



## Welcome to the Annual General Meeting of Shareholders AEGON N.V.

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## Welkom op de jaarlijkse Algemene Vergadering van Aandeelhouders AEGON N.V.

In order to hear a simultaneous translation into English, we would like to offer you the use of a headset. Please, choose **channel 4**.

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Voor het beluisteren van een simultaanvertaling in het Nederlands kunt u gebruikmaken van een koptelefoon. Kies hiervoor **kanaal 3**.

# Dudley Eustace

## **Chairman Supervisory Board**

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## **Voorzitter Raad van Commissarissen**

# Agenda item 1 / Agendapunt 1

Opening

## Agenda item 2 / Agendapunt 2

Presentation on the course of business and  
significant events in 2009

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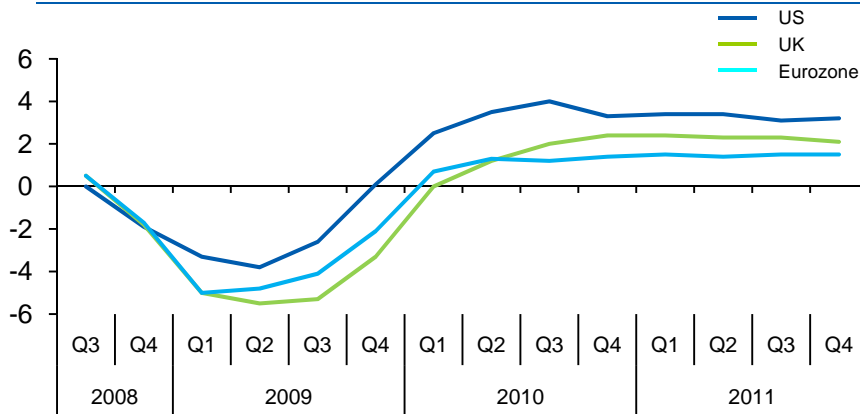
Presentatie over de gang van zaken en  
belangrijke gebeurtenissen in 2009



# Progress of business and significant events in 2009

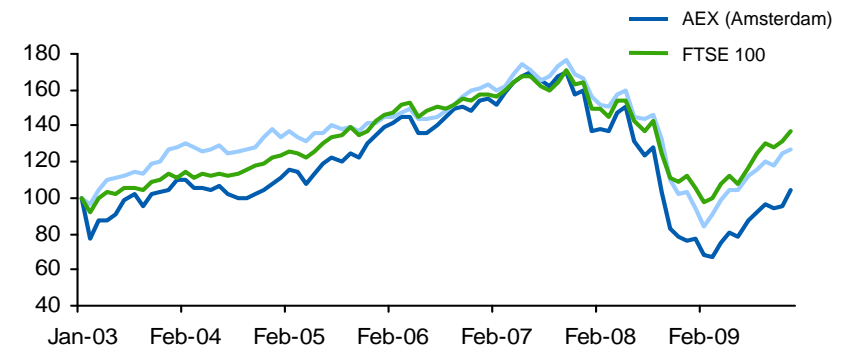
Alex Wynaendts, CEO & Chairman of the Executive Board

## GDP growth expectations<sup>1</sup> (%)



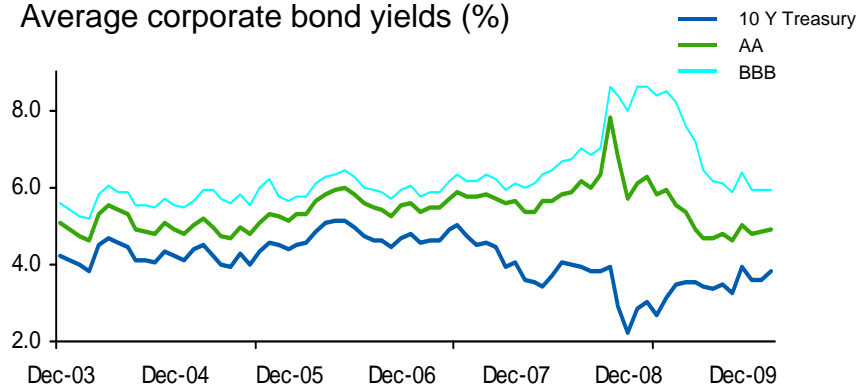
## Equity markets<sup>2</sup>

### Indexed level (December 31, 2002=100)

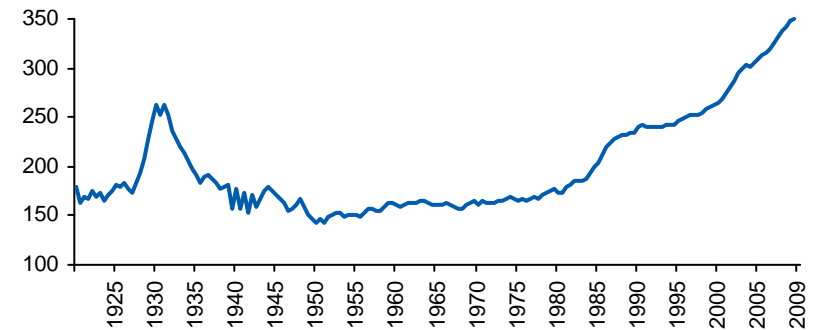


## Credit spread gapping<sup>2</sup>

### Average corporate bond yields (%)



## Total US credit market debt/GDP<sup>3</sup> (%)



1. Source: Consensus Economics Inc.

2. Bloomberg

3. Total US credit market debt measured by the US Federal Reserve includes debt owed by domestic financial services firms, mortgages, corporate debt, federal government debt, small business debt, consumer debt, state and local government debt, and foreign debt

