



ANNUAL REVIEW 2008

Adapting to change

PROVIDING LONG-TERM FINANCIAL SECURITY
IN AN UNCERTAIN WORLD

LIFE INSURANCE | PENSIONS | INVESTMENTS



About AEGON

Throughout their working lives and into retirement, millions of people around the world rely on AEGON to help them secure their long-term financial futures.

As an international life insurance, pension and investment company, AEGON has businesses in over twenty markets in the Americas, Europe and Asia. AEGON companies employ approximately 31,500 people and serve over 40 million customers across the globe.

AEGON uses its strength and expertise to create added value for customers, employees, shareholders and the wider community. AEGON does this by encouraging innovation and by growing its businesses profitably and sustainably.

AEGON's aim is to be a leading force in global financial services.

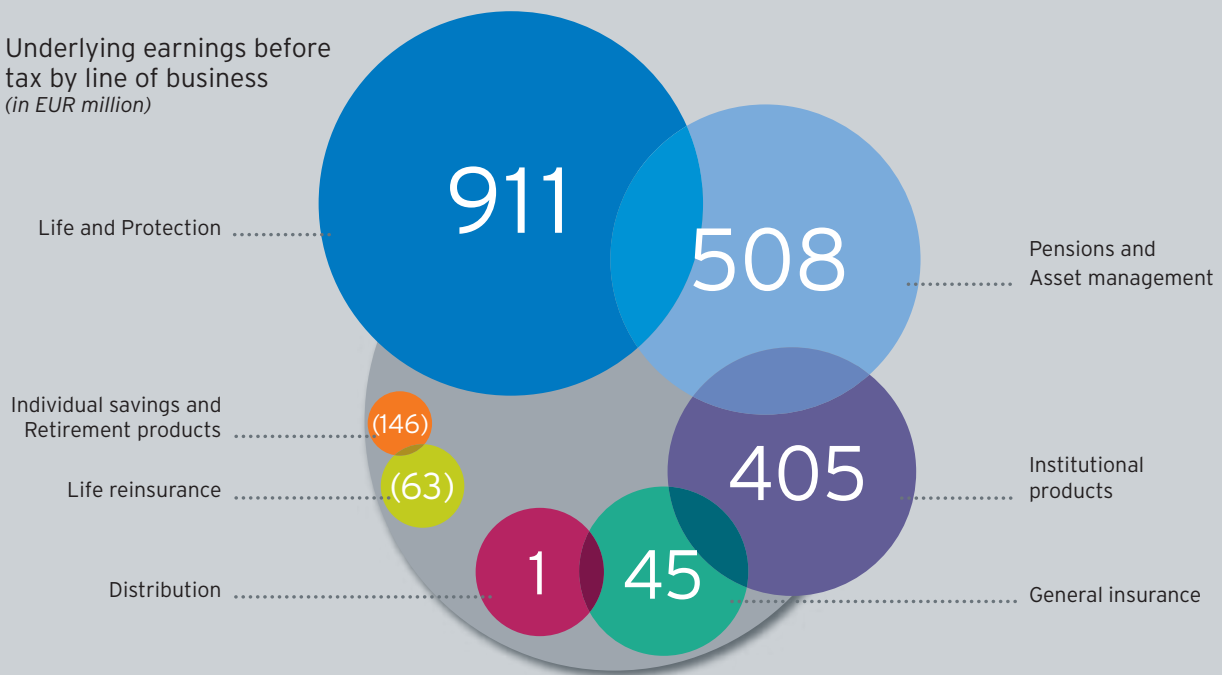


25 YEARS A NAME...
over 150 years
creating better futures.

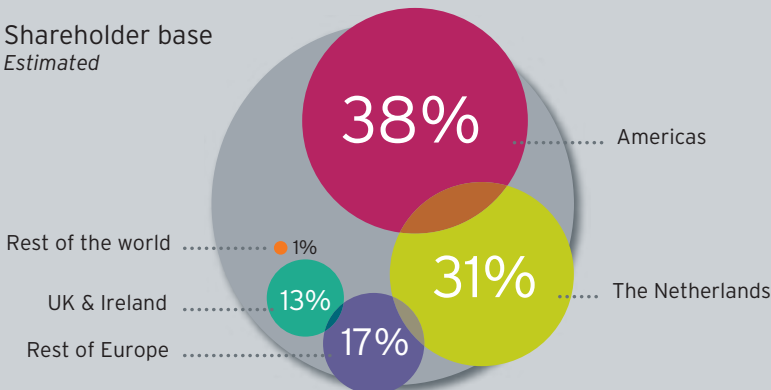
At a glance

AEGON has businesses in more than 20 markets in the Americas, Europe and Asia, providing life insurance, pensions, savings and investment products for over 40 million policyholders around the world.

Underlying earnings before tax by line of business
(in EUR million)



Shareholder base
Estimated



In 2008, AEGON's earnings were severely affected by the global financial crisis. Underlying earnings before tax declined 40% to EUR 1.57 billion. During the year, AEGON remained committed to its short-term strategic objectives to lower risk, reduce cost and release additional capital from the company's existing businesses.

AEGON around the world

Americas AEGON companies in the United States can trace their roots back to the mid-nineteenth century. Today, AEGON has businesses across the United States, as well as in Canada and Mexico. Transamerica is one of the best known names in the US financial services industry.

The Netherlands AEGON's history in the Netherlands goes back to the country's early burial funds, which rose to prominence more than 150 years ago. Today, AEGON The Netherlands is one of the country's largest providers of life insurance, pensions and long-term investment products.

United Kingdom AEGON UK is a leading provider of life insurance and pensions and also has a strong presence in both the asset management and financial advice market.

Other countries In the past few years, AEGON has significantly expanded its international presence outside its three established markets. In particular, AEGON has seen strong growth in its business in Central & Eastern Europe, as well as in Asia.



Highlights

Excess capital

2.9 billion

At the end of 2008, AEGON had an excess capital of EUR 2.9 billion over and above AA-capital adequacy requirements.

Revenue-generating investments

332 billion

AEGON manages EUR 332 billion in revenue-generating investments - EUR 105 billion on behalf of policyholders.

Fixed annuities

+254%

Fixed annuity deposits rose 254% in 2008 to just over EUR 4 billion compared to 2007.

Value of new business

837 million

AEGON generated EUR 837 million in new business in 2008 - an important indicator of the company's future profitability.

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Highlights 2008

February

- AEGON takes first step in Turkey, announcing acquisition of life insurer Ankara Emeklilik.

April

- AEGON extends presence in China, opening new branch office in the eastern coastal province of Guangdong.
- AEGON finalizes joint venture with Industrial Securities, one of China's leading asset management firms.
- Alex Wynaendts takes over as CEO from Don Shepard, who retires at AEGON shareholders' meeting.

June

- Marco Keim starts as CEO of AEGON's operations in the Netherlands.
- CEO Alex Wynaendts unveils new strategy, designed to increase earnings, improve returns and make better use of the company's international resources.
- AEGON Hungary further strengthens position by merging its pension fund with UNIQA & Public Service Pension Fund.

July

- AEGON launches new life insurance business in India.
- AEGON adds EUR 315 million to core capital through innovative securitization transaction in the United Kingdom.

August

- AEGON agrees new joint venture with savings bank Caixa Terrassa, further extending distribution in Spain.

September

- Following recommendations from the Dutch 'Ombudsman' for Financial Services, AEGON announces it will reduce costs of unit-linked insurance policies sold in the Netherlands.

October

- AEGON signs joint venture with Mongeral, Brazil's sixth biggest independent life insurer.
- AEGON secures EUR 3 billion in additional core capital from the Dutch State.

November

- AEGON outlines short-term strategy to address financial crisis, promising measures to reduce risk, free up more capital and keep a tight lid on operating costs (the three C's: Capital, Cost, Contingency).
- AEGON The Netherlands CEO Marco Keim presents new business plan, setting out measures to expand distribution and improve profitability.

December

- AEGON finalizes acquisition of Polish pension fund company PTE Skarbiec Emerytura.



Our Strategy

Providing long-term financial security
in an uncertain world

Letter of the CEO

These are unprecedented and challenging times for AEGON and for financial services companies across the globe. As such, I appreciate this opportunity to provide you an overview of the impact of the economic crisis on AEGON during 2008, as well as the actions we have initiated to strengthen AEGON's long-term prospects in the life insurance, pension and retirement markets.

A clear strategy

Clearly, the effects of the financial crisis were significant for AEGON during 2008. However, they confirmed our belief that the strategy we introduced last June is the right one: to improve the capital efficiency of AEGON's operations internationally and deploy capital to areas with higher growth and return prospects; to improve growth and returns within existing businesses; and to manage AEGON as an international company in order to more fully leverage our extensive expertise and resources.

