

# Annual General Meeting of Shareholders AEGON N.V.

The Hague, May 12, 2011



LIFE INSURANCE PENSIONS ASSET MANAGEMENT

# 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 gebruik maken van een koptelefoon. Kies hiervoor **kanaal 3**.

# Rob Routs

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 in 2010

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Presentatie over de gang van zaken in 2010

# Execution of strategy

Commitment to delivering sustainable profitable growth and shareholder returns

**Alex Wynaendts**

CEO & Chairman of the Executive Board



## AEGON's ambition

*“To be a leader in all of our chosen markets by 2015”*

- Reallocate capital
- Increase returns
- Optimize ONE AEGON



*... resulting in sustainable profitable growth*

# Our ambition: To be a leader in all our chosen markets by 2015

## Changes in the environment

- Volatile financial markets
- Increased regulatory demands
- Credibility of financial sector undermined
- New generations purchasing differently

## Consequences for the sector

- Higher capital requirements
- Customer seeking clearer products
- Non-traditional competitors raising their game

## AEGON Strategy

- Focus on capital efficiency
- Focus on customer satisfaction
- Focus on cost efficiency & quality service levels
- New culture of leadership

## Strategic Priorities

**Reallocate capital**

**Increase returns**

**Optimize ONE AEGON**



# Continued focus on execution of strategy

## Reallocate capital

- Divestments of Transamerica Reinsurance and Dutch funeral business
- Improved risk profile by reduced exposure to financial markets
- Further growth fee business, while reducing spread business
- Focus on new markets

## Increase returns

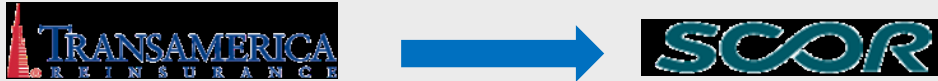
- Group operating expenses further reduced in 2010
- Restructuring in UK on track to achieve target cost reductions of 25% by end 2011
- Consolidation US
- Reorganization AEGON Bank, cost savings EUR 20 million annually
- Roll-out non-life insurance in Central & Eastern Europe

## Optimize ONE AEGON

- New culture of leadership
- Appointments for:
  - ▶ *Human Resources*
  - ▶ *Brand & Customer Strategy*
  - ▶ *Sustainability*

# Transamerica Reinsurance

- Divestment of Transamerica Reinsurance to global reinsurer SCOR



- Total after-tax consideration of USD 1.4 billion
- USD 1.1 billion available to support repayment of Dutch State
- Closing expected in the summer of this year

...divestment supports AEGON's key priority of repurchasing the core capital securities issued to the Dutch State...

# Repayment of Dutch State remains priority

## Repayment Dutch State

(EUR billion)



- Final repayment of EUR 750\* million by end June 2011
  - Including premium: EUR 1.125 billion
- Total premium and interest paid: EUR 1,086 million (IRR: 18%)

# Medium-term targets

## Underlying earnings

- Grow on average 7-10% p.a.\* from rebased level

## Return on equity

- Generate 10-12% medium term
- Increase fee businesses to 30-35% of annual underlying earnings before tax by 2015

## Strong capital position

- Maintain strong capital buffer
- Core capital of at least 75% of total capital by end of 2012

## Cash flows and dividends

- Improve operational free cash flow from current normalized level of EUR 1.0-1.2 billion by 30% by 2015
- Pay a sustainable dividend based on free cash flow and capital position

\* Underlying earnings in 2011 will be affected by strategic management actions. From this new base AEGON expects to grow underlying earnings before tax on average 7 to 10% per annum

## New stakeholder framework

- Company-wide approach
- Consistent with business objectives and long-term ambitions
- Better balancing the interests of all our stakeholders
  - ▶ Customers
  - ▶ Business partners
  - ▶ Employees
  - ▶ Broader community
- Safeguards long-term viability; creates value for shareholders

