

# Americas

## Leading in our chosen markets

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### **Analyst & Investor Conference**

London, June 21 & 22, 2011



LIFE INSURANCE | PENSIONS | ASSET MANAGEMENT

## Key messages

- Key contributor to AEGON's targets
- Transforming our company
- Stay focused on core businesses as leaders in our chosen markets
- We will deliver on AEGON's strategic objectives



## Clear targets to support overall Group targets

Achieve a  
return on capital\* of

**~9%**

by 2015

Grow underlying earnings by

**4-6%**  
(8-10% excluding  
fixed annuities)

on average per annum  
between 2010 and 2015

Double fee-based earnings to

**30-35%**

of underlying earnings by 2015

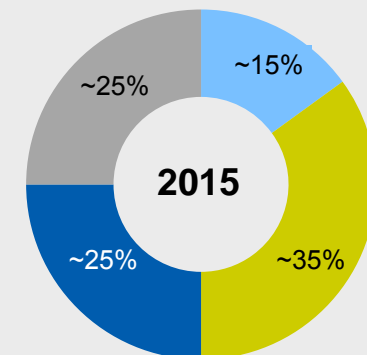
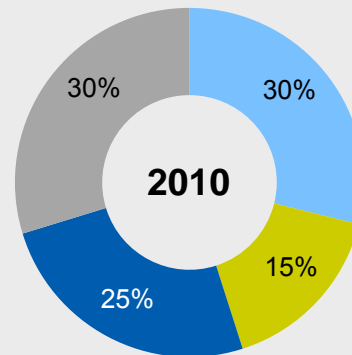
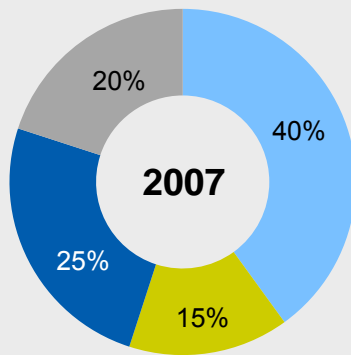
Increase operational  
free cash flow by

**25%**

by 2015

## Increase fee business to 30% to 35% of underlying earnings by 2015

### Americas underlying earnings before tax



■ Spread   ■ Fees   ■ Technical   ■ Interest on Surplus

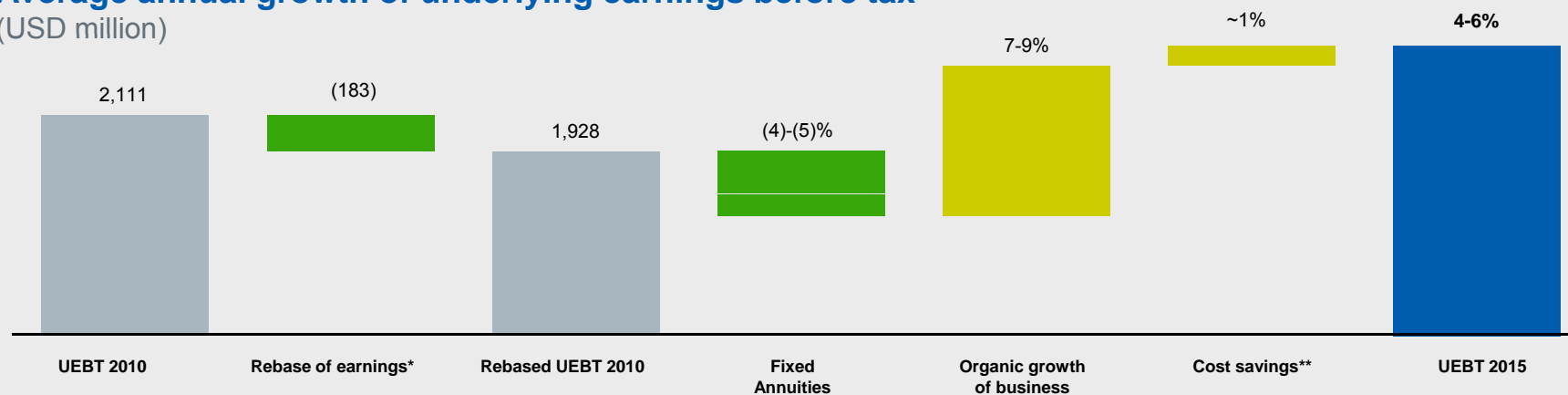
*Driven by growth in variable annuities, mutual funds and pensions*