Maintaining confidence

Despite the difficult economic environment during 2008, we were encouraged by the continued confidence of AEGON's many customers around the world, as evidenced by strong persistency levels and the growth of our customer base in both our established and developing markets. The severity of the crisis, however, had a negative impact on AEGON's earnings in 2008. Despite the disappointing financial results, AEGON's core businesses demonstrated their resilience. New life sales decreased by a modest 11% at constant currency, while AEGON's fixed and variable annuity sales doubled over the previous year. Total net deposits also rose sharply by 47% at constant currency. We regard these positive developments as a clear result of AEGON's strong financial position and the steps we are taking to weather the turbulent conditions impacting nearly every sector of the economy.

The 3 C's

In response to the sharp downturn in financial markets during the year, we implemented three strategic priorities to strengthen AEGON's position. Characterized as 'The 3 C's', they fit well with the strategy we

introduced in June and are aimed at enhancing AEGON's Capital position, reducing Costs, and ensuring that sufficient Contingencies are in place to enable AEGON to withstand further market deterioration.

Central to AEGON's strategy is our focus on releasing capital from our businesses. In June, we announced our aim to release between EUR 4 billion to EUR 5 billion in capital by 2012. We accelerated our actions in the second half of 2008 given worsening market conditions. This resulted in a release of EUR 1.7 billion for the full year. We expect to release an additional EUR 1.5 billion in 2009 by continuing to reduce AEGON's risk to equity and credit markets; reducing interest rate risks and lowering product guarantees; reducing spread-based balances within our institutional business in the United States; further increasing our hedging program; and improving the matching of assets and liabilities.

In November, we introduced a cost savings target of EUR 150 million to be achieved mainly by AEGON's operations in the United States, the Netherlands and the United Kingdom during 2009. We will reduce costs without sacrificing the quality and service our customers and business partners have come to expect.

Furthermore, we regard it as essential to put in place clear contingencies that will enable AEGON to withstand further market distress. AEGON's participation in the capital facility program extended by the Dutch government for the benefit of healthy and viable financial services companies operating in the Netherlands was an additional measure to strengthen AEGON's capital position by EUR 3 billion and secure a solid capital buffer to withstand future market turmoil.

Strategic expansion

During 2008, we continued to make progress in expanding AEGON's presence in new growth markets and in strengthening our position in the international retirement market. In Central & Eastern Europe, we enhanced AEGON's position in the pension markets of Hungary and Poland. We also initiated our first steps in the fast-developing Turkish market with the acquisition of an established life insurance and pension provider. AEGON's footprint in Latin America expanded further with a new life insurance joint venture in Brazil; and in Spain, AEGON's presence through the important bank channel was extended through a fifth joint venture agreement. In China, AEGON's continued roll-out across

the highly developed coastal provinces resulted in record sales, and we also entered into a promising new asset management joint venture. In July, AEGON launched its business in India to provide life insurance and pensions for the rapidly expanding middle class.

Transition and continuity

Early in 2009, AEGON announced that Jos Streppel will fulfill his long-stated intention to retire after over 35 years with AEGON and its predecessor companies. His many contributions as Chief Financial Officer for the past ten years have been invaluable. Jos' in-depth knowledge of financial markets and keen understanding of developments in international accounting standards has helped guide AEGON through both difficult and prosperous times, complementing AEGON's growth ambitions with prudent financial discipline. The nomination of Jan Nooitgedagt to succeed Jos ensures that AEGON's strong financial and risk management capabilities will continue to be integral to the day-to-day management decisions that shape our business.

On behalf of the Management Board, I wish to thank the employees of AEGON around the world for their continued commitment to providing our customers the high quality products and services they have come to expect and require, particularly in these uncertain times. We are also grateful to our many shareholders, business partners and other stakeholders for their confidence in AEGON now and in the years to come.



.....
Alexander R. Wynaendts

Alexander R. Wynaendts
 Chairman of the Executive Board and CEO

AEGON's Management Board



Alexander R. Wynaendts (1960, Dutch)

CEO

Chairman of the Executive Board

Chairman of the Management Board

Alex Wynaendts began his career in 1985 with ABN Amro, working in Amsterdam and London in the Dutch bank's capital markets, asset management, corporate finance and private banking operations. In 1997, Mr. Wynaendts joined AEGON as Senior Vice-President for Group Business Development. Since 2003, he has been a member of AEGON's Executive Board, overseeing the company's international growth strategy. In April 2007, Mr. Wynaendts was named AEGON's new Chief Operating Officer. A year later, Mr. Wynaendts succeeded Don Shepard as CEO and Chairman of AEGON's Executive Board.



Joseph B.M. Streppel (1949, Dutch)

CFO

Member of the Executive Board

Member of the Management Board

Jos Streppel started his career in 1973 occupying treasury and investment positions at one of AEGON's predecessor companies in the Netherlands. In 1986, he became the Chief Financial Officer of FGH Bank, joining the bank's Executive Board the following year. In 1991, Mr. Streppel was appointed Chairman and CEO of the merchant bank Labouchère. Four years later, he also became Chairman of FGH Bank. Mr. Streppel was named as AEGON's Chief Financial Officer in 1998. In 2000, he was appointed to the company's Executive Board. In addition to his positions at AEGON, Mr. Streppel is also a member of the Supervisory Boards of both Royal KPN N.V. and Van Lanschot N.V. Mr. Streppel has announced that he will step down at AEGON's General Meeting of Shareholders scheduled for April 22, 2009.



Patrick S. Baird (1954, US citizen)

CEO AEGON USA

Member of the Management Board, responsible for the Americas, Asia-Pacific and Global Life Reinsurance

Pat Baird began his career at AEGON USA in 1976. He has served as Executive Vice-President and Chief Operating Officer, Chief Financial Officer and Director of Tax and was appointed to his current position in March 2002. Mr. Baird is also a member of the board of directors at Cedar Rapids Bank & Trust in the United States.

Marco B.A. Keim (1962, Dutch)

CEO AEGON The Netherlands

Member of the Management Board, responsible for the Netherlands

Marco Keim began his career with accountants Coopers & Lybrand/Van Dien. Mr. Keim has also worked for aircraft maker Fokker Aircraft and NS Reizigers, part of the Dutch national railway company NS Group. In 1999, Mr. Keim joined Swiss Life in the Netherlands as a board member. Three years later, he was appointed CEO before joining AEGON The Netherlands at the beginning of June 2008.



Gábor Kepecs (1954, Hungarian)

CEO AEGON Central & Eastern Europe

Member of the Management Board, responsible for Central & Eastern Europe

Gábor Kepecs began his career with the Hungarian government before joining former state-owned insurance company Állami Biztosító. In 1990, he was appointed CEO, two years before Állami Biztosító was privatized and acquired by AEGON. Since 1992, Mr. Kepecs has been CEO of AEGON Hungary. In that time, he has spearheaded an expansion of AEGON's businesses not only in Hungary but also across the Central & Eastern European region.



Otto Thoresen (1956, British)

CEO AEGON UK

Member of the Management Board, responsible for the United Kingdom, India and Variable Annuities in Europe

Otto Thoresen joined Scottish Equitable in 1978, where he qualified as an actuary and worked in a number of roles including marketing manager. He left Scottish Equitable in 1988 to take up various management and executive roles at UK insurers Abbey Life and Royal Insurance before returning to AEGON UK in 1994 as Development Director. In 2002, Mr. Thoresen was appointed Finance Director of AEGON UK before becoming the company's CEO three years later.



Broadening the role of AEGON's Management Board

In 2008, AEGON broadened the roles of the members of the company's Management Board. With this new structure, members of the Board have a mix of local and global responsibilities. This change has helped bring AEGON's corporate governance into line with its objective of running the company more as one international business. The Management Board works alongside the Executive Board and oversees a broad range of strategic and operational issues. While the Executive Board remains AEGON's sole statutory executive body, the Management Board provides vital support and expertise in pursuit of the company's strategic goals.



In 2008, AEGON marked its twenty-fifth anniversary. The company was formed in 1983 - the result of a merger between two Dutch insurance companies, AGO and Ennia. But AEGON's roots date back much further, to the mid-nineteenth century when the company's predecessors provided burial funds for customers in the Netherlands.

Today, AEGON is an international life insurance, pension and investment company, with major operations in the United States, the Netherlands and the United Kingdom, and a growing presence in the new, emerging markets of Asia, the Americas and Central & Eastern Europe.

With EUR 332 billion in revenue-generating assets, AEGON companies employ some 31,500 people worldwide, serving over 40 million customers in more than twenty markets.

AEGON's strategy: the building blocks

AEGON has a clear, well-defined strategic framework, aimed at creating added value for the company's customers, employees, shareholders and the wider community. This framework is based on five main principles - the building blocks of AEGON's strategy:

- AEGON is committed to its core businesses: life insurance, pensions and investments;
- AEGON serves local needs, using global resources - combining local knowledge and local decision-making with the resources of an expanding international company;
- AEGON pursues sustainable, profitable growth, by aiming to improve its return on equity and writing new business with a minimum internal rate of return of 11% after tax;
- AEGON aims to be a leader in the markets in which it operates, realizing benefits of scale;
- AEGON wants to strengthen its international presence by expanding into new markets that offer prospects for sustainable, profitable growth.