## Market environment

- *Significant improvement financial markets as of second quarter '09*
- *Decline in sales volumes in entire industry*

Market conditions to remain uncertain throughout 2010

## Insurance companies

- *Greater emphasis on importance of capital*
- *Solvency II capital adequacy requirements*

Significant effect on risk and capital management

## Customers

- *Demand for greater financial guarantees*
- *Demand for simpler and more transparent products*

Product redesigns

Maintaining strong capital buffer remains key





## Execution of strategy



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

- Rebalance capital allocation
- Improve growth and returns
- Reduce financial markets risks
- Manage AEGON as an international company



*...resulting in **sustainable profitable growth***

## Full repayment to the Dutch State

- Repaid one-third of the EUR 3 billion

## Reallocate capital towards businesses with higher growth and return prospects

- Freed-up EUR 3.3 billion in 2009 – 60% capital efficiency and 40% de-risking
- Running off institutional spread-based business in the US
- Sale of Taiwanese life insurance activities and Dutch funeral insurance business

## Improve growth and return from existing business

- Cost savings of EUR 250 million in 2009, exceeding EUR 150 million target in 2009
- Headcount reduced by 7% in 2009
- Restructuring in the US, UK and the Netherlands

## Reduce financial markets risks

- Reduced risk to equity markets, interest rates and credit markets during 2009

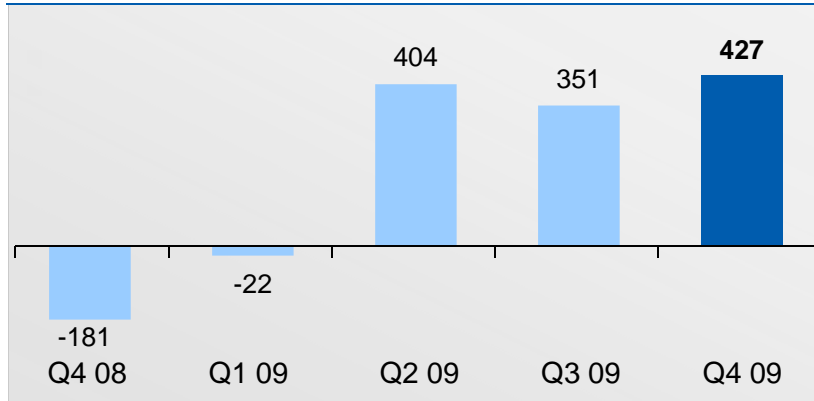
## Manage AEGON as an international company

- Global asset management operational
- Launched variable annuities in the Netherlands and Japan
- European data center in Edinburgh

Emerging stronger from the crisis

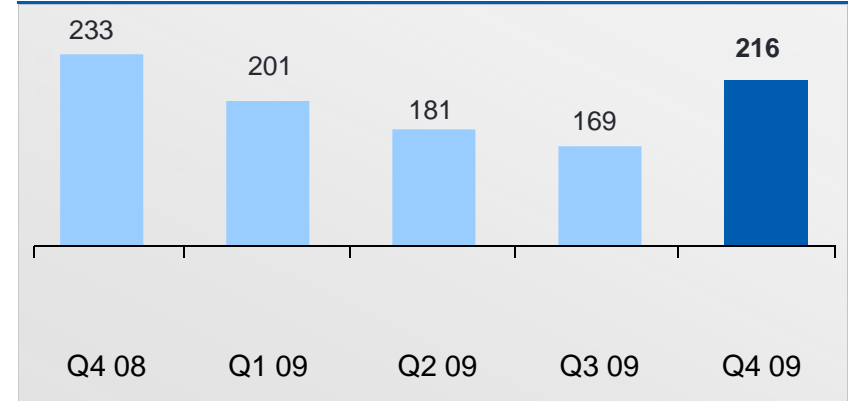
## Underlying earnings before tax

(EUR million)



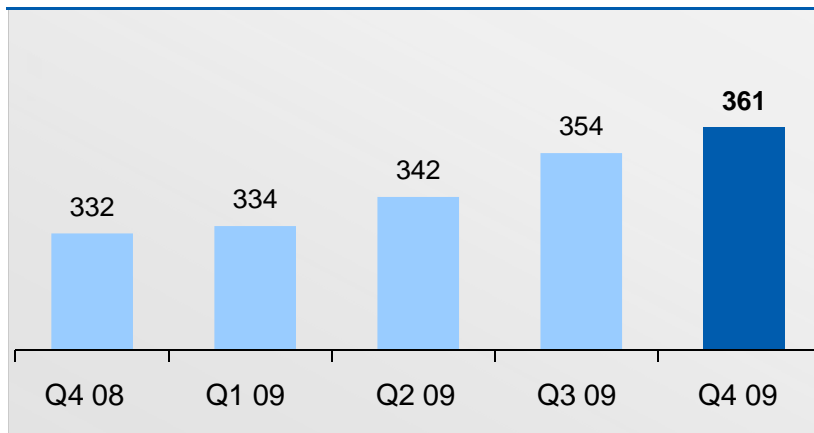
## Value of new business

(EUR million)