## Grow underlying earnings before tax on average by 4% to 6% per annum (8% to 10% excluding fixed annuities)

- TL&P: stable top line growth supported by aggressive expense management
- IS&R: growth in variable annuity and mutual funds offset by decline in fixed annuities
- ES&P: double digit growth
- Canada: middle-market strategy supplemented by aggressive expense management
- Latin America: distribution expansion and product innovation main drivers of growth

### Average annual growth of underlying earnings before tax

(USD million)



\* BOLI/COLI and life reinsurance moved to runoff

\*\* Cost savings expected to improve efficiency of business. Actual operating expenses to remain flat while growing premium, assets under management, and total policyholders serviced.

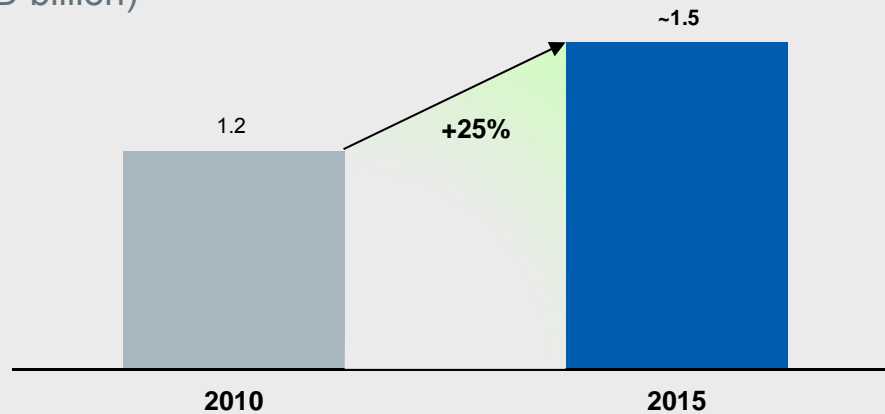
## Increase operational free cash flow by 25% by 2015

- Increase in operational free cash flows driven by
  - ▶ Organic growth of the business
  - ▶ Shift to less capital intensive fee based business
  - ▶ Cost efficiencies

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### Normalized annual operational free cash flow

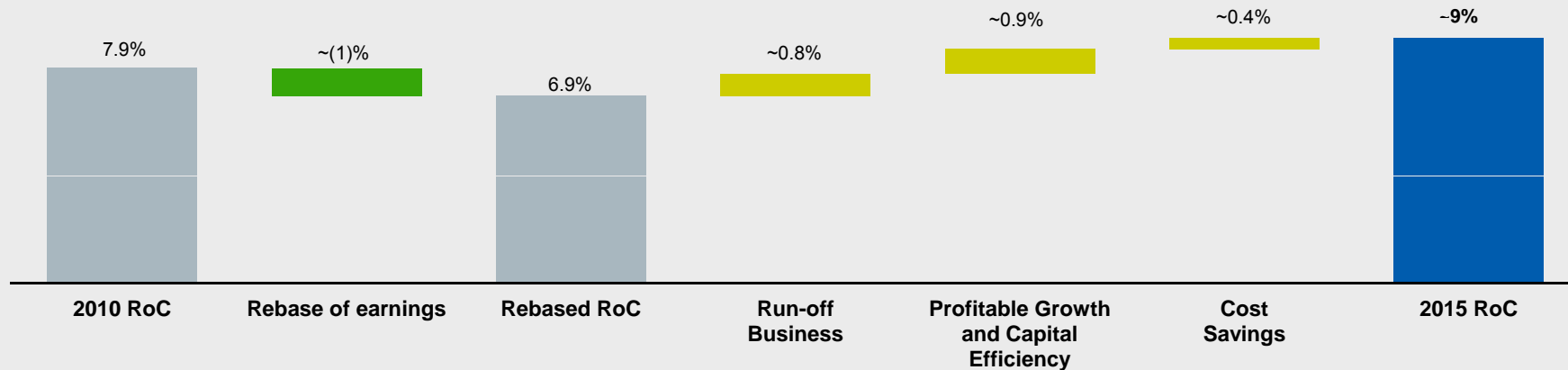
(USD billion)