Responding to a rapidly changing business environment

In June 2008, AEGON set out an ambitious five-year plan designed to increase returns and grow the company's businesses. This plan - 'Unlocking the Global Potential' - is based on three strategic objectives:

- To target more of AEGON's financial resources on areas that have strong growth prospects;
- To improve growth and returns from AEGON's existing businesses;
- To manage AEGON as an international company.

The second half of 2008, however, saw a dramatic decline in world financial markets. This led to a shift in priorities both for AEGON and the global insurance industry. In particular, uncertain economic and market conditions have resulted in an increased demand for capital to support existing businesses, which means fewer resources are now available for international expansion or acquisitions. AEGON believes these conditions will last well into 2009.

The global financial crisis, which took hold in the third quarter of 2008, has left the insurance industry facing a number of important challenges, including:

- A downturn in the world's leading economies;
- Falling corporate bond and equity values;
- Lower interest rates;
- High volatility in financial markets;
- Greater demand among customers for financial guarantees;
- A more conservative stance by national industry regulators and international rating agencies.

These factors have resulted in an increased need for capital within the insurance industry. At the same time, however, because of growing economic and market volatility, the cost of capital has risen sharply.

In response to these extraordinary market conditions, AEGON shifted its focus in the second half of 2008 to the following areas:

- Efforts to lower risk and free up additional capital from the company's existing businesses;
- Measures to reduce operating expenses in 2009 and ensure a sufficient capital buffer as a safeguard against further declines in world financial markets.

As part of this approach, AEGON accelerated measures already set out in June in the company's five-year growth plan. These measures are designed to free up a total of EUR 4 billion to EUR 5 billion of capital by 2012 from AEGON's existing businesses.

In addition, AEGON also took a number of steps aimed at reducing risk and protecting the company's position during the financial crisis:

- AEGON reduced its exposure to equity markets;
- Its investment portfolio was structured more defensively, interest rate risk was reduced and guarantees lowered;
- AEGON also stepped up its hedging program and matching of assets and liabilities, and substantially increased the resources committed to risk management.

Taken together, these steps enabled AEGON to free up EUR 1.7 billion in capital from its businesses during the second half of 2008 - capital that helped the company withstand a considerable worsening in market conditions. AEGON expects to free up a further EUR 1.5 billion in capital in 2009. In October 2008, AEGON took the further step of securing EUR 3 billion in additional core capital from Vereniging AEGON, funded by the Dutch State - a necessary precaution against further declines in world financial markets.

"What happened in the financial markets in the second half of 2008 really changed the rules of the game for insurance companies. We needed to take immediate action - first of all, to further reduce the amount of risk we were carrying and secondly, to free up capital from our balance sheets.

At AEGON, because of the plans we'd announced in June, we were already focused on this area. Thanks to these measures - and the support we received from Vereniging AEGON, funded by the Dutch state - we entered 2009 with a substantial capital buffer, comfortably above what we would require to maintain AA capitalization.

The fact is: 2009 is not going to be easy. During the year, we'll continue with the same measures - we'll carry on lowering risk and releasing capital to support our businesses. It's the right strategy to deal with what are still very challenging market conditions."

Michiel van Katwijk
Executive Vice-President
and Group Treasurer

"AEGON has always had strong asset management businesses - in the United States, the United Kingdom, the Netherlands and elsewhere around the world. But, traditionally, our businesses have worked independently of each other.

By setting up a single, global organization for asset management, we can start making the most of our collective strength - particularly important in the current troubled market environment. We can start thinking 'global', rather than just 'local'. That's a big shift in mentality. But it's one we have to make.

This change means we'll be able to offer a broader range of products and investment ideas to our clients. And we'll be able to start developing and selling cross-border products as well."

Erik van Houwelingen
Chairman Executive
Committee AEGON
Asset Management

Overall, this approach ensured that AEGON would enter 2009 with a significantly reinforced capital buffer, an important safeguard in the current uncertain market environment. At the end of 2008, the company had EUR 2.9 billion in capital over and above what would be required to maintain a AA rating for its operating units.

In addition, AEGON has also announced that it expects to lower operating expenses in 2009 by more than EUR 150 million, equivalent to approximately 5% of the company's 2008 cost base. These savings will be achieved through restructuring programs, efficiency improvements and expense reductions at AEGON's operations in the United States, the Netherlands and the United Kingdom.

Progress with 'Unlocking the Global Potential'

The financial crisis has led to an increased near-term focus on capital, but AEGON's longer-term strategy - the company's commitment to increase returns and grow its businesses - remains in place. 'Unlocking the Global Potential' is aimed at delivering sustainable, profitable growth for AEGON and its investors over the next several years. Despite the financial crisis, AEGON has made important progress with the specific measures outlined in the plan. AEGON senior management is planning to update investors at the company's regular Analyst & Investor Conference scheduled for June 2009 in London.

AEGON is improving growth and returns from its existing businesses

A crucial part of 'Unlocking the Global Potential' is ensuring that AEGON's existing businesses perform as efficiently as they can. AEGON has already announced a reshaping of its operations in Canada to reduce capital use and ensure profitable growth by focusing on a select range of products. In the Netherlands, meanwhile, AEGON has introduced a new strategic plan, aimed at increasing profitability, expanding the company's distribution network and improving the return on capital.

AEGON has taken steps toward managing AEGON more as an international company

AEGON wants to make the most of its expanding international resources. The company is setting up a global asset management organization, bringing together existing businesses in the United States, the United Kingdom, the Netherlands and elsewhere. In addition, AEGON will use its existing strength and expertise in the United States to develop new markets for its variable annuities and life reinsurance businesses in Europe and Asia.

AEGON has begun to reallocate capital toward businesses with higher growth and return prospects

Measures to reduce risk and free up capital released EUR 1.7 billion in the second half of 2008. But, because of the financial crisis, investment in new businesses has been reduced. Even so, over the past year, AEGON has opened new businesses in India and Turkey, signed a new joint venture with one of Brazil's largest independent insurers, expanded its bank distribution network in Spain and invested in the company's growing pension business in Central & Eastern Europe. By 2012, AEGON expects over 50% of its capital will be allocated to businesses outside the United States - an approach that will give the company a more balanced international presence.

Insurance: a growth business

Despite the financial crisis, AEGON believes that the insurance and pension industry offers prospects for strong, sustainable growth in the years ahead. 'Unlocking the Global Potential' is designed to ensure AEGON is well positioned to take advantage of new opportunities opening up in the industry.

In many parts of the world, particularly in Europe, North America and Japan, people are living longer, healthier lives. Governments are no longer able to afford the generous state pensions that were once commonplace. As a result, demand for private pensions, life insurance and other long-term savings and investment products is

rising. At the same time, the growing number of people entering retirement has led to a shift in focus, away from simply saving toward how to use those savings to ensure a comfortable old age. Fifty years ago, according to United Nations' World Population estimates, just one in ten Europeans was over the age of 65. By 2020, it will be one in five.

In other parts of the world, new markets are emerging - in China, India and the countries of Central & Eastern Europe. Here, growth stems from a combination of recent economic expansion, political reform and rising levels of personal wealth. The potential size of some of these markets is enormous. By the middle of this century, it is estimated that there will be almost 340 million people in China over the age of 65 - more than the total populations of the United States, the United Kingdom and the Netherlands combined.

AEGON is well placed to capitalize on these opportunities. The company has a significant presence in the United States, the world's biggest life insurance and pension market. And, over the past several years, AEGON has expanded its international businesses. Today, AEGON is present in six countries in Central & Eastern Europe as well as China, India and Taiwan in Asia, and Mexico in Latin America. In China alone, AEGON has businesses in provinces that cover a population of more than 300 million people.

AEGON unveiled a long-term growth plan, 'Unlocking the Global Potential', in June 2008. The plan is designed to increase earnings, improve return on equity from AEGON's existing businesses over the next few years and make better use of the company's international resources.