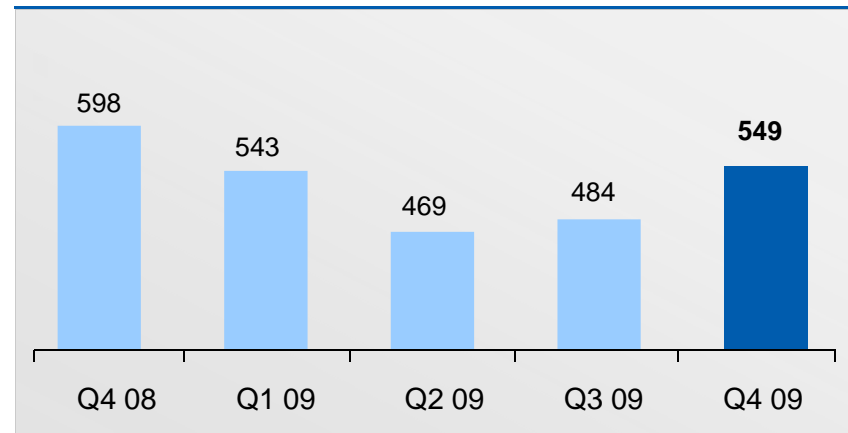
## Revenue-generating investments

(EUR billion)



## New life sales

(EUR million)



- Achieved significant improvement in customer service levels
  - Invest in improving operational capabilities
  
- Continue to be cost efficient operator
  - Enhance web capabilities
  - Reduce number of administration platforms
  - Reduce processing time
  - Increase policy per headcount
  
- Building on strong brand names AEGON and Transamerica

...while reducing overall cost levels...

Excess capital above AA capital adequacy requirements	EUR 3.7 billion
Capital preservation initiatives in 2009	<p>EUR 3.3 billion</p> <ul style="list-style-type: none"> <li>→ 60% is capital efficiency with generally no material earnings impact</li> <li>→ 40% is de-risking</li> </ul>
Insurance Group Directive:	
Capital surplus	EUR 6.7 billion
Solvency ratio	204%
Risk Based Capital (RBC) ratio for AEGON USA	362%

Continue to maintain substantial capital buffer

- First step to full withdrawal from government support
  - Supported by strong capital position
  - Repayment of remaining EUR 2 billion top priority
  
- Economic benefits of repayment
  - Repurchase at EUR 1.15 billion in 2009 versus EUR 1.5 billion thereafter
  - Avoid potential future coupon payments of at least 8.5% on repurchased securities
  
- Benefits of replacing *convertible core capital securities* with equity
  - Maintain capital buffer and enhance quality of capital
  - Dilution from the equity issue limited to 12.5%
  - Stronger position to repurchase the remaining EUR 2 billion of CCCS
  
- Successful equity offering of EUR 1 billion
  - Accelerated book building method
  - Issue price of EUR 5.25 per share
  - 157,822,000 new shares and 32,654,191 treasury shares

- Continued focus on execution of strategy
- Demonstrated by return to profit
- Focus on operational excellence, while reducing overall cost levels
- Strong capital position



**AEGON well-positioned  
for the future**

## Agenda item 2 / Agendapunt 2

Presentation on the course of business and  
significant events in 2009

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Presentatie over de gang van zaken en  
belangrijke gebeurtenissen in 2009



# Agenda item 3.1 / Agendapunt 3.1

Annual Report 2009

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Jaarverslag 2009



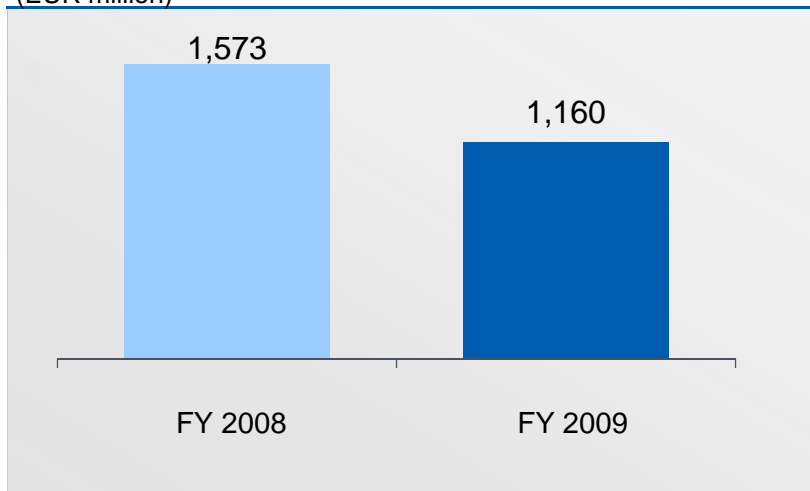
## Full year 2009 results

Jan Nooitgedagt, CFO & Member of the Executive Board

- Underlying earnings down 26% - a reflection primarily of:
  - Lower investment income
  - Reserve strengthening
  - Accelerated amortization of deferred policy acquisition costs
- Return to profitability

