common shares of EUR 0.12 nominal per share
- The financing facilities do not contain provisions that will have consequences for the shareholding of the Vereniging as a result of developments of the AEGON share price

Upcoming events

6 November 2008	**AEGON Q3 2008 Results**	Jos Streppel, Eric Goodman
13 November 2008	**Cheuvreux Conference,** *New York*	Jos Streppel
24 November 2008	**AEGON Analyst and Investor Day,** *London*	
4 December 2008	**Société Générale Conference,** *Paris*	Alex Wynaendts

Cautionary note regarding forward-looking statements

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The statements contained in this presentation that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, should, would, is confident, will, and similar expressions as they relate to our company. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in our fixed income investment portfolios; and
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities we hold;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity and other factors that may impact the profitability of our insurance products;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting our operations, the products we sell, and the attractiveness of certain products to our consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Litigation or regulatory action that could require us to pay significant damages or change the way we do business;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for our products;
- Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives; and
- The impact our adoption of the International Financial Reporting Standards may have on our reported financial results and financial condition.

Cautionary note regarding Regulation G (non-GAAP measure)

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