## Achieve a return on capital of ~9% by 2015

- Strategic focus supports increase in return on capital
  - ▶ Optimize business mix
  - ▶ Higher margins on new business
  - ▶ Expense management
  - ▶ Capital efficiency
  - ▶ Increased dividends to holding

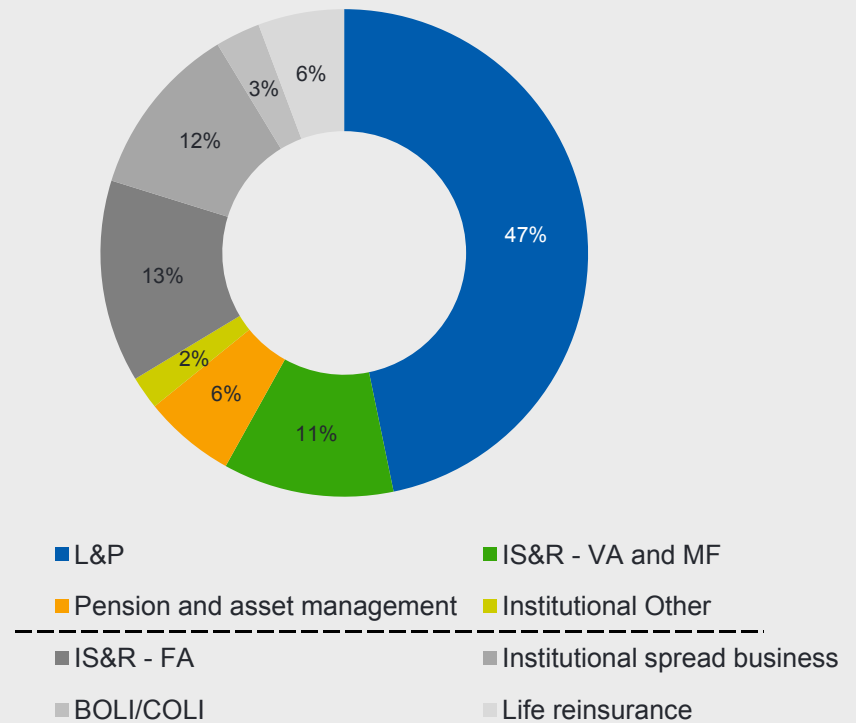
### Return on capital\*



## Executing on our strategy – significantly transforming the Americas

### Decisions made to exit or de-emphasize 34% of 2007 underlying earnings base

- Wind down institutional spread business
- Exit automotive credit market
- Merged broker / dealers
- Announced disposition of Transamerica Re
- De-emphasizing fixed annuities
- Exit BOLI / COLI business
- Closure of Louisville location





## Staying focused on our core businesses

### Markets we plan to grow

- ↑ Life and Protection
- ↑ Variable annuities
- ↑ Retail mutual funds
- ↑ Pensions
- ↑ Latin America and Canada

- The US is the largest life insurance and pension market in the world
- Aging baby boomers will drive growth in retirement assets
- Continued shift of responsibility for retirement needs to the individual
  - ▶ Government retirement benefits are inadequate
  - ▶ Decline of defined benefit plans

*Positioned to serve the life cycle needs of our customers*

## Franchise value of the Transamerica brand



- Strong name recognition among consumers and financial professionals
- Establish a clear and distinct identity in the marketplace to become more competitive and accelerate growth
  - ▶ Developed unique brand positioning that unifies our company, employees, intermediaries and customers
  - ▶ Scheduled to launch new mass media campaign utilizing high impact TV, print, digital and trade this fall
- Commitment to continue to invest in the value of the brand



## Leading in our chosen markets – Life and Protection

### Business profile

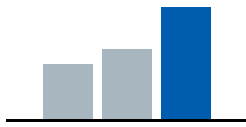
- Life and health products
- Stable market with solid earnings growth
- Top 10 player
- High quality, low risk earnings
- Lower capital markets leverage
- Strong distributable earnings

### Strategic priorities

- Implement cost savings to offset inflation
- Continue to grow profitable sales
- Leverage operational efficiencies
- Manage market risks through product design and hedging
- Enhance customer service
- Promote the Transamerica brand