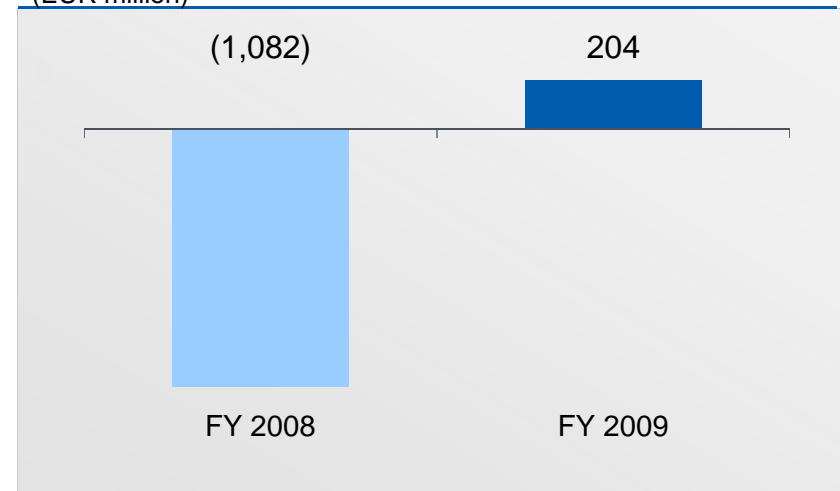
## Underlying earnings before tax

(EUR million)



## Net income

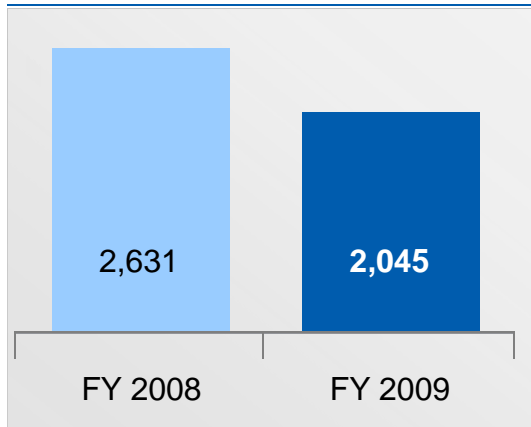
(EUR million)



- New life sales remained strong, despite difficult market conditions
- Gross deposits up 6% - driven by pension deposits and VA business in Americas and Europe
- Fixed annuities managed lower
- VNB decreased by 8%

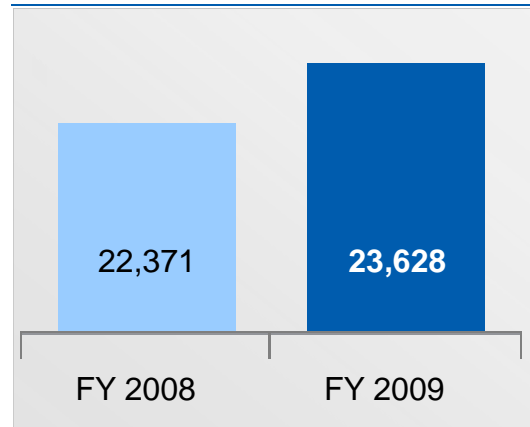
## New life sales

(EUR million)



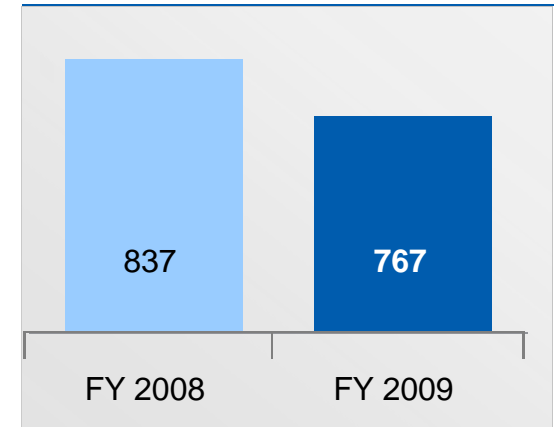
## Gross deposits\*

(EUR million)