Because of the financial crisis, AEGON shifted its short-term focus in the second half of 2008 to measures designed to improve capital efficiency, lower risk and

reduce operating expenses. 'Unlocking the Global Potential' is based on the following country unit initiatives and objectives:

Country unit	Objectives 2012
United States	<ul style="list-style-type: none"> ◆ Invest in higher growth markets ◆ Focus on retirement, pensions and asset management ◆ Maintain tight control of costs ◆ Improve return on capital by 100 basis points by 2010
United Kingdom	<ul style="list-style-type: none"> ◆ Accelerate diversification of both products and distribution ◆ Improve management of capital
The Netherlands¹	<ul style="list-style-type: none"> ◆ Improve overall profitability ◆ Expand distribution network ◆ Increase return on capital by 100 basis points by 2012
Other Western European countries	<ul style="list-style-type: none"> ◆ Expand successful bank distribution model in Spain ◆ Capitalize on cross-border pension opportunities ◆ Pursue selective acquisitions in new markets
Central & Eastern Europe	<ul style="list-style-type: none"> ◆ Achieve top five position in all existing markets ◆ Broaden product and distribution range ◆ Pursue possible add-on acquisitions and entry into new markets
Asia	<ul style="list-style-type: none"> ◆ Establish regional office in Hong Kong ◆ Improve financial performance in Taiwan ◆ Expand life and asset management businesses in China ◆ Realize potential from start-ups in India and Japan ◆ Pursue selective entry into new markets
Latin America	<ul style="list-style-type: none"> ◆ Build scale in Mexico through joint venture with Seguros Argos ◆ Pursue selective entry into new markets

¹ Introduced separately in November 2008.

The financial community | THE IMPORTANCE OF COMMUNICATION



AEGON has shareholders and bondholders around the world. The company's investor relations program is aimed at ensuring investors have the information they need to make sound investment decisions.

AEGON endeavors to provide information that is clear, transparent, accurate and timely.

Turmoil in world financial markets, particularly during the second half of 2008, underscored the importance of maintaining communication with investors and the broader financial community.

During 2008, AEGON organized a number of conferences, road shows and other events designed to communicate the company's strategy and performance directly to investors and financial markets.

These included:

- Presentations by senior executives to industry conferences around the world;
- Investor road shows in North America, Europe and Asia, with one-on-one and group meetings with shareholders and other potential investors;
- In total there were meetings with about 700 investors in 28 countries.

In addition, AEGON hosted an Analyst & Investor Conference in June, as well as an Investor Day in November. In total, these events - both held in London - attracted around 120 participants. Presentations by members of AEGON's senior management addressed specific industry issues as well as the financial performance of the company and its operating units. In June, presentations were also given on AEGON's strategy, 'Unlocking the Global Potential'. In November, CEO Alex Wynaendts set out AEGON's approach to dealing with the global financial crisis by focusing on Capital, Cost and Contingency, while Marco Keim, the new CEO for the Netherlands, outlined his strategy for the company's Dutch operations. There was also a presentation on AEGON's approach to risk and capital management

In February 2008, AEGON's Executive Board adopted a new policy on communications between the company and its shareholders.

In line with recommendations issued by the Monitoring Committee overseeing the Dutch Corporate Governance Code, this policy sets out clear rules and guidelines for interaction between AEGON and its investors. A copy of the policy is available at www.aegon.com.

Shareholding structure

The vast majority of AEGON's shareholders are located either in North America or Europe. Approximately 86% of the company's common shares are held by institutional investors. These investors include Vereniging AEGON, the company's single largest shareholder, with 22.9% of AEGON's outstanding shares.

AEGON's capital base

AEGON's common shares are listed on four stock exchanges. The primary listing is in Amsterdam. The company's shares are also listed in London, New York and Tokyo. These listings give AEGON access to global capital markets, a vital part of the company's overall corporate and financial management strategies. In addition, AEGON is also active on world debt markets, using its strong credit rating to issue debt instruments in various currencies.

Dividend policy

AEGON recognizes the importance of a clear, stable and coherent dividend policy. Dividends to shareholders depend on the company's cash flow and capital position.

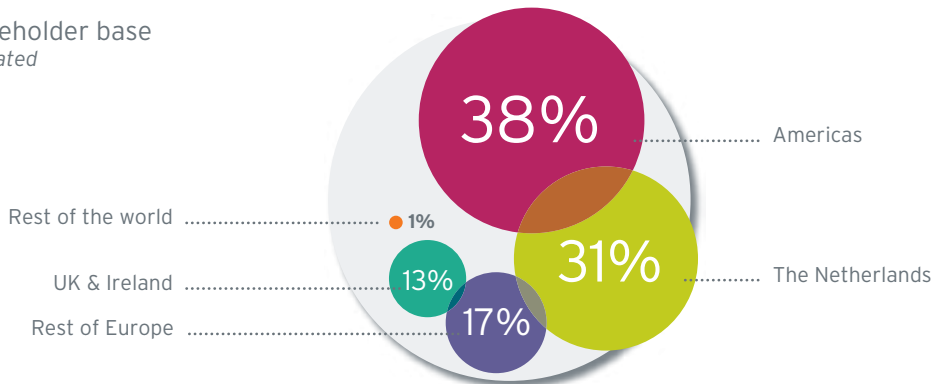
AEGON's policy is that the total dividend for the year should be composed of two parts:

- An interim dividend, announced at the same time as the company publishes its second quarter results in August;
- A final dividend, proposed in March and voted on at the company's Annual General Meeting, usually in April.

Payment of the interim and final dividend is made in either cash or stock.

In 2008, AEGON paid an interim dividend of EUR 0.30 a share. Shareholders who elected to receive their interim dividend in AEGON shares were entitled to one new common share for every 27 they already held. The value of the stock dividend was approximately equal to the cash dividend. AEGON decided to forego the final dividend for 2008 as part of broader measures to preserve capital in light of the global financial crisis.

Shareholder base
Estimated



Share price developments

The tables below show the performance of AEGON shares on the Amsterdam and New York stock exchanges during 2008.

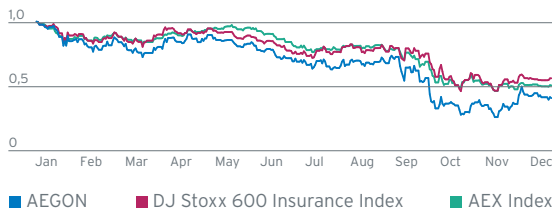
Share price information	2008	2007	2006	2005	2004
In EUR					
Price - high	11.98	16.06	15.56	14.25	12.98
Price - low	2.68	11.46	12.17	9.63	8.24
Price - year-end	4.525	12.09	14.44	13.75	10.03
Price/earnings ratio ¹	N.M. ²	8.22	7.72	11.00	8.22

¹ 2004-2006 based on adjusted data.

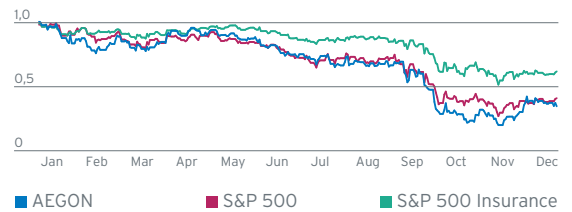
² Not measurable.

Share price information	2008	2007	2006	2005	2004
In USD					
Price - high	17.52	21.90	18.97	16.78	16.12
Price - low	3.50	16.75	15.24	12.19	10.41
Price - year-end	6.05	17.53	18.95	16.32	13.71

AEGON share price development versus indices Rebased (in EUR)



AEGON share price development versus indices Rebased (in USD)



AEGON Investor Relations

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Financial calendar

2009

March

- 23** Record date for attending/voting at the April 22 AGM
- 31** Annual Report 2008 available on corporate website

April

- 22** Annual General Meeting of Shareholders

May

- 14** First quarter 2009 results and Embedded Value Report 2008

June

- 9 - 10** Analyst & Investor Conference - London

August

- 13** Second quarter 2009 results

November

- 12** Third quarter 2009 results

December

- 2** Investor Day

2010

February

- 25** Fourth quarter 2009 results

March

- 29** Annual Report 2009 available on corporate website

April

- 29** Annual General Meeting of Shareholders

May

- 12** First quarter 2010 results and Embedded Value Report 2009

August

- 12** Second quarter 2010 results

November

- 11** Third quarter 2010 results



Our Businesses

Helping customers secure their
long-term financial futures



Jos Streppel

CFO and member Executive Board

“I’m confident we are taking the right steps to deal with the financial crisis.”

Jos Streppel, AEGON's CFO, gives his view of a year dominated by turmoil in the world's financial markets.

"There's no doubt that 2008 was a difficult year, not only for AEGON, but for the entire financial services industry. But I'm confident we are taking the right steps to deal with the crisis. We reduced our risk and we freed up capital from our existing businesses.

Last June, when we announced our new strategic priorities, we said we wanted to use our capital more efficiently to free up resources in order to make use of them in markets that offer stronger growth and higher returns. Because of the global financial crisis, we had to rethink our priorities. We needed that extra capital not for growth, but to protect ourselves from the effect of falling bond and equity prices. In October, as a precautionary step, we also secured additional core capital from our main shareholder Vereniging AEGON, funded by the Dutch State. Taken together, these measures ensured AEGON's ability to enter 2009 with a strong buffer - a safeguard against further turmoil in the world financial markets.

Despite what we've achieved, 2009 will inevitably be a difficult year as well. All signs suggest we're already in a deep economic recession. These uncertainties mean that liquidity and capital management will continue to be a high priority in the next year or two.