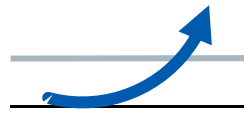
Life Sales	Rank*	Market Share*
TOTAL	7	4.3%
Term	3	6.7%
Universal life	4	5.0%
Whole life	9	2.4%

## Delivering on our strategic priorities – Life and Protection



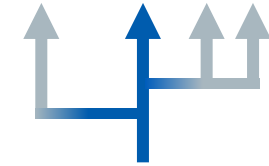
**Grow profitable new sales faster than the industry**

- Leveraging expertise in recruiting new distribution
- Leveraging inbound agent capability within the Affinity marketing group
- Analytics and modeling capabilities improve lead generation and response rates



**Maintain flat expenses**

- By combining four divisions, we will continue to reduce layers and overall headcount
- Eliminate steps, rework and improve turnaround time with electronic applications
- Reduce ongoing maintenance costs by moving to common products, infrastructure and IT platforms



**Expand distribution**

- Offer value added services to help brokerage channels grow their business
- Cross selling products across distribution within L&P channels (Affinity Marketing Group store)
- Recruit and retain new distribution/producers and improve licensing ratios. Net increase in whole life agency group for 1st time in 9 years
- Actively participate in Transamerica branding campaign and website initiative

# Leading in our chosen markets – Individual Savings and Retirement

## Business profile

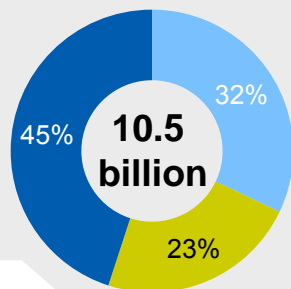
- Annuity, mutual fund and advisory products
- Strong growth potential
- Fee based quality earnings
- Some capital markets leverage post hedging

## Strategic priorities

- Grow variable annuities, mutual funds and advisory services
- Leverage speed to market
- Embed strong product risk management disciplines
- Completed delta hedging of VA GMIB back book
- Promote the Transamerica brand

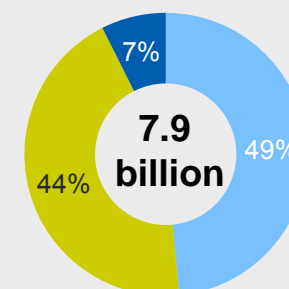
### Gross deposits FY 2009

(USD billion)



### Gross deposits FY 2010

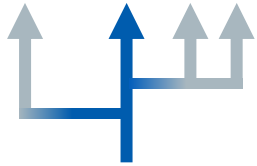
(USD billion)



*Growing fee business* →

- Variable annuities (+44%)
- Retail mutual funds (+15%)
- Fixed annuities (-88%)

## Delivering on our strategic priorities – Individual Savings and Retirement



### Grow in traditional distribution channels

- Earning business one advisor at a time
- Strong high-caliber wholesaling force that is maturing in their territories and increasing penetration
- Cross selling with mutual fund distribution



### Target new product offerings to address customer needs

- Industry leading Retirement Income Max product. Morningstar equity restrictions and volatility based allocation methods reduce risk
- Pro-actively manage the product portfolio to enhance capital efficiency and balance pricing with benefits



### Develop new variable annuity

- Private label product in channels that do not conflict with existing customers
- Introduced variable annuity in the 401(k) market with SecurePath for Life product



### Continued focus on operational excellence

- Maintain low cost position in the industry through targeted customer-facing and back-office efficiency

