





















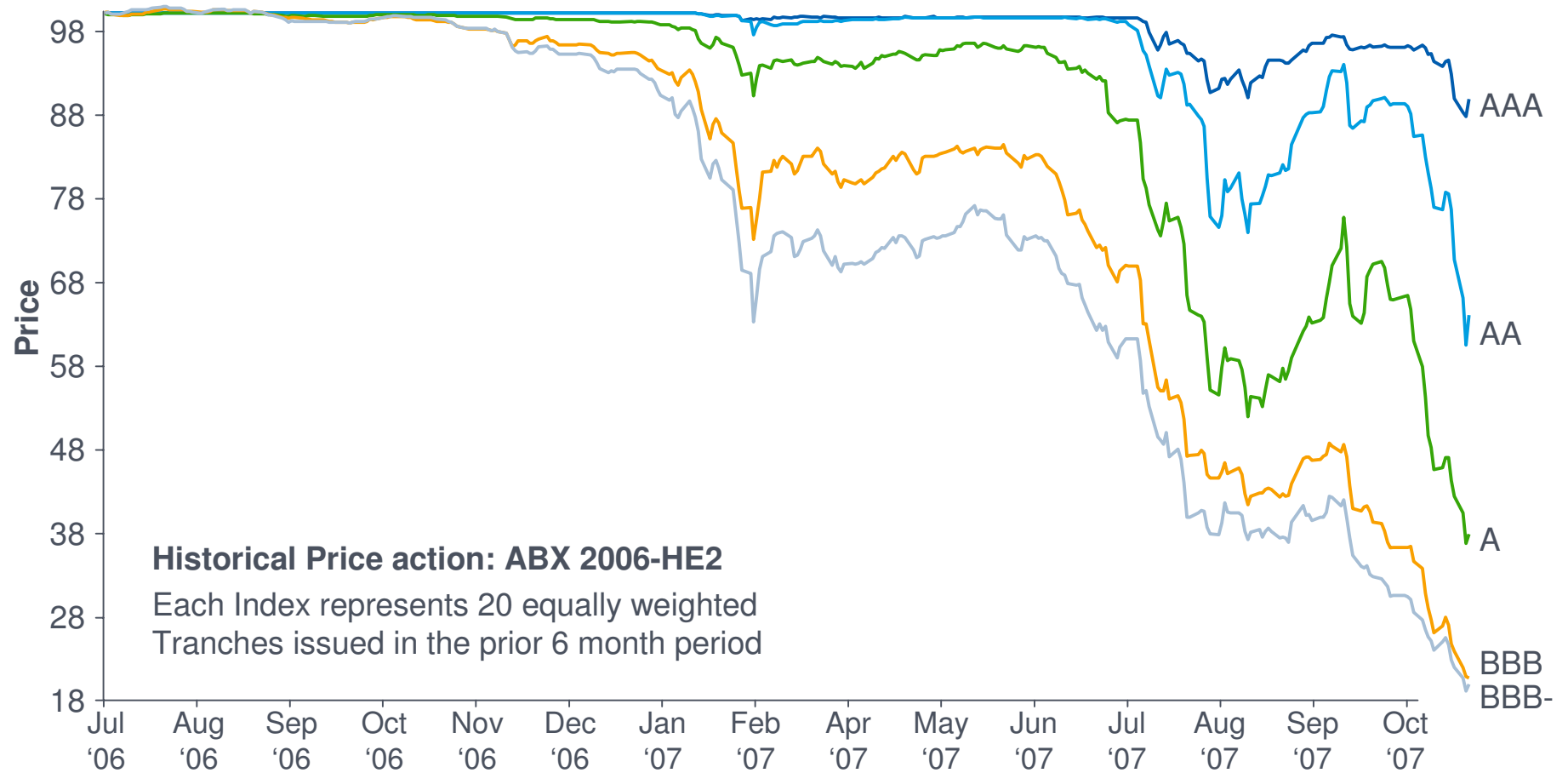






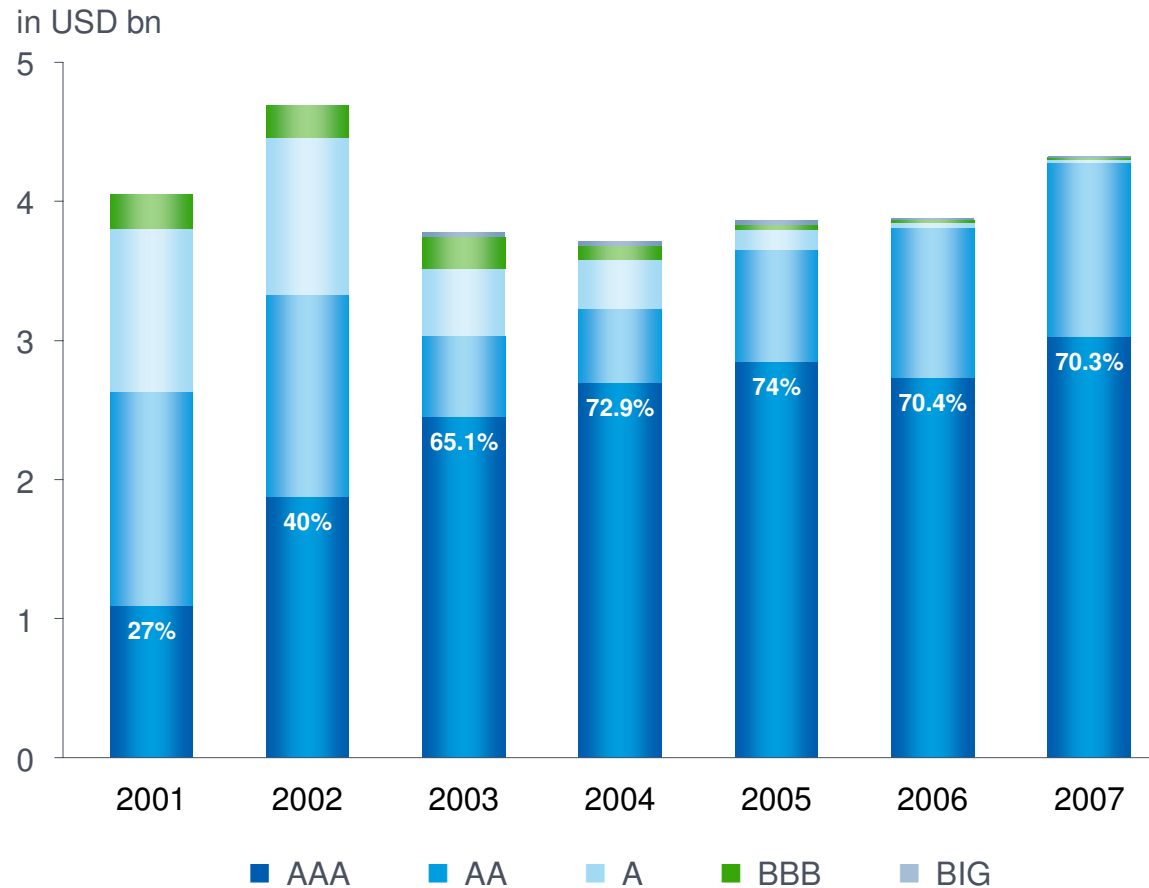


- ◆ Cash markets are disrupted
- ◆ ABX derivatives overwhelmed by intense hedging pressure



## Rating Migration

- ◆ Became cautious about the structural aspects of the subprime mezzanine classes in 2002