Already we've seen that widening credit spreads are hurting the fair value of our credit portfolio. And naturally, over the coming period, we'll see an increase in impairments for the financial services industry as a whole. That's no surprise; you see that in every economic downturn. However, given AEGON's long-term business model, we are also able to hold on to these investments until they either reach maturity or recover

their value. Given our very solid liquidity management, we are unlikely to be forced to sell assets simply to generate cash. Unlike banks, we also run less withdrawal risk because of the long-term contracts we have with our clients. In the current climate, one big advantage of our business model is this absence of possible liquidity shocks.

Moreover, AEGON's earnings capacity - its underlying insurance, pension and investment businesses, with EUR 41 billion in gross deposits in 2008 - remains intact, despite the shock of the financial crisis. As markets stabilize, we believe that profits in the insurance industry will begin to increase.

Today's economic climate means that people have begun to think differently about their financial decisions and the steps they need to take to safeguard their futures. Customers, for example, are already more sensitive to risk now than they were six months ago. They will want products that offer guarantees - products that, in an uncertain environment, will help them secure their long-term financial futures, products that are core to AEGON's business and expertise.

Over the past several months, we've had to make some difficult choices. Among other things, we've introduced a program of cost reductions in the United States, the Netherlands and the United Kingdom that will save us at least EUR 150 million in 2009. Cutting costs is never easy, but it's something we have to do. In addition, measures to release capital and reduce risk will continue throughout 2009. For a company like AEGON, there are opportunities opening up because of the financial crisis - and these measures, by strengthening our financial position, will help ensure we're able to capitalize on them."

Inevitably, the global financial crisis affected AEGON's earnings in 2008. But the company took steps to combat the crisis by reducing risks and freeing up extra capital from its existing businesses.



"Despite what we've achieved, 2009 will inevitably be a difficult year. All signs suggest we're already in a deep economic recession. These uncertainties mean that liquidity and capital management will continue to be a high priority in the next year or two."

Jos Streppel
CFO and member Executive Board

Highlights

Total net deposits

+38%

Total net deposits rose 38% in 2008 to more than EUR 3.4 billion.

Core capital

9.1 billion

At the end of 2008, AEGON's core capital stood at EUR 9.1 billion - EUR 6.1 billion in shareholders' equity and an additional EUR 3 billion from Vereniging AEGON, funded by the Dutch State.

Internal rate of return

17.8%

The internal rate of return on new business reached 17.8% in 2008, comfortably above AEGON's own hurdle rate of 11%.

In 2008, AEGON's earnings were severely affected by the global financial crisis. The company's core businesses, however, remained resilient, while measures taken to reduce risk, release and secure additional capital helped ensure that AEGON entered 2009 with a strong financial position.

Unprecedented turmoil in world financial markets during the year resulted in:

- Significantly lower equity markets;
- A decline in interest rates, particularly in the second half of the year;
- An unprecedented widening in credit spreads and sharply lower bond values; and
- A strong increase in equity market volatility.

Business and economic conditions also worsened, leading to a decline in sales of certain products. Customers, in particular, became more cautious, while regulators took a significantly more conservative approach to capital and solvency requirements. AEGON's earnings for the year were also affected by a rise in impairments, linked mainly to US financial institutions, housing-related structured assets in the United States, high-yield corporate bonds and equity investments.

Despite the financial crisis, AEGON made significant progress toward its short-term objectives:

- In the second half of 2008, AEGON released EUR 1.7 billion in additional capital from its existing businesses, primarily by reducing investment risk, optimizing asset and liability management and transferring risk through reinsurance;
- AEGON also secured EUR 3 billion in additional core capital from Vereniging AEGON, funded by the Dutch State, part of a broader program to help healthy and viable banks and insurance companies in the Netherlands counter the effects of the global financial crisis; and
- AEGON is implementing a program to reduce operating costs by approximately EUR 150 million in 2009. These savings will be achieved mainly by restructuring businesses in the company's three leading markets: the United States, the Netherlands and the United Kingdom.

In addition, AEGON has also announced that it will scale back its institutional markets business in the United States. This will free up an estimated EUR 600 million in capital over the next two years.

As a result of these measures, AEGON's capital position remains strong, despite the significant deterioration in global financial and economic conditions in the second half of the year. At the end of December 2008, AEGON had a capital surplus of EUR 2.9 billion over and above AA capital adequacy requirements. Its solvency ratio, under the European Insurance Group Directive, stood at 183%, down fractionally from 190% at the end of 2007. AEGON's operations in the United States have a NAIC RBC¹ ratio of 350%.

Earnings overview

The deterioration in world financial markets had a significant impact on AEGON's earnings for 2008. The company reported a net loss for the year of EUR 1.1 billion. Underlying earnings before tax declined 40% to EUR 1.6 billion - the result primarily of reserve strengthening and accelerated amortization in the United States of Deferred Policy Acquisition Costs, or DPAC. In general, fees on asset balances were also lower.

Net income for the year was affected by an increase in impairments and the impact of lower markets on financial guarantees and fair value investments in the Americas and the Netherlands. New life sales declined 20% to EUR 2.6 billion - a reflection of adverse currency movements and the impact of increased market turmoil, particularly on sales of unit-linked products and bank-owned and corporate-owned life insurance in the United States. Total gross deposits were down 8% at EUR 40.8 billion, with lower sales of institutional products and pensions and asset management more than offsetting strong sales of fixed annuities in the United States. AEGON's value of new business was also lower, down 10% at EUR 837 million due mainly to a sharp decline in sales in Taiwan and the stronger euro.

¹ NAIC RBC: National Association of Insurance Commissioners Risk Based Capital.

Underlying earnings before tax

AEGON's underlying earnings before tax declined 40% in 2008 to EUR 1.6 billion - a reflection primarily of reduced fees on asset balances and of lower equity markets, which led to reserve strengthening and an accelerated amortization of deferred policy acquisition costs, particularly in the company's variable annuities business in the Americas.

In the United Kingdom, lower equity and bond markets led to a decline in income from fees in the company's pension business. Increase in long-term assumptions with regard to equity market volatility also adversely impacted AEGON's earnings from the Americas. These factors were offset partly by gains from higher interest rates spreads and a one-off dividend payment of EUR 75 million received from an investment fund in the Netherlands.

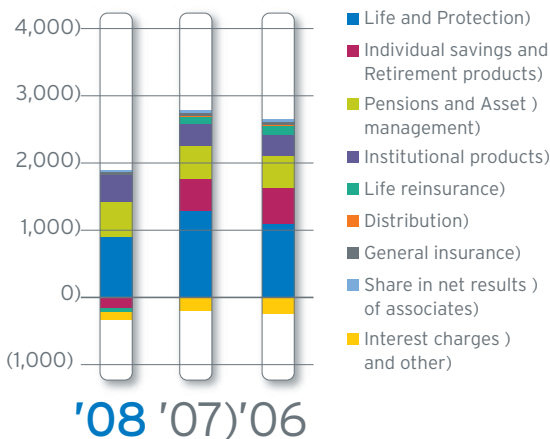
Net income

AEGON reported a net loss for 2008 of EUR 1.1 billion, the result of a steep decline in financial markets during the second half of the year. The underperformance of fair value investments and fair value losses related to guarantees led to a charge of almost EUR 1.6 billion. This charge reflected a sharp decline in equity markets,

increases in equity volatility and a decrease in government bond rates. These factors were partly offset by the impact of the increase in the spread of credit risk on the valuation of the guarantees. Alternative investment classes in the Americas and the Netherlands, such as hedge funds, private equity and credit derivatives, also significantly underperformed their expected long-term returns. AEGON has taken steps to reduce its exposure to alternative assets, as well as to credit and equity markets. Impairments also rose sharply during the year to EUR 1.0 billion. This was the result of a significant deterioration in business and economic conditions. Impairments stemmed primarily from investments in US financial institutions (particularly AEGON's holdings in Lehman Brothers and Washington Mutual), housing-related structured assets, high-yield corporate bonds and equity investments. As expected, the credit crisis has resulted in impairments rising above their long-term expectations. Gains on investments, meanwhile, declined sharply to EUR 35 million from EUR 746 million in 2007 and included gains on derivatives held at holding level. Income tax amounted to EUR 21 million due to a charge of EUR 490 million related to inter-company reinsurance treaties more than offsetting the tax benefit from the company's reported operational losses.

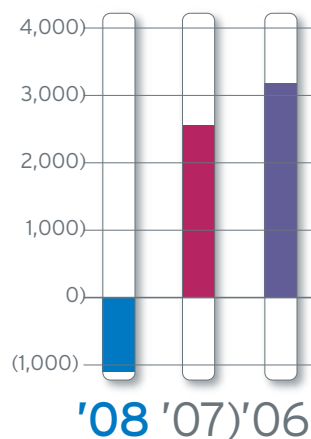
Underlying earnings before tax

(in EUR million)



Net income/(loss)

(in EUR million)



Commissions and expenses

Commissions and expenses rose 3% in 2008 to EUR 6.1 billion. This was due primarily to an acceleration in DPAC amortization, as well as a number of one-off items, including restructuring charges, project expenses and provisions.