## Leading in our chosen markets – Employer Solutions and Pensions

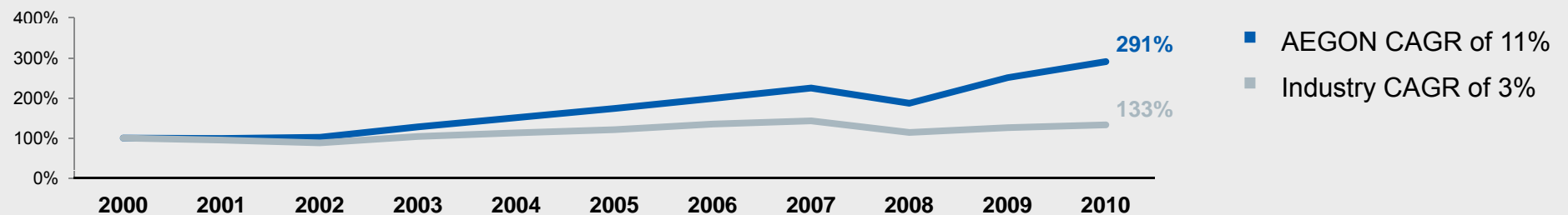
### Business profile

- Employee benefit products and services
- Success in smaller case driven by high quality third-party administration and Plan Administration Service Support (PASS) product
- Focus on 'Not-for-Profit' and 'Total Retirement Outsourcing' drives results in larger case market
- Withdrawal rates remain historically low at 11.2%
- Some capital markets leverage (fee based)

### Strategic priorities

- Continue to aggressively pursue opportunities in the market
- Dominate worksite distribution
- Lead with high quality service and innovative solutions
- Leverage technology
- Promote the Transamerica brand

### US pension assets



## Delivering on our strategic priorities – Employer Solutions and Pensions



**Aggressively pursue market opportunities and dominate workite distribution**

- Grow the Participant Counseling Operations in the rapidly growing Not For Profit market
- Expand Total Retirement Outsourcing (TRO) sales efforts which creates new large market opportunities with unique value proposition
- Expand voluntary life and health business leveraging Health Care Reform



**Leverage technology**

- State of the art recordkeeping system to innovate TRO offering with single participant websites, call centers and automated benefit calculations technology
- Instantaneous electronic enrollment through the use of iTouch technology
- Content Management System generates fully customizable websites, voice response units, videos and enrollment materials; leveraging cutting edge technology not otherwise available



**Lead with high quality service and innovative solutions**

- Portfolio Express; offering innovative customized investment portfolio to the advisor community
- Learning from Net Promoter Score survey launched in the distributor channel in Q1 2011
- IT platform providing innovative enhancements in the Not-for-Profit space driving greater consolidation of data from multiple vendors



## Client service – helps win and retain clients

*The Eddy Awards*



**SIGNATURE • 2009**  
AWARDS PROFIT SHARING/401k  
COUNCIL OF AMERICA  
**WINNER**



**CHATHAM  
PARTNERS**

**PSCA.org** PROFIT SHARING/401k  
COUNCIL OF AMERICA

*Industry validation yields credibility*

## Leading in our chosen markets – Canada

### Business profile

- Individual Insurance products – top 5 player
- Annuity (segregated fund) products
- Mutual Funds
- Repositioned and profitable product portfolio
- Reduced and diversified risk profile
- Middle market focus

### Strategic priorities

- Easy to do business with
- Standard products and services
- Middle market emphasis
- Diversified risk profile
- Alignment and engagement of employees
- Aggressive expense management

### Delivering on our strategic priorities

- Easy to do business with: implementation of straight-through processing; service strategy; implementation of business improvement methodologies
- Middle market growth opportunities: implementation of distribution strategy – WFG, MGAs
- Diversified risk profile: in-force reinsurance programs; UL hedging

## Leading in our chosen markets – Latin America

### Business profile

- Brazil: Mongeral AEGON is a non bank-owned life company that sells and administers its own life insurance products and partners' pension and personal loan products
- Mexico: Argos AEGON is a non bank-owned life insurance company focused on the middle and lower markets through worksite marketing

### Strategic priorities

- Grow life portfolio through new products and distribution
- Continued geographic expansion in Brazil regions that support our market demographics
- Look for strategic opportunities to significantly increase our presence in Latin America

### Delivering on our strategic priorities

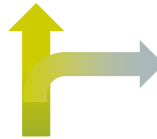
- First to Brazil market with domestic high net worth solution
- Aggressively growing worksite model
- Launching affinity marketing and proprietary retirement products
- New distribution through bancassurance partnerships in Mexico
- Expanding tied agent recruiting in Mexico

## Optimize our portfolio



### Shift to fee business

- Variable annuities
- Mutual funds
- Pensions
- Advisory



### Exit non-core businesses

- Divestment of Transamerica Re
- Run-off BOLI/COLI
- De-emphasizing Fixed annuities
- Single premium group annuities



### Improve risk-return profile

- Completed delta hedging of GMIB back book
- New hybrid term/UL life product
- Re priced and re designed variable annuity product
- Re-priced SVS book