- ◆ Stopped purchasing 'A' and lower tranches in 2003. Actively began selling mezzanine positions as market spreads tightened
- ◆ Continued to upgrade the portfolio and reduce relative exposure to the sector as underwriting deteriorated

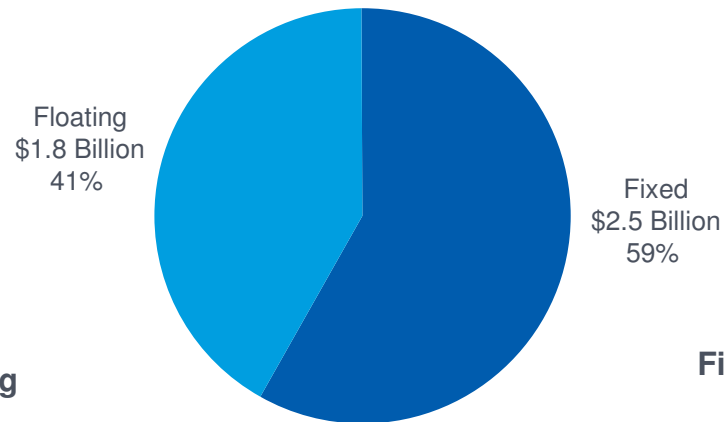


Book values by internal ratings

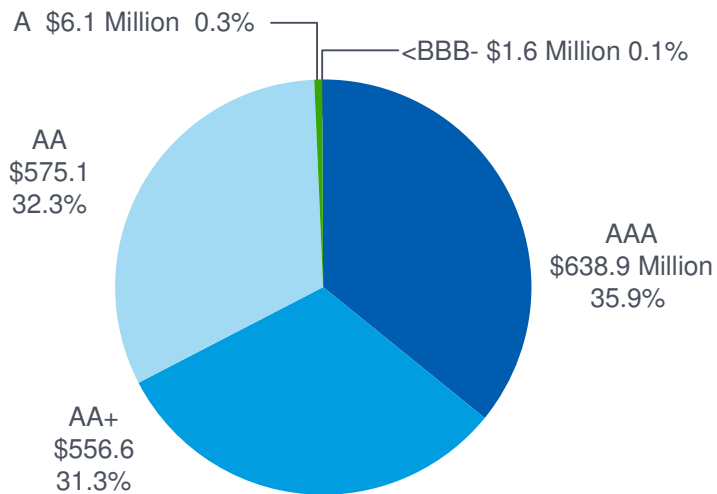
2007 data is through 9/30/2007 and is based on hierarchy ratings