Sales

New life sales declined 20% during the year to EUR 2.6 billion. Worsening financial market conditions clearly affected sales in the Americas, Central & Eastern Europe and Asia. In the Americas, there was also a decline in sales of both bank-owned and corporate-owned life insurance and life reinsurance. In the Netherlands sales also decreased, mainly due to a slow down in the Dutch group pension market. In the United Kingdom, sales held up well, mainly due to continued growth in individual annuities and the corporate pension markets. Sales in Spain were boosted by changes to local pension legislation and an expansion of AEGON's bank distribution network in the country. In Central & Eastern Europe, sales of unit-linked products, in particular, were adversely affected by the decline in world equity markets, but AEGON's pension business in the region continued to show signs of growth. In Asia, unit-linked sales were also adversely affected by the decline in world equity markets.

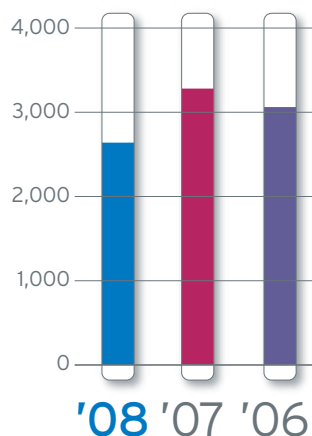
Deposits

Total gross deposits decreased 8% in 2008 to EUR 40.8 billion. Overall sales of variable annuities, savings products, pensions and asset management all declined, mainly because of unprecedented volatility in the global financial markets. Sales of savings products were also affected by increased competition as interest rates declined. Fixed annuity deposits in the United States, however, showed strong gains, rising to EUR 4.1 billion in 2008 from EUR 1.1 billion the year before, as customers sought additional financial security amid significant equity market volatility.

Value of new business

AEGON's value of new business (VNB) in 2008 totaled EUR 837 million, a decline of 10% compared with the previous year. Operations in the Americas, the United Kingdom and Central & Eastern Europe all posted gains in VNB. Asia was, however, sharply lower - due mainly to a decrease in VNB from Taiwan. The company's internal rate of return on new business declined slightly to 17.8% from 18.4%, but remains comfortably above its own minimum return target of 11%.

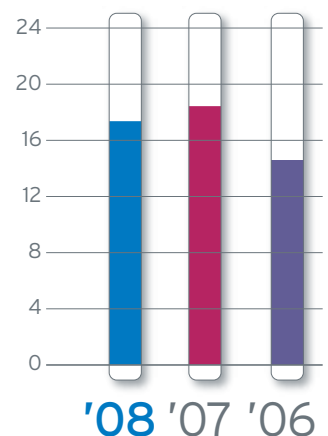
New life sales
(in EUR million)



Value new business
(in EUR million)



Internal rate of return
(in %)



Capital position

At the end of 2008, AEGON had core capital of EUR 9.1 billion. This consisted of EUR 6.1 billion in shareholders' equity and an additional EUR 3 billion from Vereniging AEGON, funded by the Dutch State. Core capital includes unrealized losses on available-for-sale assets of EUR 7.2 billion. Excluding these unrealized losses, AEGON's core capital totaled EUR 16.2 billion, 78% of the capital base and well above AEGON's minimum target of 70%.

In 2008, shareholders' equity on an IFRS basis declined by EUR 9.1 billion. AEGON's revaluation reserve declined by EUR 6.7 billion. Net loss for the year (EUR 1.1 billion) and the payment of dividends and coupons (EUR 970 million) were the other main contributors to the decline.

Unrealized losses - held in the company's revaluation reserve - were due primarily to an unprecedented widening in credit spreads on corporate bonds during

the year. This widening more than offset the effect of declines in government bond yields. It should be noted that unrealized losses will only affect earnings if AEGON:

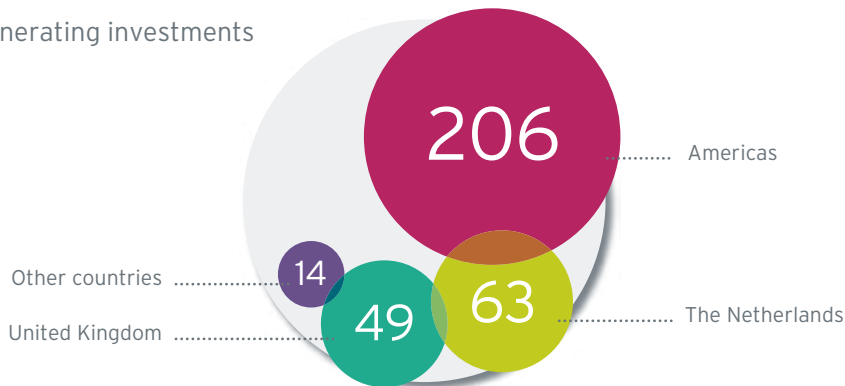
- Is forced to sell investments at a loss; or
- Impairs certain investments because the company does not expect to receive the full interest and-or principal.

AEGON's long-term business model, in combination with its disciplined approach to liquidity and asset and liability management, ensures that it is unlikely that the company will be forced to sell assets at distressed prices in order to generate cash. Therefore, AEGON's negative revaluation reserve is not a good indication of future losses. AEGON expects impairments will be at elevated levels in 2009, due to the economic situation.

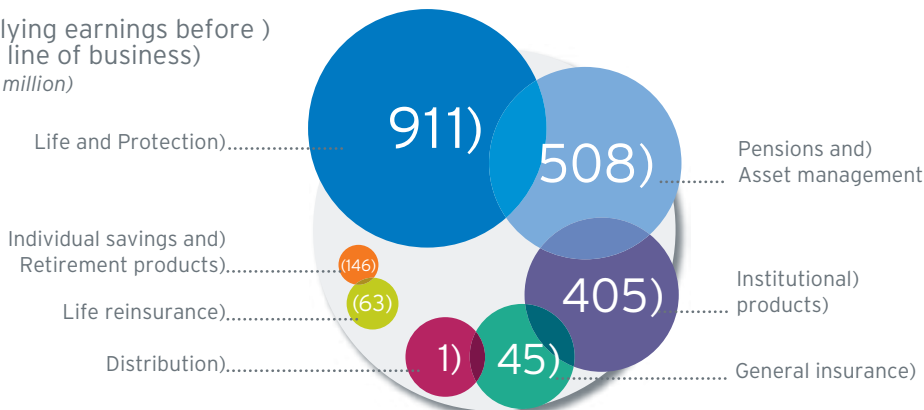
Revenue-generating investments

At the end of December 2008, AEGON's revenue-generating investments amounted to EUR 331.8 billion, down from EUR 370.5 billion the year before. The decline was due to lower financial markets during the year.

Revenue-generating investments
(in EUR billion)



Underlying earnings before tax by line of business
(in EUR million)



Earnings overview AEGON Group		
Amounts in EUR million	2008	2007
Underlying earnings before tax		
Life and Protection	911	1,295
Individual savings and Retirement products	(146)	496
Pensions and Asset management	508	498
Institutional products	405	332
Life reinsurance	(63)	114
Distribution	1	6
General insurance	45	47
Interest charges and other	(112)	(185)
Share in net results of associates	24	36
Underlying earnings before tax	1,573	2,639
Over/(under) performance fair value items	(1,619)	(272)
Operating earnings before tax	(46)	2,367
Gains/(losses) on investments	35	746
Impairment charges	(1,038)	(76)
Other income/(charges)	(12)	40
Income before tax	(1,061)	3,077
Income tax	(21)	(526)
NET INCOME	(1,082)	2,551

AEGON AROUND THE WORLD | BY LINE OF BUSINESS

Life and Protection

AEGON is one of the world's leading providers of life insurance and financial protection products, serving millions of customers across the globe. AEGON offers a broad range of traditional, term, universal, permanent life insurance, as well as individual and group financial protection, including accident and health cover.

The company has leading life insurance businesses in the Americas (United States, Canada, Mexico), the Netherlands, the United Kingdom and Spain, as well as a growing presence in emerging markets in Asia and Central & Eastern Europe. AEGON companies include some of the best-known brands in the insurance sector, among them Transamerica in the United States, AEGON Scottish Equitable in the United Kingdom and AEGON itself in the Netherlands.



Individual savings and Retirement products

AEGON helps individuals and families around the world save for their retirements, increasingly important as people in many countries live longer, healthier lives. AEGON provides a wide variety of savings and retirement products, including retail mutual funds and fixed and variable annuities. AEGON provides individual savings and retirement products, mainly in the United States and the Netherlands.

The company's variable annuities, savings and mutual fund business is growing rapidly in other countries, too. A combination of economic growth and rising levels of personal wealth in recent years has supported an expansion of AEGON's businesses in Asia, Mexico and Central & Eastern Europe.