# Elements of an integrated approach

Customers	Employees	Business partners	Wider community
<ul style="list-style-type: none"><li>▪ Strengthen brand framework</li><li>▪ Roll-out of brand identity</li><li>▪ Extend customer loyalty programs</li><li>▪ Measuring brand performance and customer loyalty</li></ul>	<ul style="list-style-type: none"><li>▪ Global employee survey</li><li>▪ Talent &amp; performance management program</li></ul>	<ul style="list-style-type: none"><li>▪ Strengthen market conduct</li><li>▪ Adapt to changing market circumstances</li><li>▪ 'Loyalty' measure for intermediaries</li></ul>	<ul style="list-style-type: none"><li>▪ Framework for responsible investment</li><li>▪ More targeted approach to corporate donations</li><li>▪ Target to reduce CO<sub>2</sub> emissions</li></ul>
Expand AEGON's financial awareness and education programs			

# Committed to delivering



**transformed  
significantly**

- Sustainable earnings growth
- Improved risk-return profile
- Strong capital position
- Sustainable cash flows and dividends

## Agenda item 2 / Agendapunt 2

Presentation on the course of business in 2010

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Presentatie over de gang van zaken in 2010



## Agenda item 3.1 / Agendapunt 3.1

Annual Report 2010

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Jaarverslag 2010

# Full year 2010 & first quarter 2011 results

**Jan Nooitgedagt**

CFO & Member of the Executive Board



# Considerable improvement underlying earnings and net income in 2010

- Underlying earnings before tax up due to:

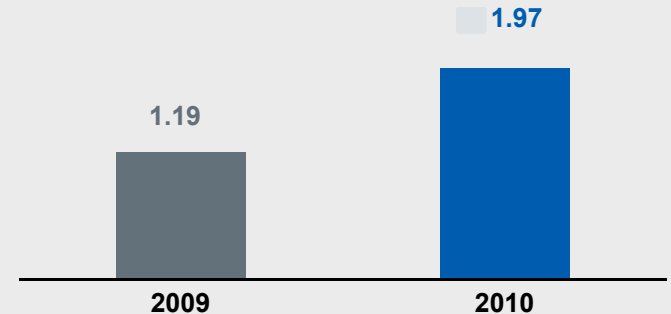
- ▶ Business growth
- ▶ Cost savings
- ▶ Further improvements financial markets
- ▶ Strengthening USD against EUR

- Significant improvement net income, due to:

- ▶ Higher underlying earnings
- ▶ Turnaround in fair value results
- ▶ Higher realized gains on investments
- ▶ Considerably lower impairments

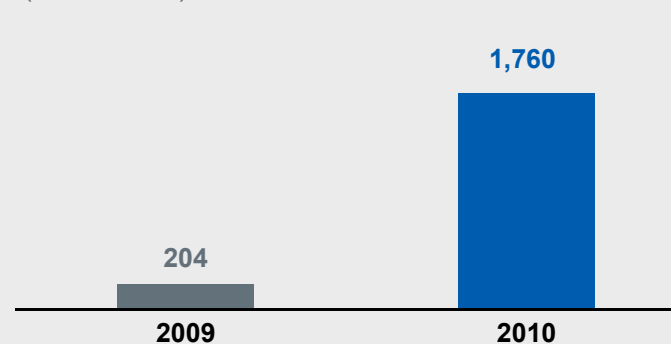
## Underlying earnings before tax

(EUR billion)



## Net income

(EUR million)

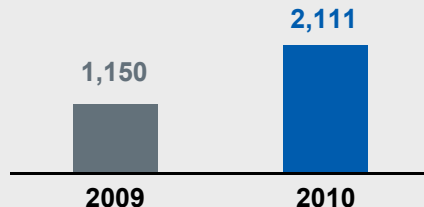


## Underlying earnings country units

- Americas' earnings up 84%, due to
  - ▶ Growth of the business, cost savings, higher fee income, recovery financial markets
- Earnings in the Netherlands remained strong
- Earnings UK up 30%, due to
  - ▶ Growth of the business and improved financial markets
- Increase in New markets, due to
  - ▶ Inclusion of AEGON Asset Management, partly offset by higher claim experience in non-life Hungary