All USD figures represent book value as of September 30, 2007

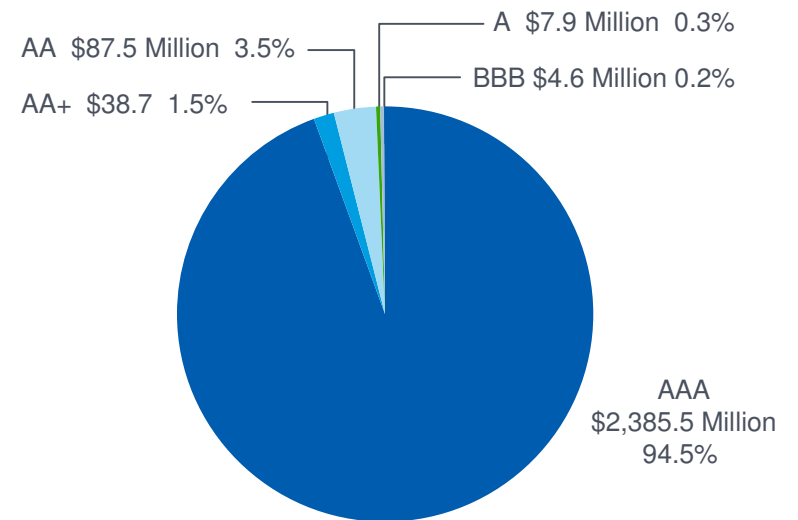
**Total portfolio**



**Floating portfolio by Rating**

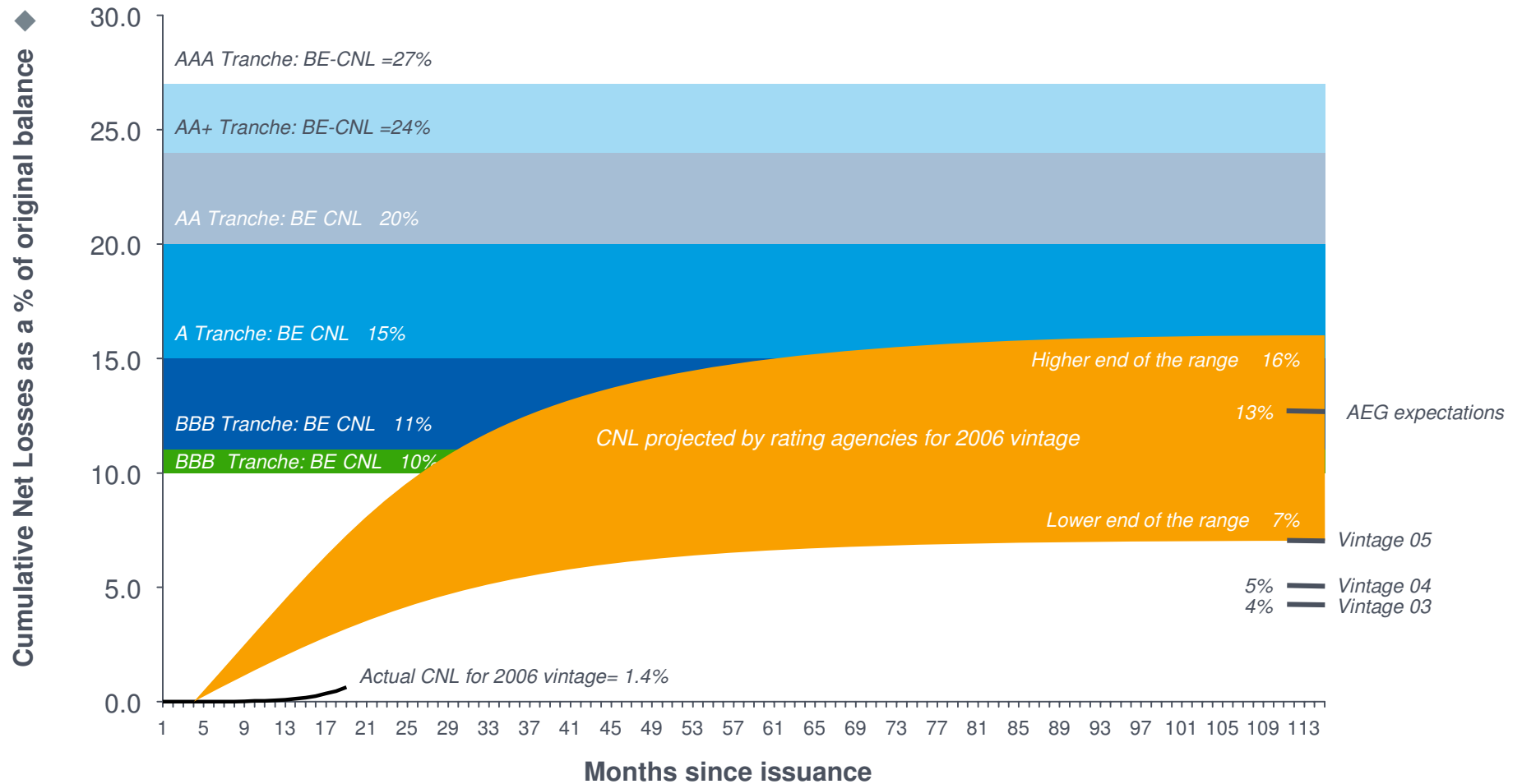


**Fixed portfolio by Rating**





## Typical 2006 Vintage Hybrid