## Enhance customer loyalty



### Invest in Transamerica brand

- Strong name recognition
- Clear and distinct identity in the marketplace
- Commitment to continue to invest



### Implement key performance indicators

- Pilot program in place across several business units
- Managing withdrawals and cash flows



### Remain best in class

- Common service standards
- Service awards in Pensions and mutual funds

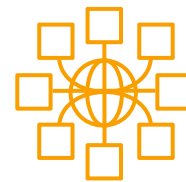
*Retaining customers as important as acquiring new ones*

## Deliver operational excellence



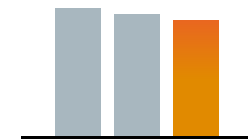
### Restructure

- 14 divisions into three core US business units
- Shutting down Louisville office
- Merging broker dealers



### Operations

- Additional back office consolidations
- Outsourcing non-customer facing functions
- Combining print operations



### Operating expenses

- Keep flat as sales increase
- Reduce headcount by 400-500 or 5%

*Increase operational efficiency and improve service levels*

# Empowered employees



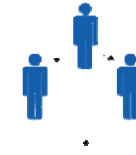
## Rollout employee surveys

- Global engagement survey in Q4 2011
- Local surveys in businesses
- Group wide talent management program



## Training

- AEGON University
- Transamerica Academy
- Transamerica Leadership Development Program



## Engage job rotation programs

- Change in leadership
- Rotation in actuarial and accounting teams

***Stimulate innovation and increase accountability***

## Key messages

- Key contributor to AEGON's targets
- Transforming our company
- Stay focused on core businesses as leaders in our chosen markets
- We will deliver on AEGON's strategic objectives







# Q & A



## Gradual release of capital from run-off businesses

- Net earnings from run-off businesses of USD 19 million
- Current capital allocated to run-off businesses of USD 3.9 billion (incl. life reinsurance)
  - ▶ Return on capital of run-off businesses of 1.9%
- Capital intensive run-off businesses negatively impact return on equity
  - ▶ Capital allocated to run-off businesses is included in RoE calculations, but run-off earnings are not

### Allocated capital to run-off businesses

(USD billion)

	Run-off period	Q1 2011	YE 2011	2015
▪ Payout annuities	> 20 years	0.3	0.3	0.3
▪ Institutional spread-based business	~ 5 years	0.9	0.5	0.1
▪ BOLI/COLI	> 10 years	0.5	0.4	0.4
▪ Life reinsurance	~ 15 years	2.1	0.9	0.7
		<b>3.9</b>	<b>2.1</b>	<b>1.6</b>

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# Disclaimer

## Cautionary note regarding non-GAAP measures

This presentation includes certain non-GAAP financial measures: underlying earnings before tax and value of new business. The reconciliation of underlying earnings before tax to the most comparable IFRS measure is provided in Note 3 "Segment information" of our Condensed consolidated interim financial statements. Value of new business is not based on IFRS, which are used to report AEGON's primary financial statements and should not be viewed as a substitute for IFRS financial measures. We may define and calculate value of new business differently than other companies. Please see AEGON's Embedded Value Report dated May 12, 2011 for an explanation of how we define and calculate. AEGON believes that these non-GAAP measures, together with the IFRS information, provide a meaningful measure for the investment community to evaluate AEGON's business relative to the businesses of our peers.

## Local currencies and constant currency exchange rates

This presentation contains certain information about our results and financial condition in USD for the Americas and GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. Certain comparative information presented on a constant currency basis eliminates the effects of changes in currency exchange rates. None of this information is a substitute for or superior to financial information about us presented in EUR, which is the currency of our primary financial statements.

## 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: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, 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, persistence 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;
- Lowering of one or more of our debt ratings issued by recognized rating organizations and the adverse impact such action may have on our ability to raise capital and on our liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of our insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability of its insurance subsidiaries and liquidity;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital we are required to maintain;
- 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;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including our ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives;
- The non-fulfillment of the conditions precedent underlying the agreement to divest Transamerica Reinsurance.

Further details of potential risks and uncertainties affecting the company are described in the company's filings with Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report on Form 20-F. These forward-looking statements speak only as of the date of this presentation. Except as required by any applicable law or regulation, the company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.