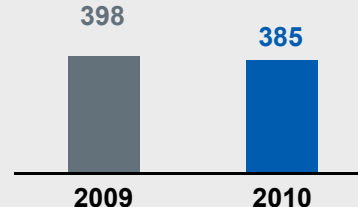
### Americas

(USD million)



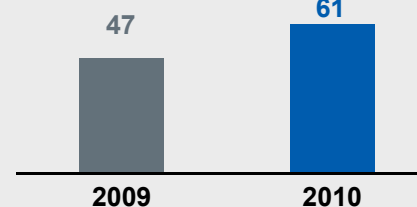
### The Netherlands

(EUR million)



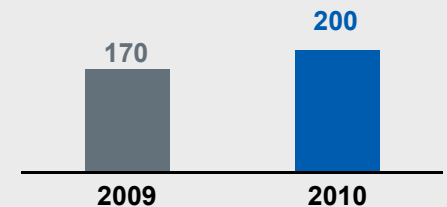
### UK

(GBP million)



### New markets

(EUR million)

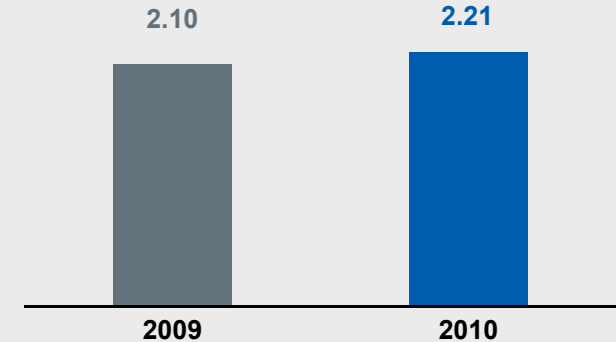


# Strong sales & deposits demonstrating solid franchise

- New life sales up
  - ▶ US: strong retail sales partly offset by lower life reinsurance sales
  - ▶ NL: strong pension sales
  - ▶ UK: higher sales of pension partly offset by planned decrease in sales of immediate annuities
  - ▶ New markets: growth in CEE and Asia; decline in Spain
- Gross deposits\* up:
  - ▶ Continued strong growth in variable annuity, retail mutual fund and pension deposits in US
  - ▶ New mandates for AEGON Asset Management
  - ▶ Strategic shift from spread to fee-based business

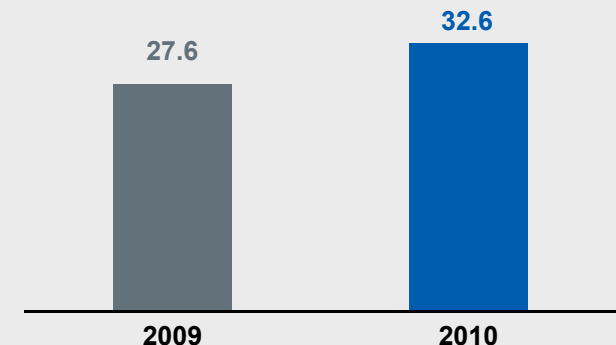
## New life sales

(EUR billion)



## Gross deposits\*

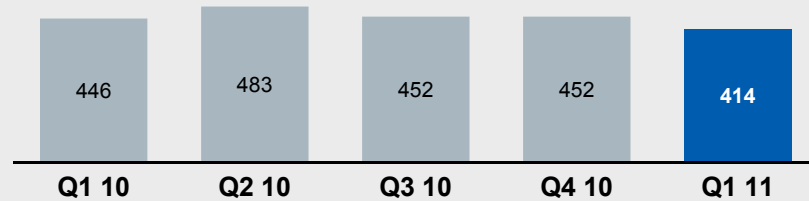
(EUR billion)