Securitization



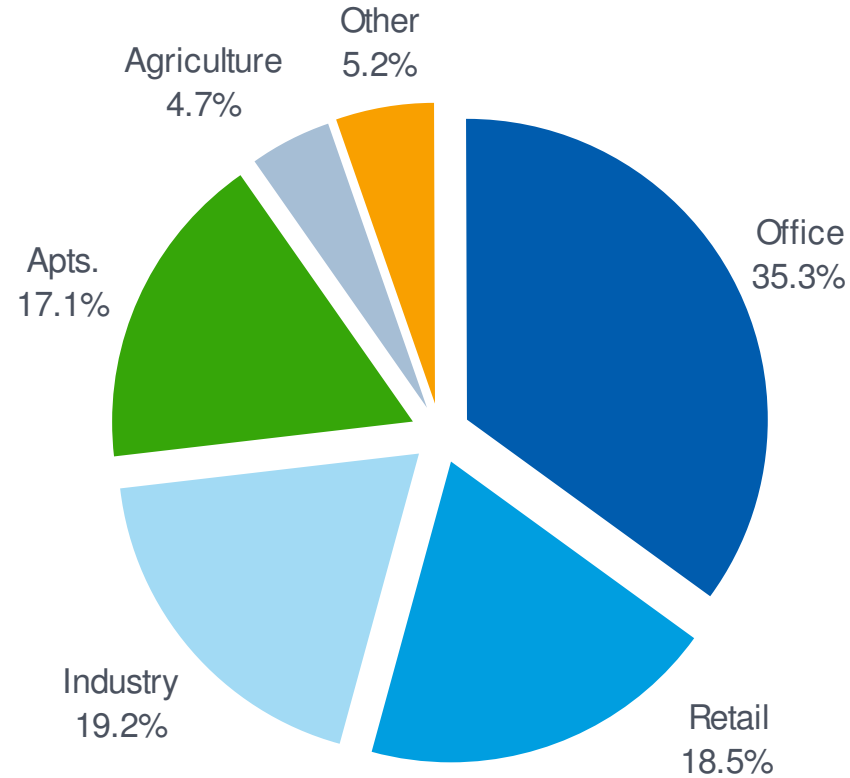
BE-CNLC: Cumulative Net Losses on the pool that would cause principal impairment

- ◆ Prime Mortgages
- ◆ Commercial Paper Markets (SIVs)
- ◆ Financial Corporate Credits
- ◆ Monoline Insurers
- ◆ Hedge Funds
- ◆ Macroeconomic