Pensions and Asset management

With people living longer lives, and governments increasingly shifting responsibility for retirement provisioning to the private sector, AEGON believes demand for pensions will continue to grow in the years ahead. AEGON has a strong and expanding pension business in the United States, the Netherlands and United Kingdom.

Demand is growing in other regions, opening up new opportunities for the company. Pensions are an important part of AEGON's businesses, not only in our established markets, but also in new, emerging markets like the countries of Central & Eastern Europe.



* Underlying earnings before tax in EUR million.

Institutional products

AEGON's businesses cater to the needs not only of individuals, but also of institutional customers, such as banks, pension funds, municipalities and private companies. AEGON companies provide institutional guaranteed products, such as guaranteed investment contracts and funding agreements, as well as management, administration and risk services for off-balance sheet items



and bank-owned and corporate-owned life insurance. AEGON USA markets a range of institutional products to pension and retirement funds, money market funds and US municipalities as well as investors outside the United States. These products include bank-owned and corporate-owned life insurance.

Life reinsurance

AEGON provides a range of life and annuity reinsurance products. The company's core product - mortality risk transfer - is offered primarily through coinsurance, but is also available under yearly renewable term arrangements. AEGON offers life reinsurance services not only in the United States, but also in Asia



and Latin America, through its Transamerica Reinsurance business unit. Transamerica Reinsurance has operations in Bermuda, Brazil, Chile, France, Spain, Hong Kong, Ireland, Japan, Mexico, South Korea, Taiwan and the United States.

General insurance

Generally, AEGON offers non-life insurance cover only when it serves the company's distribution objectives to do so. The company offers some limited general insurance in the Netherlands and in Hungary - primarily car, liability, household and fire insurance.



Distribution

AEGON has distribution businesses in both the Netherlands, through its Unirobe-Meeùs subsidiary, and in the United Kingdom through Positive Solutions and Origen. In both countries AEGON companies sell and distribute a wide range of insurance products and other financial services.



* Underlying earnings before tax in EUR million.

Americas



Lines of business

- Life and Protection
- Individual savings and Retirement products
- Pensions and Asset management
- Institutional products
- Life reinsurance

Leading companies

- Transamerica Life
- Transamerica Financial Life
- Merrill Lynch Life

- Merill Lynch Life Insurance Company of New York
- Monumental Life
- Stonebridge Life
- Stonebridge Casualty
- Western Reserve Life
- Transamerica Life Canada
- AEGON Capital Management
- AEGON Fund Management



Joint ventures

- Seguros Argos (49%)
- Afore Argos (49%)

Employees



Revenue-generating investments

Amounts in USD



Underlying earnings before tax

Amounts in USD



Distribution channels

AEGON USA's main distribution channels include independent and career agents, financial planners and other registered representatives, independent marketing organizations, banks, broker-dealers, consultants, wirehouses, affinity groups and other

institutional partners. AEGON USA also provides a range of products and services online and uses direct and worksite marketing. In addition, AEGON Canada also uses agencies owned by Transamerica Life Canada and operates through the World Financial Group, part of AEGON Americas.

Patrick S. Baird
CEO AEGON USA



“Clearly, the global financial crisis had a serious effect on our earnings in 2008 as it did on the entire US life industry. However, AEGON Americas’ underlying businesses remained resilient. For a long time, our focus has been on cost control, risk, capital and liquidity management, as well as profitability. It’s this focus that is helping us withstand the current crisis.”

Overview

During the second half of the year, business conditions in the Americas - particularly in the United States - worsened significantly. Equity markets fell sharply, default risk increased, leading to spreads on corporate bonds widening to unprecedented levels. Meanwhile, yields on government bonds dropped and the broader economy began to show signs of considerable contraction. Earnings from AEGON Americas were significantly affected by the crisis. The company reported a net loss for 2008 of USD 2.0 billion - a reflection of sharply lower financial markets and an increase in impairments. Underlying earnings before tax, meanwhile, declined 42% to USD 1.6 billion. Worsening economic conditions also had a negative impact on new life sales, though gross deposits for the year decreased by just 3%, due mainly to growing demand for fixed annuities. The value of new business rose 4% to USD 604 million.

Underlying earnings before tax

AEGON Americas’ underlying earnings before tax declined 42% to USD 1.6 billion - a reflection primarily of reserve strengthening and an acceleration in deferred policy acquisition costs (DPAC), which were partly offset by increased spreads on institutional guaranteed products. Reserve strengthening affected earnings from both the Individual savings and Retirement products and the Life reinsurance lines of business.

Net income

AEGON Americas reported a net loss for 2008 of EUR 2.0 billion. This was the result primarily of:

- ◆ A significant underperformance in fair value items, including guarantees;
- ◆ An increase in impairments; and
- ◆ A lower-than-expected tax benefit because of charges related to inter-company reinsurance treaties between AEGON operations in the United States, Ireland and Bermuda. These tax losses are largely expected to reverse as the book matures and when credit spreads narrow.

The underperformance in fair value items reflected lower financial markets during the year as well the decline in interest rates, wider credit spreads and a considerable increase in market volatility. As expected, given the deterioration in economic conditions, impairments showed a significant rise compared with 2007. Impairments were concentrated in three main areas: US financial institutions (particulary Lehman Brothers and Washington Mutual), housing-related structured assets, including subprime, and high-yield corporate bonds. AEGON Americas booked an income tax benefit of USD 74 million in 2008. Much of the tax benefit arising from impairments and financial losses during the year, however, was offset by charges of USD 718 million relating to inter-company reinsurance treaties.

Commissions and expenses

Commissions and expenses rose 9% in 2008 to USD 5.0 billion, largely the result of an acceleration in DPAC amortization following lower equity markets. Operating expenses increased by just 2% to USD 2.2 billion.

Sales and deposits

AEGON Americas' new life sales declined 26% in 2008 to USD 945 million - a reflection of the downturn in economic conditions. Sales of bank-owned and corporate-owned life insurance also slowed considerably because of the financial crisis. Total gross deposits, meanwhile, showed significant resistance, declining only 3% to USD 52.4 billion. Sales of fixed annuities tripled, offsetting declines in deposits of institutional products, saving products and asset management.

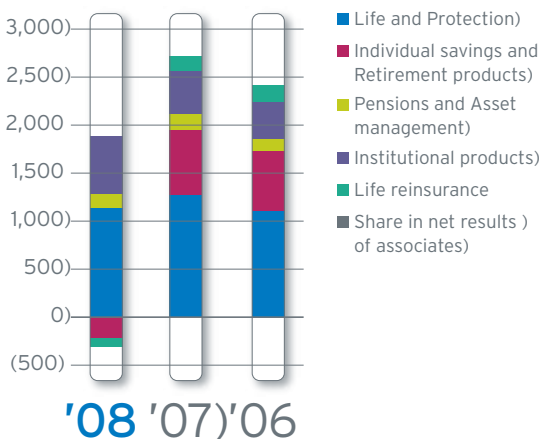
Value of new business

Despite extremely difficult market conditions, AEGON's value of new business in the Americas increased by 4% in 2008 to USD 604 million. This was a reflection primarily of a rise in sales of fixed annuity products. The company's internal rate of return for the year amounted to 12.4%, down from 13.0% in 2007 and well above AEGON's minimum 'hurdle rate' of 11%.

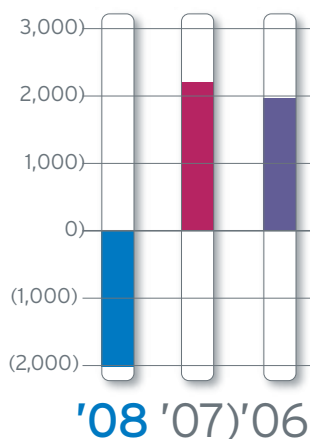
Revenue-generating investments

At the end of 2008, revenue-generating investments totaled USD 286.2 billion, down from USD 326.0 billion a year earlier. This decline was due to lower equity and bond markets.