## Value of new business

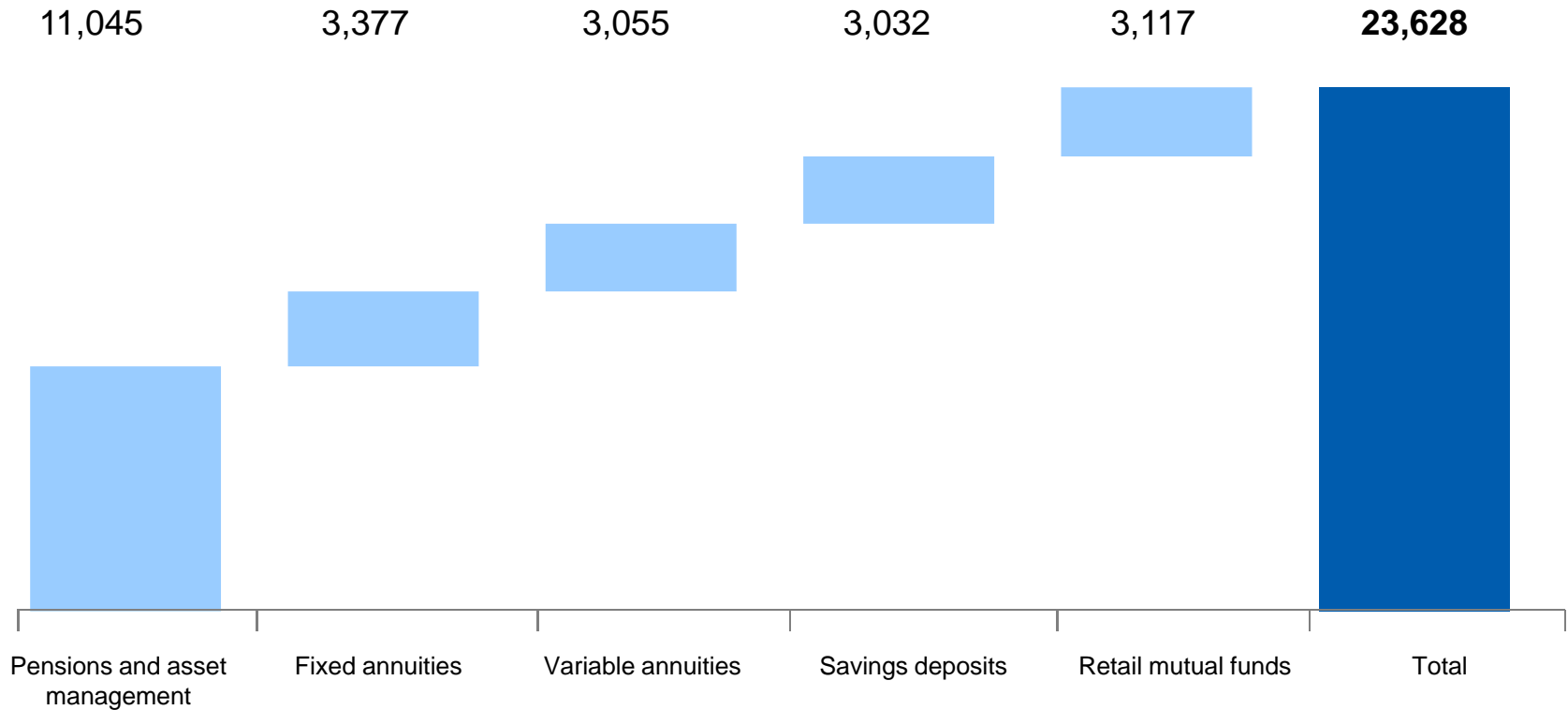
(EUR million)



\* Excluding institutional guaranteed products

- Gross deposits of EUR 23.6 billion\*
- Net deposits of EUR 5.5 billion\*

## Gross deposits\* full year 2009 (EUR millions)

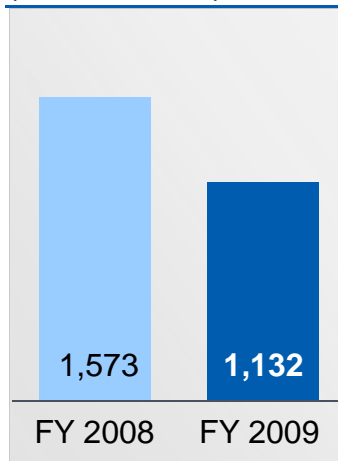


\* Excluding institutional guaranteed products

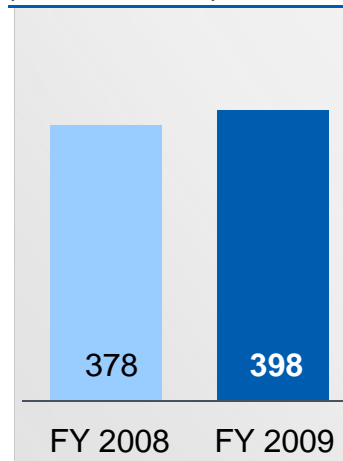
Numbers may not add up due to rounding

- o Earnings impacted by:
  - Lower investment & fee income in all countries
  - Reserve strengthening and accelerated DPAC in US
  - Provisions related to improvement of consistency of customer records in UK
  - Continued growth in Other countries

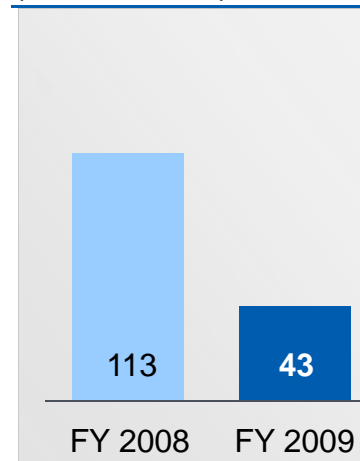
**Americas**  
(USD million)



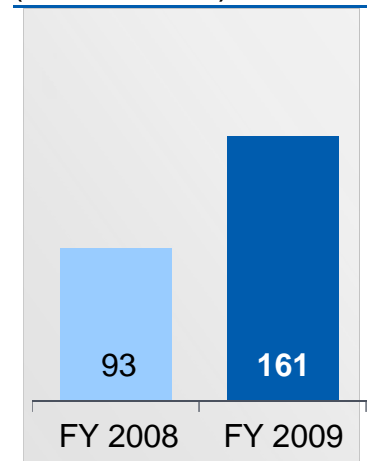
**The Netherlands**  
(EUR million)