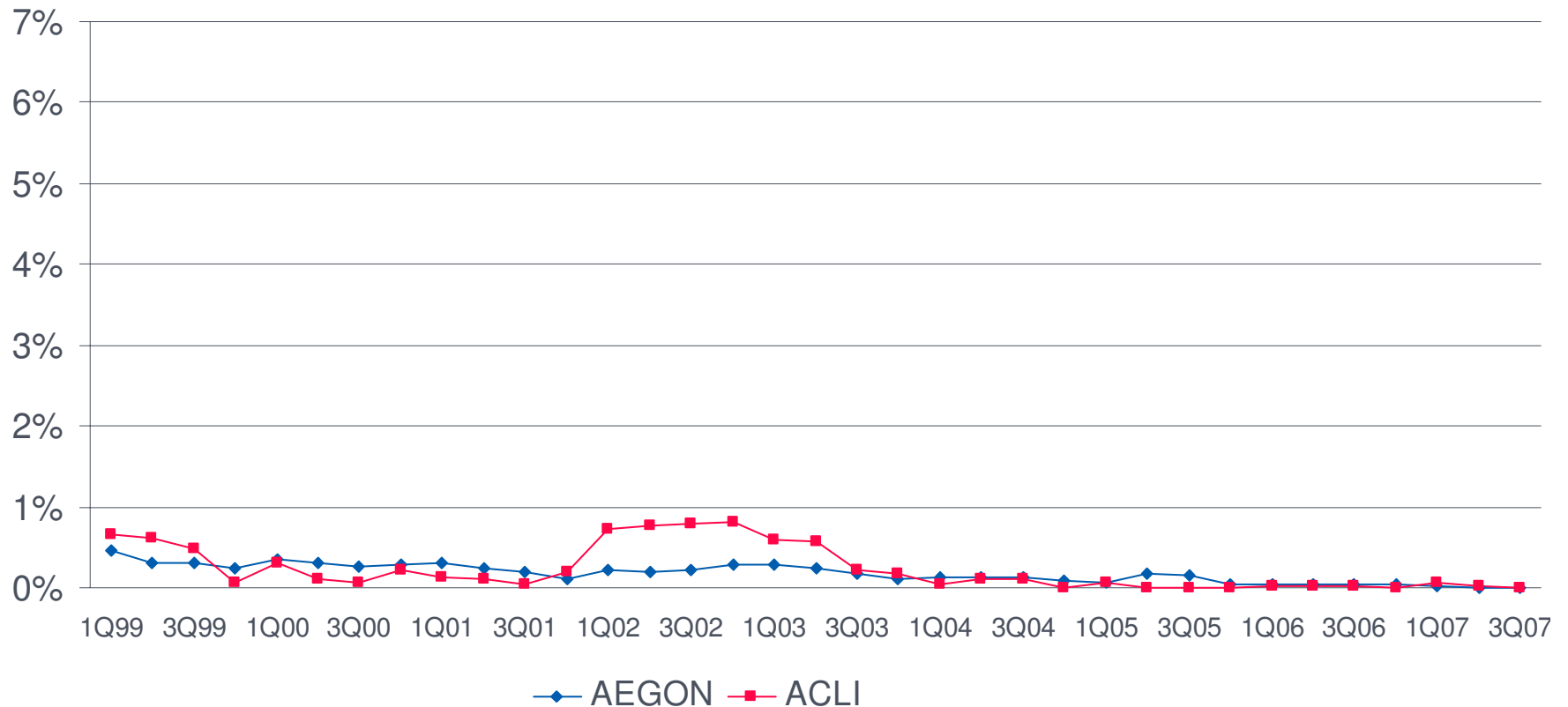
## Mortgage loan portfolio by type

Total Portfolio = USD 16.1 billion

09/30/07



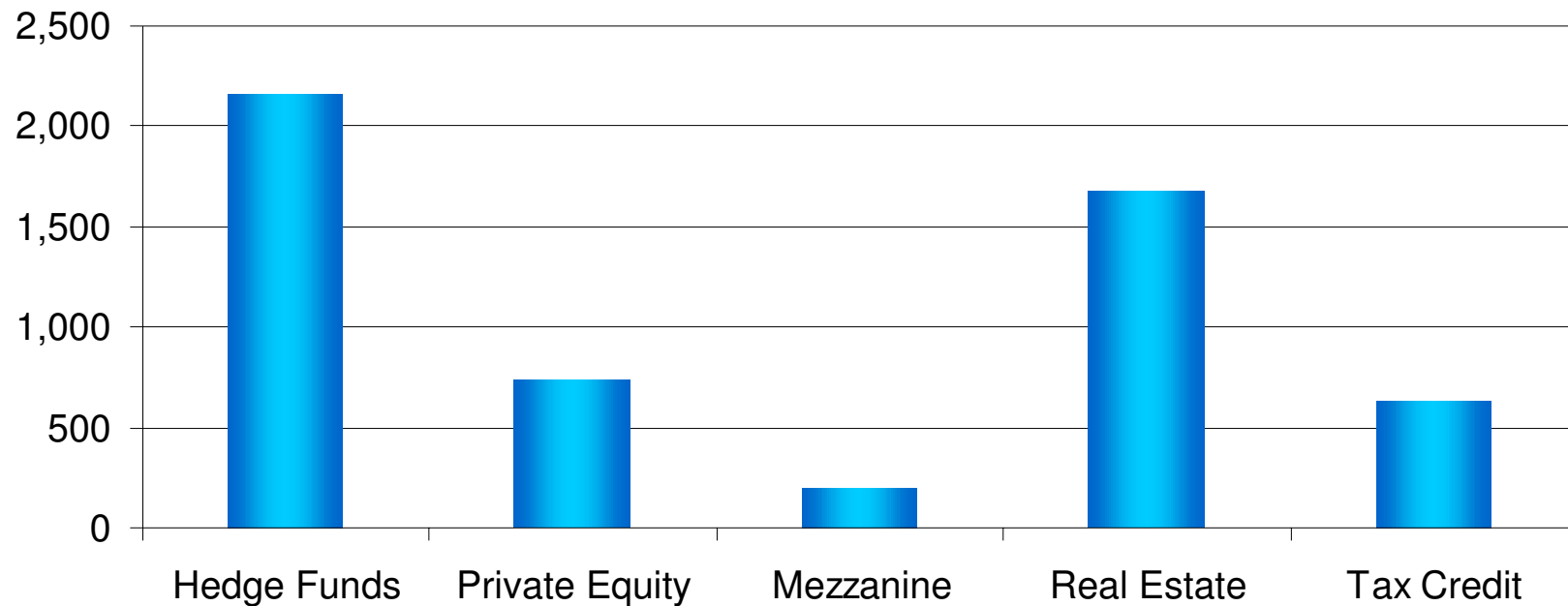
## AEGON Commercial Mortgages vs ACLI Commercial Mortgages Total Delinquent\* Loans and Loans in Process of Foreclosure As a Percentage of Outstanding Principal