# Results highlighted

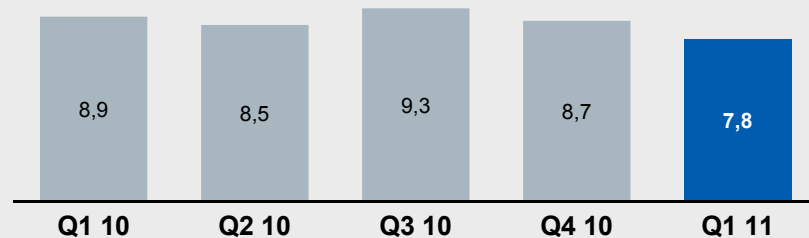
## Underlying earnings before tax

(EUR million)



## Return on Equity

(%)



## Operational free cash flows

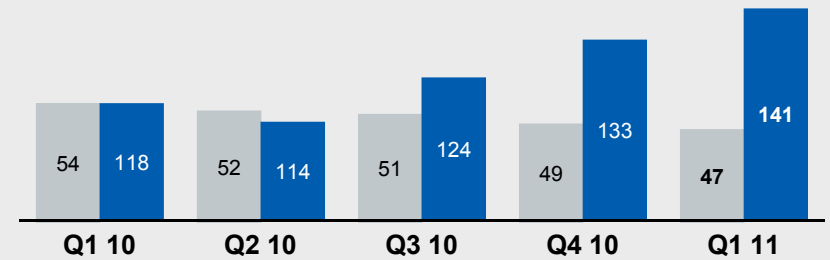
EUR million

Q1 2011

■ Earnings on in force	523
■ Return on free surplus	17
■ Release of required surplus	(1)
■ New business strain	(275)
■ Operational free cash flow	264

## Strategic shift from spread to fee

(USD billion)



■ US spread balances  
■ US fee balances

Note: Life reinsurance and BOLI/COLI are included in run-off businesses and are no longer reported in UEbT, sales and deposits

## Continued strong capital position

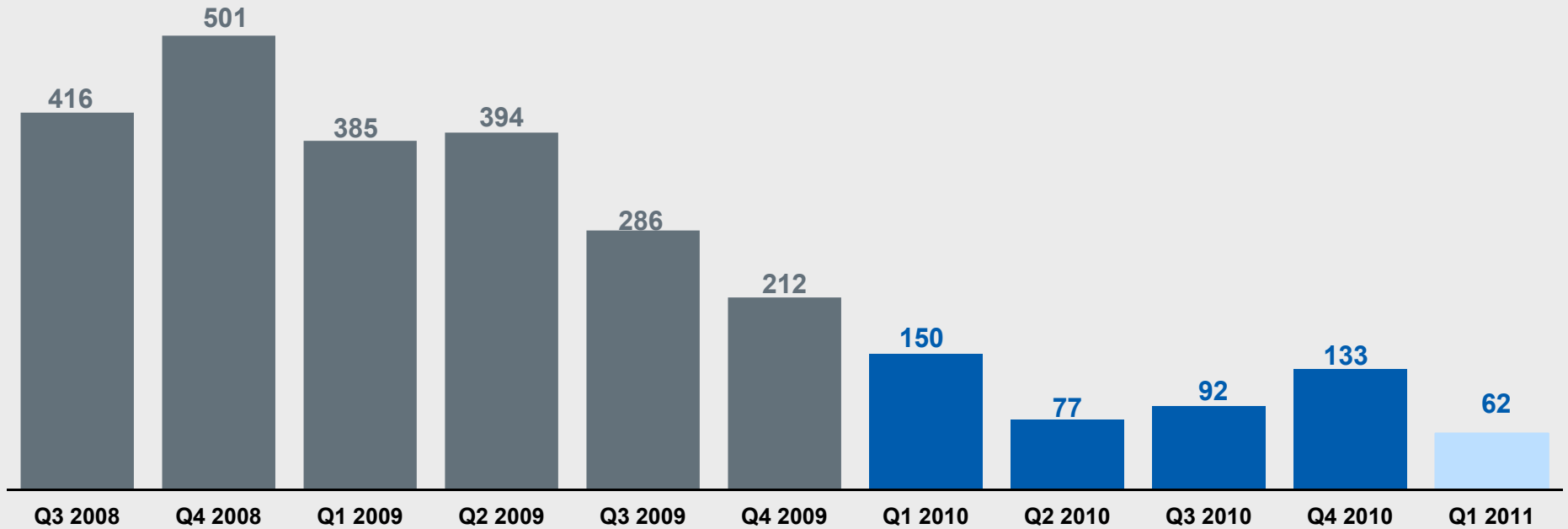
	As per March 31, 2011	As per December 31, 2010
Core capital	EUR 17.6 billion	EUR 18.7 billion
Shareholders' equity	EUR 16.9 billion	EUR 17.2 billion
Core capital ratio	75%	75%
Excess capital	EUR 3.7 billion	EUR 3.8 billion
Holding	EUR 1.3 billion	EUR 1.7 billion
Operating units	EUR 2.4 billion	EUR 2.1 billion
Insurance Group Directive solvency ratio	209%	198%