**United Kingdom**  
(GBP million)

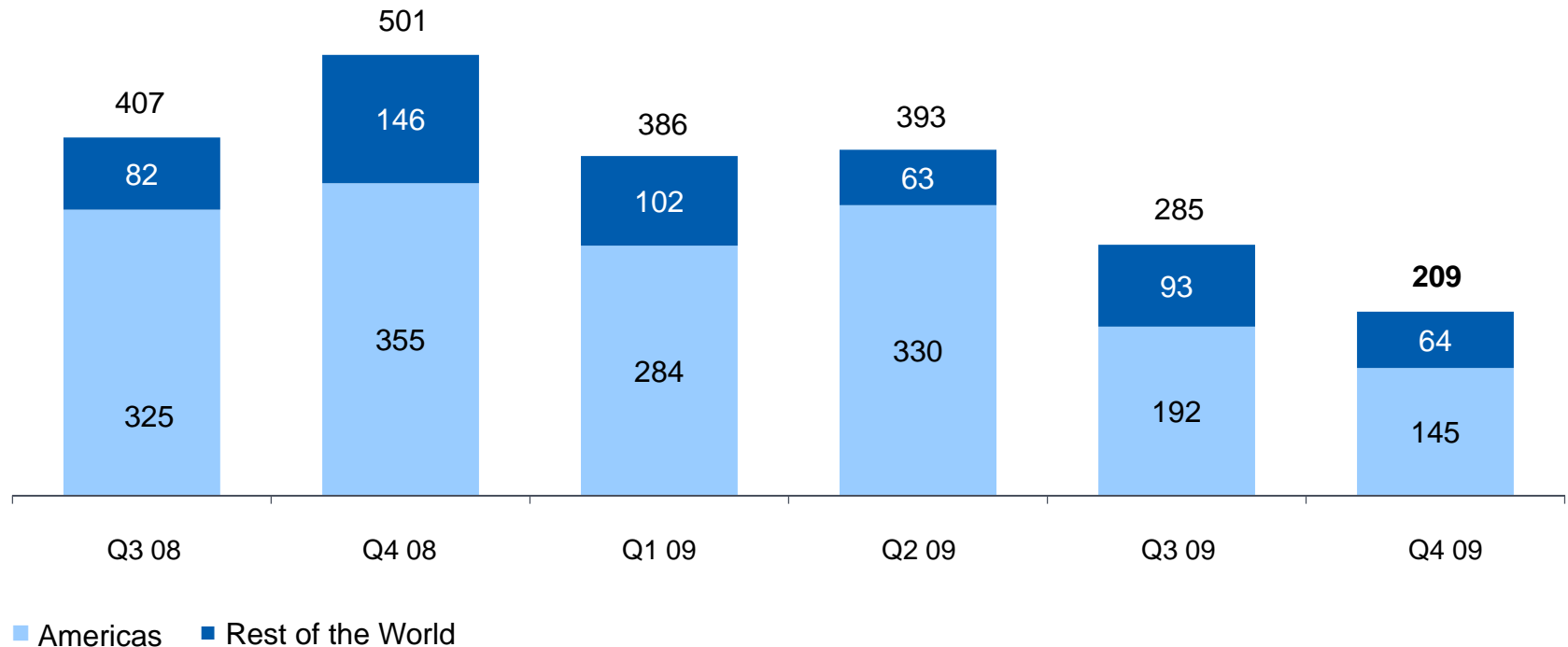


**Other countries**  
(EUR million)



- Impairments are trending down, but continue at elevated levels
- Full year US net credit impairments of 120 bps, above the long-term average

## Impairments (EUR million)



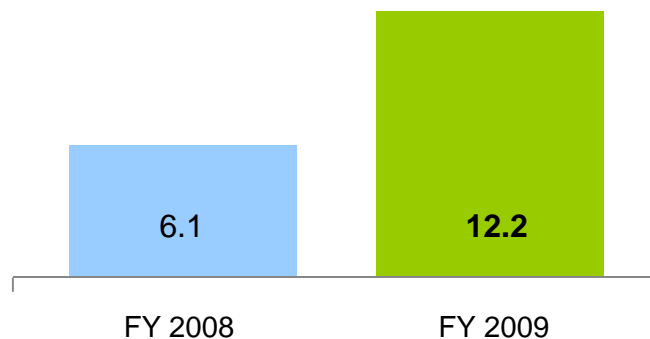




- Shareholders' equity doubled in 2009 due to strong improvement in revaluation reserve
- Shareholders' equity per common share of EUR 5.88 at the end of 2009

## **Shareholders' equity development 2009** (EUR billion)

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- AEGON supports the principles of Solvency II
- AEGON has been preparing since 2005
  - Internal economic capital model more conservative than QIS 4\*
  - Economic pricing embedded in product pricing
- Outcome QIS 5 \* remains uncertain
  - Outstanding issues well known:
    - Use of hybrid capital
    - Inclusion of non-EEA regions
    - Liquidity premium
- Confident final outcome to be satisfactory for both industry and AEGON

\* QIS: *Quantative impact study*





# Agenda item 3.1 / Agendapunt 3.1

Annual Report 2009

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Jaarverslag 2009

## Agenda item 3.2 / Agendapunt 3.2

Corporate Governance chapter in the Annual Report 2009

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Corporate Governance hoofdstuk in het Jaarverslag 2009

## Agenda item 3.3 / Agendapunt 3.3

Annual Accounts 2009: Proposal to adopt the Annual Accounts 2009

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Jaarrekening 2009: Voorstel tot vaststelling van de Jaarrekening 2009

## Prior to the voting

- Insert the smartcard in the device with the golden chip facing you
- Your name appears in the display