\*ACLI defines delinquent as past due 60 or more days

**Total Portfolio (IFRS): USD 5.5 bn**  
as of September 30, 2007

in USD mln





## Alternative Returns Have Exceeded Expectations

In USD mln

<b>Asset Class</b>	<b>9/30/2007 Asset Balance</b>	<b>Expected Earnings Q3 2007</b>	<b>Actual Earnings Q3 2007</b>	<b>Variance</b>	<b>Expected Earnings YTD 2007</b>	<b>Actual Earnings YTD 2007</b>	<b>Variance</b>
Hedge Funds	2,168	48	31	(17)	136	241	105
Private Equity	743	20	61	41	64	95	31
Mezzanine	262	12	1	(11)	32	93	61
Real Estate	1,677	39	35	(4)	103	118	15
Tax Credit*	637	14	11	(3)	57	49	(8)
Subtotal	5,487	133	139	6	392	596	204
<i>Other Fair Valued Assets</i>							
Convertible bonds	364	7	36	29	20	68	48
Total	5,851	140	175	35	412	664	252

\* Earnings on a pre-tax basis

\*\* The returns shown above include returns from both assets backing liabilities at fair value and certain assets not backing liabilities at fair value

- ◆ Hedge Fund program is USD 2.2 billion
- ◆ Program Manager: Prisma LLC (majority-owned by AEGON)
- ◆ Approach: Fund of Funds, “Zero Beta”, 50 different LPs.
- ◆ Strategies: Event Investing (USD570m), Long/Short Equity (USD437m), and several others.
- ◆ Performance: 9.8% 1997-August 2007, with low volatility (3% s.d.\*), and low correlation to credit, equities, or interest rates