**Continue to maintain strong capital buffer**

# Impairments considerably down in 2010

## Impairments

(EUR million)





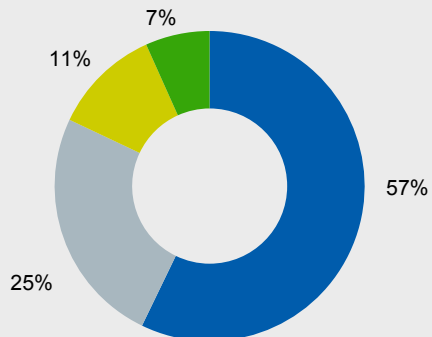
# Total embedded value up 6% to EUR 18.9 billion

- Total embedded value increased mainly due to positive performance of in-force business as a result of cost savings, improved financial markets and strengthening of currencies

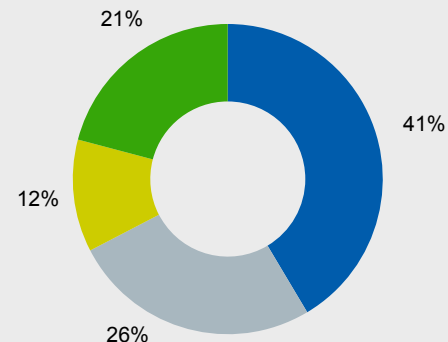
EUR million, except per share data	2010	2009	Δ
Embedded value life insurance	25,756	23,296	11%
Total embedded value	18,891	17,770	6%
Total embedded value per common share	10.38	9.65	8%
Value of new business	555	767	(28)%

## Embedded value life insurance 2010

- Americas
- The Netherlands
- United Kingdom
- New markets



## Value of new business 2010



## Key messages

- Solid progress on strategic objectives
- Strong earnings and sales of pensions and variable annuities in the US
- Underlying earnings impacted by exceptional charges and longevity provisioning
- Continued focus on cost control
- Strong excess capital of EUR 3.7 billion
- Total embedded value increases to EUR 18.9 billion

## Agenda item 3.1 / Agendapunt 3.1

Annual Report 2010

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Jaarverslag 2010

## Agenda item 3.2 / Agendapunt 3.2

Annual Accounts 2010: Proposal to adopt the  
Annual Accounts 2010

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Jaarrekening 2010: voorstel tot vaststelling van de  
Jaarrekening 2010

# Voting procedure / Stemprocedure

- Prior to 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 in het venster
  - ▶ Druk op toets
    - 1 = Voor
    - 2= Tegen
    - 3 = Onthouding
  - ▶ Uw stemkeuze verschijnt in het venster
  - ▶ Tijdens de stemperiode kunt u uw stem wijzigen
  - ▶ Uw laatste keuze geldt

## Vote on / Stemming over Agenda item 3.2 / Agendapunt 3.2

Annual Accounts 2010: Proposal to adopt the  
Annual Accounts 2010

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Jaarrekening 2010: voorstel tot vaststelling van de Jaarrekening  
2010

## Agenda item 4 / Agendapunt 4

Dividend 2010

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Dividend over het boekjaar 2010