## During the voting

- The voting options appear on the display
- Press button
  - 1 = For
  - 2 = Against
  - 3 = Abstain
- Your choice appears on the display
- During the voting you can change your vote
- Your last choice counts



## Voorafgaand aan de stemming

- Plaats de smartcard aan de bovenzijde met de goudkleurige chip naar voren
- Uw naam verschijnt in het venster

## Tijdens de stemming

- De stemkeuzes verschijnen op het venster
- Druk op toets
  - 1 = Voor
  - 2 = Tegen
  - 3 = Onthouding
- Uw stemkeuze verschijnt op het venster
- Tijdens de stemperiode kunt u uw stem wijzigen
- Uw laatste keuze geldt



# Vote on / Stemming over Agenda item 3.3 / Agendapunt 3.3

Annual Accounts 2009: Proposal to adopt the Annual Accounts 2009

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Jaarrekening 2009: Voorstel tot vaststelling van de Jaarrekening 2009

# Agenda item 4 / Agendapunt 4

Dividend 2009

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Dividend over het boekjaar 2009

## Agenda item 5 / Agendapunt 5

Proposal to release the members of the Executive Board  
from liability for their duties

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Voorstel tot het verlenen van kwijting aan de  
leden van de Raad van Bestuur

# Vote on / Stemming over Agenda item 5 / Agendapunt 5

Proposal to release the members of the Executive Board  
from liability for their duties

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Voorstel tot het verlenen van kwijting aan de  
leden van de Raad van Bestuur

## Agenda item 6 / Agendapunt 6

Proposal to release the members of the Supervisory Board  
from liability for their duties

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Voorstel tot het verlenen van kwijting aan de  
leden van de Raad van Commissarissen

# Vote on / Stemming over Agenda item 6 / Agendapunt 6

Proposal to release the members of the Supervisory Board  
from liability for their duties

---

Voorstel tot het verlenen van kwijting aan de  
leden van de Raad van Commissarissen

## Agenda item 7 / Agendapunt 7

Proposal to appoint the independent auditor

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Voorstel tot benoeming van de externe accountant

# Vote on / Stemming over Agenda item 7 / Agendapunt 7

Proposal to appoint the independent auditor

---

Voorstel tot benoeming van de externe accountant



## Agenda item 8 / Agendapunt 8

Proposal to amend the Articles of Association of the Company

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Voorstel tot wijziging van de statuten van de Vennootschap

# Vote on / Stemming over Agenda item 8 / Agendapunt 8

Proposal to amend the Articles of Association of the Company

---

Voorstel tot wijziging van de statuten van de Vennootschap

## Agenda item 9 / Agendapunt 9

Proposal to adopt a new Executive Board Remuneration Policy

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Voorstel tot vaststelling van het nieuwe Beloningsbeleid  
van de Raad van Bestuur



# Executive Board remuneration policy

Leo van Wijk, Chairman Compensation Committee of the Supervisory Board

## Composition

- Consisting of fixed and variable compensation:  
(percentages refer to maximum compensation)
  - Fixed base: 50% of total
  - Short-term variable incentive compensation: 16.7% of total
  - Long-term variable incentive compensation: 33.3% of total
- Fixed base salaries remain unchanged per January 2010

### Key characteristics

- Annual payment in cash
- Based on 1-year performance
- Performance measured by combination of:
  - Financial indicators - risk adjusted (75%):  
earnings, profitable growth
  - Non-financial indicators (25%):  
individual basket of strategic and personal objectives
- Pay-out zone: 50% (threshold) – 80% (target) – 100% (maximum)
- Circuit breaker: pay-out is subject to AEGON reporting a profit
- 'Test of reasonableness' applied at pay-out
- Claw back clause applicable:  
in case of material financial restatements or individual gross misconduct

## Key characteristics

- Annual conditional grant of AEGON shares
- 3-year cliff vesting period; 2-year holding period
- Performance measured by combination of:
  - Financial indicators - risk adjusted (75%):  
earnings, return on capital, total shareholder return
  - Non-financial indicators (25%):  
basket of objectives measuring corporate responsibility  
(e.g. customer satisfaction, employee satisfaction, sustainability)
- Pay-out zone: 50% (threshold) – 80% (target) – 100% (maximum)
- ‘Test of reasonableness’ applied at pay-out

## Agenda item 9 / Agendapunt 9

Proposal to adopt a new Executive Board Remuneration Policy

---

Voorstel tot vaststelling van het nieuwe Beloningsbeleid  
van de Raad van Bestuur



# Vote on / Stemming over Agenda item 9 / Agendapunt 9

Proposal to adopt a new Executive Board Remuneration Policy

---

Voorstel tot vaststelling van het nieuwe Beloningsbeleid  
van de Raad van Bestuur

# Agenda item 10 / Agendapunt 10

Proposal to adopt amendments to the Supervisory Board  
Remuneration Policy

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Voorstel tot wijziging van het Beloningsbeleid  
van de Raad van Commissarissen

<b>Base fee</b> <i>(for SB membership)</i>	<i>Amount in EUR</i>
Chairman	60,000
Vice-Chairman	50,000
Member	40,000
Attendance fee <sup>1)</sup>	3,000