\*approximately 4.0% when adjusted for serial correlation

Statistics Using Observed Data from January 1997 to September 2007

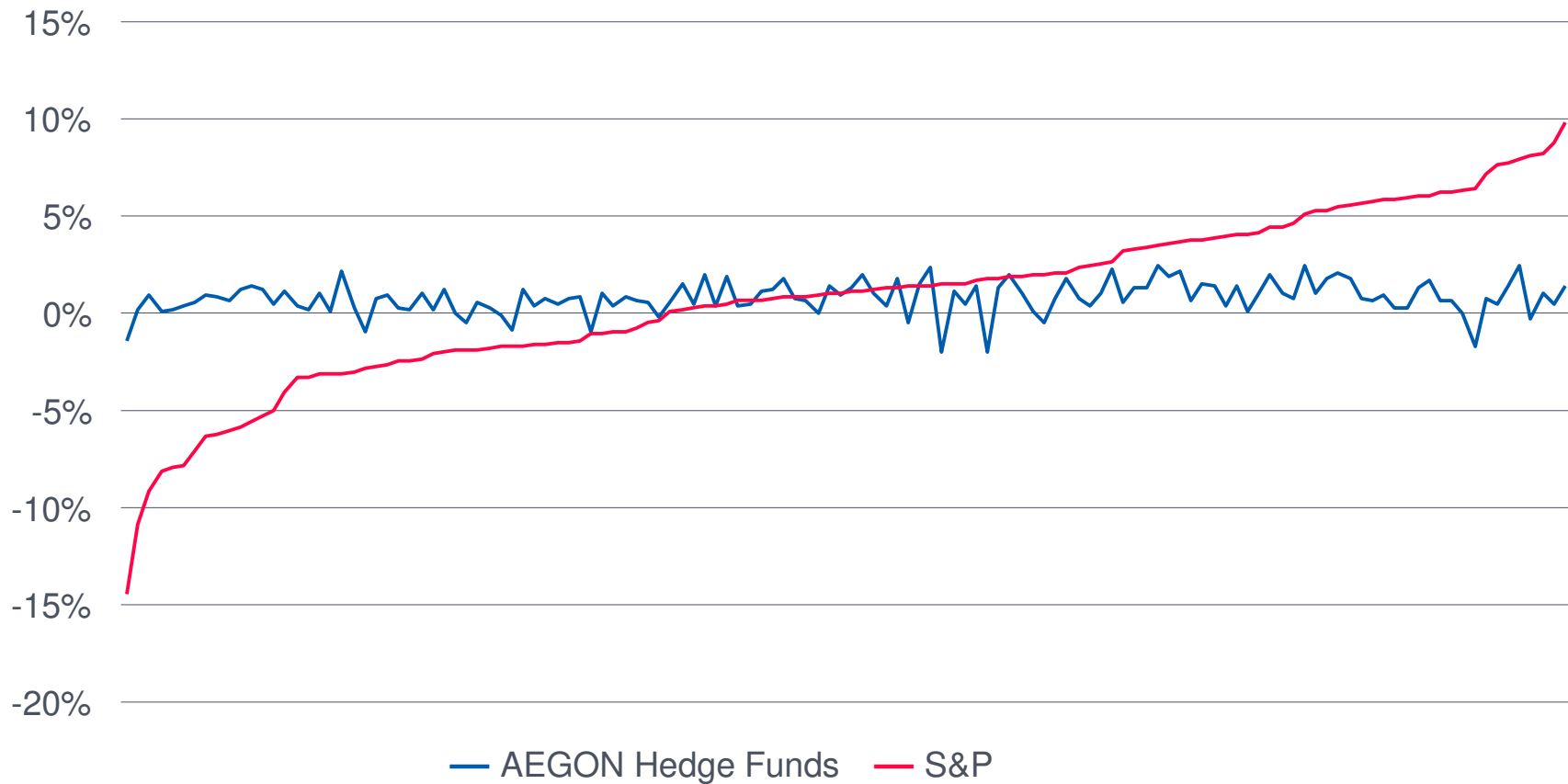
	AEGON's Hedge Funds	Tremont Hedge Fund Index	Lehman HY Index	Lehman IG Index	S&P 500 Index
Return	9.9%	10.7%	6.4%	6.4%	8.7%
Annualized Standard Deviation <sup>1</sup>	3.9%	7.8%	8.2%	4.5%	15.0%
Best Month	2.5%	8.5%	7.5%	3.7%	9.8%
Worst Month	-2.0%	-7.6%	-7.4%	-4.3%	-14.4%
Worst 3 Month Period	-4.1%	-13.8%	-11.9%	-3.8%	-17.3%
Worst 6 Month Period	-4.4%	-11.4%	-11.3%	-3.8%	-28.4%
Worst 12 Month Period	0.3%	-6.0%	-9.2%	-3.3%	-26.6%
Correlation to AEG Hedge Funds	1.00	0.50	0.30	0.13	0.25
Base NAIC Capital <sup>2</sup>	30%	30%	9%-11%	0.9%	32%

<sup>1</sup> The standard deviation has been adjusted for the serial correlation in the return streams.

<sup>2</sup> Charges not adjusted for taxes or company stock portfolio beta.



## Monthly S&P Returns Sorted Worst to Best with Corresponding AEGON Hedge Fund Returns



- ◆ Our goal: maximize earnings and investment returns while managing to an acceptable risk level
- ◆ Organizational structure facilitates integrated asset / liability management
- ◆ Corporate and Commercial Mortgage credit losses remain low, in line with the market
- ◆ MBS and ABS portfolios are expected to weather the residential mortgage market problems well, due to upgrading in past years
- ◆ Alternative investment portfolio has produced excellent returns, with moderate risk