## AEON's dividend policy

- Aiming for a sustainable dividend, which can grow over time if performance of the company allows so
- Cash flows received from operating units are used for holding expenses, including funding costs
- Cash flow after holding expenses is available to execute strategy and to fund dividends
- Other considerations:
  - ▶ Balance prudence versus offering an attractive dividend
  - ▶ Local insurance regulations
  - ▶ Excess capital; capital adequacy; strategic considerations

**Intention to resume dividend payment over second half of 2011 after full repayment of the Dutch State, to be paid in May 2012**



# 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

---

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

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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 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





# Executive Board Remuneration Policy

## ▪ OBJECTIVES

- ▶ Allow to attract and retain qualified executives
- ▶ Pay for performance
- ▶ Align with international market practices
- ▶ Comply with (European) regulations

## ▪ PRACTICES

- ▶ Executive Board variable compensation is capped at 100%
- ▶ Executive Board members did not receive cash incentive compensation in 2009, 2010 and 2011; CEO received appr. 26,000 shares from previous plans
- ▶ Total pay-out of cash incentive compensation to all staff was far below industry average

# New international regulations

- Key elements of European Directive and Dutch Wft (DNB principles):
  - ▶ Guidelines for better governance and increased disclosure
  - ▶ Risk alignment of Variable Compensation
    - Target setting: use quantitative and qualitative measures for assessing performance
    - Ex-ante risk adjustment: align remuneration with risk profile of the company
    - Pay-out: defer a substantial portion of variable compensation (at least 60%; for at least 3 years)
    - Retention policy: variable compensation is subject to an appropriate retention period
    - Pay instruments: a substantial portion of variable compensation should consist of shares (at least 50%)

## Proposed adjustments

- Following adjustments to the Executive Board Remuneration Policy have been proposed to meet DNB's interpretation of the European Directive:
  - ▶ One Variable Compensation Plan under a mix of quantitative and qualitative measures
  - ▶ Performance indicators are more risk-adjusted
  - ▶ Further deferral of pay-out of variable compensation
  - ▶ Increased performance measurement

# Agenda item 8 / Agendapunt 8

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

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

Proposal to adopt a new Executive Board Remuneration Policy

---

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

## Agenda item 9 / Agendapunt 9

Proposal to reappoint Mr. A.R. Wynaendts  
to the Executive Board

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Voorstel tot herbenoeming van de heer A.R. Wynaendts  
als lid van de Raad van Bestuur

## Proposal to reappoint / voorstel tot herbenoeming

Name / naam:

Alexander R. Wynaendts

Age / leeftijd:

50

Nationality / nationaliteit:

Dutch

Shares held in the company /  
aantal aandelen in de vennootschap

44,210

Main occupation / hoofdfunctie

- Chairman of the Executive Board and CEO of AEGON N.V.

Membership of outside Boards /  
andere bestuursfuncties

- Member of the Advisory Committee of NYSE Euronext
- Vice-chairman of the Pan-European Insurance Forum
- Chairman of the Supervisory Board of the Mauritshuis Museum in The Hague



## Agenda item 9 / Agendapunt 9

Proposal to reappoint Mr. A.R. Wynaendts  
to the Executive Board

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Voorstel tot herbenoeming van de heer A.R. Wynaendts  
als lid van de Raad van Bestuur



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

Proposal to reappoint Mr. A.R. Wynaendts  
to the Executive Board

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Voorstel tot herbenoeming van de heer A.R. Wynaendts  
als lid van de Raad van Bestuur

## Agenda item 10 / Agendapunt 10

Proposal to reappoint Mr. A. Burgmans  
to the Supervisory Board

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Voorstel tot herbenoeming van de heer A. Burgmans  
als lid van de Raad van Commissarissen

## Proposal to reappoint / voorstel tot herbenoeming

Name / naam:

Antony Burgmans

Age / leeftijd:

64

Nationality / nationaliteit:

Dutch

Shares held in the company /  
aantal aandelen in de vennootschap

None

Main former occupation / belangrijkste  
vorige functie

- Chairman Unilever N.V. and Unilever plc

Membership of outside Boards /  
andere bestuursfuncties

- Member of the Supervisory Boards of Akzo Nobel N.V., SHV Holdings N.V. and Jumbo Supermarkten B.V.
- Member of the Board of Directors of BP plc
- Chairman of the Supervisory Board of Intergamma B.V.