*1) Attendance fees apply to Board meetings other than the regular meetings*

<b>Committee fee</b> <i>(for Committee membership)</i>	<b>Audit Committee / Other committees</b> <i>Amount in EUR</i>
Chairman	10,000 / 7,000
Member	8,000 / 5,000
Attendance fee <sup>2)</sup>	3,000 / 1,250 <sup>3)</sup>

*2) Attendance fees apply to all meetings attended in person or via conference facilities*

*3) In case of intercontinental travel, the amount is EUR 2,500*

# Agenda item 10 / Agendapunt 10

Proposal to adopt amendments to the Supervisory Board  
Remuneration Policy

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Voorstel tot wijziging van het Beloningsbeleid  
van de Raad van Commissarissen

# Vote on / Stemming over Agenda item 10 / Agendapunt 10

Proposal to adopt amendments to the Supervisory Board  
Remuneration Policy

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Voorstel tot wijziging van het Beloningsbeleid  
van de Raad van Commissarissen

# Agenda item 11 / Agendapunt 11

Proposal to reappoint Mr. K.J. Storm to the Supervisory Board

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Voorstel tot herbenoeming van de heer K.J. Storm als lid  
van de Raad van Commissarissen

## Curriculum vitae

Name / naam

Kornelis J. Storm

Age / leeftijd

67

Nationality / nationaliteit

Dutch

Shares held in the company /  
Aantal aandelen in de vennootschap

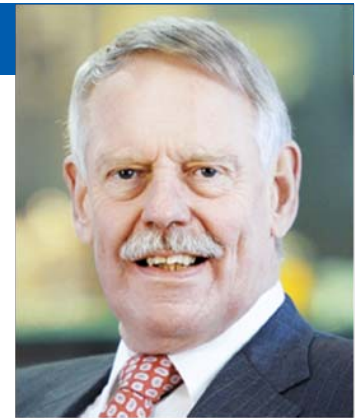
226,479 common shares

Former occupations / Vorige functies

Chairman of the Executive Board of  
AEGON N.V.

Other memberships / Andere  
(bestuurs)functies

- Chairman of the Supervisory Board of KLM Royal Dutch Airlines N.V.;
- Vice Chairman of the Supervisory Board of Pon Holdings B.V.;
- Member of the Board of Directors of Anheuser-Busch InBev S.A. (Belgium);
- Member of the Board of Directors of Baxter International Inc. (USA);
- Non executive director of Unilever N.V. / PLC (Netherlands / United Kingdom)



# Agenda item 11 / Agendapunt 11

Proposal to reappoint Mr. K.J. Storm to the Supervisory Board

---

Voorstel tot herbenoeming van de heer K.J. Storm als lid  
van de Raad van Commissarissen



# Vote on / Stemming over Agenda item 11 / Agendapunt 11

Proposal to reappoint Mr. K.J. Storm to the Supervisory Board

---

Voorstel tot herbenoeming van de heer K.J. Storm als lid  
van de Raad van Commissarissen

## Agenda item 12 / Agendapunt 12

Proposal to authorize the Executive Board to issue common shares

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Voorstel tot machtiging van de Raad van Bestuur tot  
uitgifte van gewone aandelen

# Vote on / stemming over Agenda item 12 / Agendapunt 12

Proposal to authorize the Executive Board to issue common shares

---

Voorstel tot machtiging van de Raad van Bestuur tot  
uitgifte van gewone aandelen

## Agenda item 13 / Agendapunt 13

Proposal to authorize the Executive Board to restrict or exclude pre-emptive rights upon issuing common shares

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Voorstel tot machtiging van de Raad van Bestuur tot beperking of uitsluiting van voorkeursrechten bij de uitgifte van gewone aandelen

# Vote on / stemming over Agenda item 13 / Agendapunt 13

Proposal to authorize the Executive Board to restrict or exclude pre-emptive rights upon issuing common shares

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Voorstel tot machtiging van de Raad van Bestuur tot beperking of uitsluiting van voorkeursrechten bij de uitgifte van gewone aandelen

## Agenda item 14 / Agendapunt 14

Proposal to authorize the Executive Board to issue common shares  
under incentive plans

---

Voorstel tot machtiging van de Raad van Bestuur tot uitgifte van gewone  
aandelen in het kader van incentive plannen

# Vote on / stemming over Agenda item 14 / Agendapunt 14

Proposal to authorize the Executive Board to issue common shares  
under incentive plans

---

Voorstel tot machtiging van de Raad van Bestuur tot uitgifte van gewone  
aandelen in het kader van incentive plannen

## Agenda item 15 / Agendapunt 15

Proposal to authorize the Executive Board to acquire shares  
in the Company

---

Voorstel tot machtiging van de Raad van Bestuur tot verkrijging van  
eigen aandelen door de Vennootschap



# Vote on / stemming over Agenda item 15 / Agendapunt 15

Proposal to authorize the Executive Board to acquire shares  
in the Company

---

Voorstel tot machtiging van de Raad van Bestuur tot verkrijging van  
eigen aandelen door de Vennootschap

## Agenda item 16 / Agendapunt 16

Retirement of Mr. D.G. Eustace as a member  
of the Supervisory Board

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Aftreden van de heer D.G. Eustace als lid  
van de Raad van Commissarissen

# Agenda item 17 / Agendapunt 17

Any other business

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Wat verder ter tafel komt

# Agenda item 18 / Agendapunt 18

Close of the meeting

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Sluiting



Thank you

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Dank u wel