# APPENDIX

**Book Value  
As of September 30, 2007**

<i>USD in millions</i>	<b>AAA</b>	<b>AAA Wrapped</b>	<b>AA+</b>	<b>AA</b>	<b>AA Wrapped</b>	<b>A</b>	<b>BBB</b>	<b>Below BBB</b>	<b>Total</b>
Sub-prime First Lien Mortgages - Fixed Rate	\$ 1,091	\$ 542	\$ 39	\$ 68	\$ -	\$ 1	\$ -	\$ -	\$ 1,741
Sub-prime First Lien Mortgages - Floating Rate	467	106	510	498	77	6	-	-	1,664
Second Lien Mortgages <sup>(1)</sup>	149	669	47	19	-	7	5	2	898
<b>Total</b>	<b>\$ 1,707</b>	<b>\$ 1,318</b>	<b>\$ 595</b>	<b>\$ 585</b>	<b>\$ 77</b>	<b>\$ 14</b>	<b>\$ 5</b>	<b>\$ 2</b>	<b>\$ 4,303</b>
	39.7%	30.6%	13.8%	13.6%	1.8%	0.3%	0.1%	0.0%	100.0%

**Market Value  
As of September 30, 2007**

<i>USD in millions</i>	<b>AAA</b>	<b>AAA Wrapped</b>	<b>AA+</b>	<b>AA</b>	<b>AA Wrapped</b>	<b>A</b>	<b>BBB</b>	<b>Below BBB</b>	<b>Total</b>
Sub-prime First Lien Mortgages - Fixed Rate	\$ 1,048	\$ 525	\$ 37	\$ 65	\$ -	\$ 1	\$ -	\$ -	\$ 1,676
Sub-prime First Lien Mortgages - Floating Rate	454	103	448	454	68	5	-	-	1,532
Second Lien Mortgages <sup>(1)</sup>	142	646	40	19	-	7	4	3	860
<b>Total</b>	<b>\$ 1,644</b>	<b>\$ 1,274</b>	<b>\$ 565</b>	<b>\$ 538</b>	<b>\$ 68</b>	<b>\$ 13</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ 4,068</b>
	40.0%	31.0%	13.8%	13.1%	1.6%	0.3%	0.1%	0.1%	100.0%

<sup>(1)</sup> Second lien mortgages composed primarily of fixed rate loans to prime and alt-a borrowers.

## Book Value - Fixed As of September 30, 2007

<i>USD in millions</i>	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB	Below BBB	Total
2003 & Prior	\$ 383	\$ 306	\$ 1	\$ 4	\$ -	\$ 1	\$ -	\$ -	\$ 695
2004	106	30	30	54	-	-	-	-	221
2005	231	44	7	10	-	-	-	-	292
2006	181	25	1	-	-	-	-	-	207
2007	190	137	-	-	-	-	-	-	327
Total	\$ 1,091	\$ 542	\$ 39	\$ 68	\$ -	\$ 1	\$ -	\$ -	\$ 1,741
	62.7%	31.1%	2.2%	3.9%	0.0%	0.0%	0.0%	0.0%	100.0%

## Book Value - Floating As of September 30, 2007

<i>USD in millions</i>	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB	Below BBB	Total
2003 & Prior	\$ 27	\$ 0	\$ 9	\$ 18	\$ 54	\$ 6	\$ -	\$ -	\$ 115
2004	2	18	-	8	-	-	-	-	28
2005	174	55	61	167	-	-	-	-	457
2006	94	9	157	301	16	-	-	-	576
2007	169	24	283	4	7	-	-	-	488
Total	\$ 467	\$ 106	\$ 510	\$ 498	\$ 77	\$ 6	\$ -	\$ -	\$ 1,664
	28.0%	6.4%	30.6%	29.9%	4.6%	0.4%	0.0%	0.0%	100.0%

**Book Value**  
As of September 30, 2007

<i>USD in millions</i>	<b>AAA</b>	<b>AAA Wrapped</b>	<b>AA+</b>	<b>AA</b>	<b>AA Wrapped</b>	<b>A</b>	<b>BBB</b>	<b>Below BBB</b>	<b>Total</b>
2003 & Prior	\$ 113	\$ 47	\$ -	\$ 19	\$ -	\$ 7	\$ 5	\$ 2	\$ 193
2004	-	69	-	-	-	-	-	-	69
2005	13	-	-	-	-	-	-	-	13
2006	6	206	47	-	-	-	-	-	259
2007	17	347	-	-	-	-	-	-	364
Total (1)	\$ 149	\$ 669	\$ 47	\$ 19	\$ -	\$ 7	\$ 5	\$ 2	\$ 898
	16.6%	74.6%	5.2%	2.1%	0.0%	0.8%	0.5%	0.2%	100.0%

(1) Second lien mortgages composed primarily of fixed rate loans to prime and alt-a borrowers.



Local knowledge. Global power.

AEGON Investor Relations

P.O. Box 85  
2501 CB The Hague  
The Netherlands

p : +31 70 344 8305  
f : +31 70 344 8445  
e : [gca-ir@aegon.com](mailto:gca-ir@aegon.com)





# Cautionary Note regarding forward-looking Statements

## 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 operating 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.