## Agenda item 10 / Agendapunt 10

Proposal to reappoint Mr. A. Burgmans  
to the Supervisory Board

---

Voorstel tot herbenoeming van de heer A. Burgmans  
als lid van de Raad van Commissarissen

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

Proposal to reappoint Mr. A. Burgmans  
to the Supervisory Board

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Voorstel tot herbenoeming van de heer A. Burgmans  
als lid van de Raad van Commissarissen

## Agenda item 11 / Agendapunt 11

Proposal to reappoint Mrs. K.M.H. Peijs  
to the Supervisory Board

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Voorstel tot herbenoeming van mevrouw K.M.H. Peijs  
als lid van de Raad van Commissarissen

## Proposal to reappoint / voorstel tot herbenoeming

Name / naam:

Karla M.H. Peijs

Age / leeftijd:

66

Nationality / nationaliteit:

Dutch

Shares held in the company /  
aantal aandelen in de vennootschap

1,400

Main occupation / hoofdfunctie

- Queens Commissioner of the Province of Zeeland in the Netherlands
- Member of the Supervisory Boards of ANWB B.V. and Q-Park N.V.

Membership of outside Boards /  
andere bestuursfuncties



## Agenda item 11 / Agendapunt 11

Proposal to reappoint Mrs. K.M.H. Peijs  
to the Supervisory Board

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Voorstel tot herbenoeming van mevrouw K.M.H. Peijs  
als lid van de Raad van Commissarissen



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

Proposal to reappoint Mrs. K.M.H. Peijs  
to the Supervisory Board

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Voorstel tot herbenoeming van mevrouw K.M.H. Peijs  
als lid van de Raad van Commissarissen

## Agenda item 12 / Agendapunt 12

Proposal to reappoint Mr. L.M. van Wijk  
to the Supervisory Board

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Voorstel herbenoeming van de heer L.M. van Wijk  
als lid van de Raad van Commissarissen

## Proposal to reappoint / voorstel tot herbenoeming

Name / naam:

Leo M. van Wijk

Age / leeftijd:

64

Nationality / nationaliteit:

Dutch

Shares held in the company /  
aantal aandelen in de vennootschap

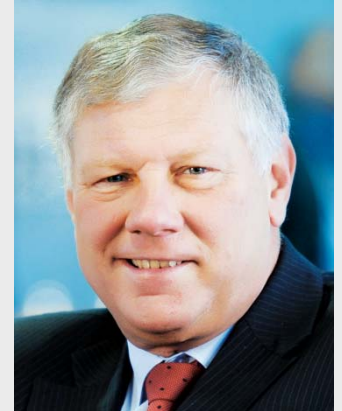
None

Main former occupation / belangrijkste  
vorige functie

- President and CEO of KLM Royal Dutch Airlines

Membership of outside Boards /  
andere bestuursfuncties

- Vice chairman Board of Directors of Air France-KLM S.A.
- Chairman of Skyteam
- Member of the Supervisory Board of Randstad Holding N.V.



## Agenda item 12 / Agendapunt 12

Proposal to reappoint Mr. L.M. van Wijk  
to the Supervisory Board

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Voorstel herbenoeming van de heer L.M. van Wijk  
als lid van de Raad van Commissarissen

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

Proposal to reappoint Mr. L.M. van Wijk  
to the Supervisory Board

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Voorstel herbenoeming van de heer L.M. van Wijk  
als lid van de Raad van Commissarissen

## Agenda item 13 / Agendapunt 13

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 13 / Agendapunt 13

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 14 / Agendapunt 14

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 14 / Agendapunt 14

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 15 / Agendapunt 15

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

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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 15 / Agendapunt 15

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

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

# Agenda item 16 / Agendapunt 16

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

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

# Vote on / Stemming over Agenda item 16 / Agendapunt 16

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

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

## 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



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Please return your voting device and voting card before departing

Wilt u voor uw vertrek uw stemkastje en stempas inleveren