Underlying earnings before tax)
(in USD million)



Net income/(loss)
(in USD million)

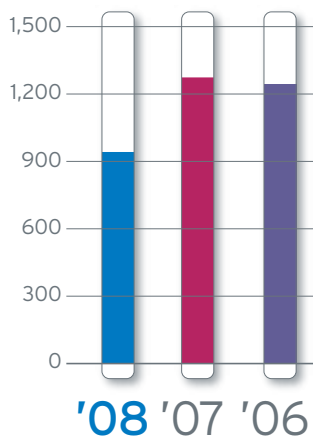


Earnings overview AEGON Americas

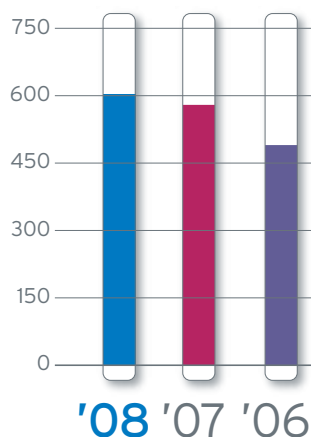
Amounts in USD million

	2008	2007
Underlying earnings before tax		
Life and Protection	1,132	1,275
Individual savings and Retirement products	(211)	675
Pensions and Asset management	150	166
Institutional products	594	455
Life reinsurance	(93)	156
Share in net results of associates	1	-
Underlying earnings before tax	1,573	2,727
Over/(under) performance fair value items	(2,434)	149
Operating earnings before tax	(861)	2,876
Gains/(losses) on investments	(103)	376
Impairment charges	(1,138)	(65)
Other income/(charges)	6	-
Income before tax	(2,096)	3,187
Income tax	74	(1,003)
NET INCOME	(2,022)	2,184

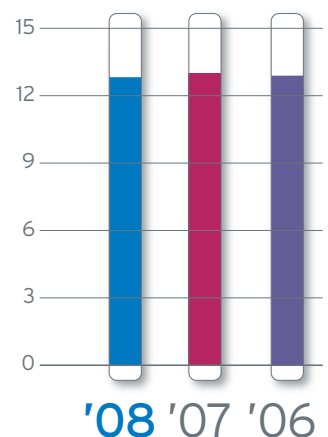
New life sales
(in USD million)



Value new business
(in USD million)



Internal rate of return
(in %)



The Netherlands



Lines of business

- Life and Protection
- Individual savings and Retirement products
- Distribution
- Pensions and Asset management
- General insurance

Leading companies

- AEGON Levensverzekering
- AEGON Schadeverzekering
- AEGON Bank
- TKP Pensioen
- Unirobe Meeùs
- OPTAS



Employees



Revenue-generating investments

Amounts in EUR



Underlying earnings before tax

Amounts in EUR



Distribution channels

AEGON The Netherlands operates through three sales organizations, each focusing on a separate segment of the Dutch market. Corporate and Institutional Clients serves large corporations and financial institutions such

as company and industry pension funds. AEGON Bank, meanwhile, sells mainly to individuals both directly and through tied agents. Lastly, AEGON Intermediary focuses on independent agents and retail sales organizations in the Netherlands.

Marco B.A. Keim

CEO AEGON The Netherlands



“This wasn’t an easy year by any means. But we have taken the first, important steps toward improving AEGON The Netherlands’ profitability, and toward ensuring that, by placing the customer at the center of everything we do, we are focused on the right priorities in 2009 and beyond.”

Overview

During 2008, AEGON The Netherlands was also affected by the distressed market conditions. This led to a decline in both net income and underlying earnings before tax. Sales also decreased, mainly due to a slowdown in the Dutch group pension market. Underlying earnings before tax declined 10% to EUR 378 million, while net income decreased to EUR 94 million, largely because of the impact of lower gains on investments and a rise in impairments. Total gross deposits fell by 11%, due primarily to lower savings, pensions and asset management deposits. Value of new business was 16% down at EUR 43 million.

In November 2008, Marco Keim, the new CEO of AEGON The Netherlands, set out a new strategy for the company’s Dutch businesses. The strategy is based on three priorities:

- To improve profitability through a series of measures, including selective price increases, cost reductions and a focus on less capital intensive products;
- To extend AEGON The Netherlands’ distribution network; and

- To bring about a change in culture by improving customer service and introducing clearer objectives and priorities.

As part of the plan, AEGON The Netherlands aims to improve its return on capital by at least 100 basis points by 2012.

In September 2008, AEGON The Netherlands took further steps to reduce charges associated with unit-linked insurance policies sold in the Netherlands in line with industry-wide recommendations from the country’s Ombudsman for Financial Services, following complaints from customers. In recent years, AEGON The Netherlands has made substantial improvements to these products. In 2005 and 2006, AEGON The Netherlands revised its entire portfolio of unit-linked policies, reducing charges to customers retrospectively and reinvesting the difference. More than three quarters of AEGON’s unit-linked insurance customers had already benefited from these improvements. In all, AEGON The Netherlands estimates the total cost of these reductions and improvements at approximately EUR 520 million.

Underlying earnings before tax

AEGON The Netherlands' underlying earnings before tax declined 10% to EUR 378 million. An exceptional dividend of EUR 75 million from an investment fund and improved technical results from AEGON The Netherlands' pension business were offset by a decrease in investment income, higher claims in the company's Accident and Health business and a series of one-off charges that included higher system and project expenses and restructuring charges. Earnings from Individual savings and Retirement products also declined because of lower margins and volumes. The company's General insurance business, meanwhile, was adversely affected by a slowdown in the Dutch real estate market, though it remained level with 2007.

Net income

Net income for 2008 was sharply lower, down 84% at EUR 94 million. This was essentially due to declining financial markets, the underperformance of private equity investments and investments held at fair value through profit or loss, and a rise in impairments. These factors were partly offset by the positive net impact of fair value movements in guarantees and related hedges (EUR 214 million). The valuation of the fair value of liability guarantees includes sharply increased interest rates and equity volatilities, as well as discount rates, including a credit spread, a reflection of extremely dislocated and very illiquid markets. Impairments rose to EUR 138 million, primarily linked to investments in equities and high-yield bonds.

Commissions and expenses

Commissions and expenses rose 7% during the year to EUR 1.3 billion. Operating expenses, meanwhile, were 11% higher at EUR 934 million. This increase was due to a number of one-off factors, including a rise in project expenses, systems-related spending and a restructuring of AEGON The Netherlands' Distribution business.

Sales and deposits

AEGON's new life sales in the Netherlands declined by 16% in 2008 to EUR 219 million. Retail life insurance sales held up well, despite a worsening economic climate. The Dutch group pensions market, however, declined significantly, due mainly to increased uncertainty among clients. Sales of Accident and Health policies declined from EUR 18 million to EUR 15 million (down 17%). Total gross deposits, meanwhile, were 11% lower at EUR 2.70 billion. Savings deposits, meanwhile, decreased by 7% during the year to EUR 2.5 billion, a result of worsening economic conditions.

Value of new business

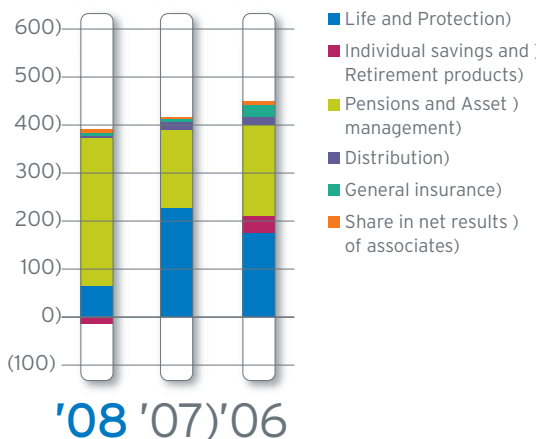
AEGON's value of new business from its Dutch operations declined 16% to EUR 43 million in 2008. The internal rate of return rose slightly to 10.8%, up from 10.7% in 2007.

Revenue-generating investments

At the end of 2008, AEGON's revenue-generating investments in the Netherlands stood at EUR 63.1 billion, down from EUR 65.6 billion the year before. This decline was due to lower equity and bond markets.

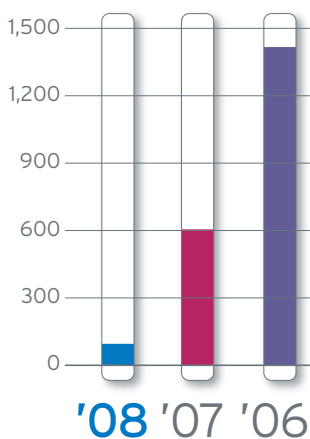
Underlying earnings before tax)

(in EUR million)



Net income

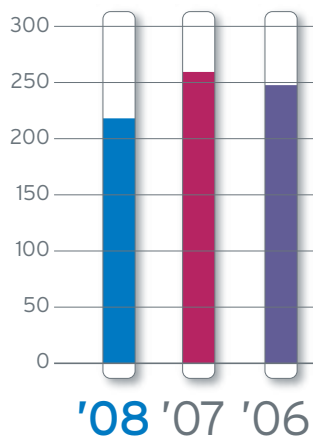
(in EUR million)



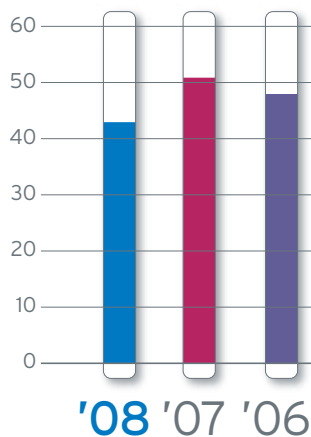
Earnings overview AEGON The Netherlands

Amounts in EUR million	2008	2007
Underlying earnings before tax		
Life and Protection	66	228
Individual savings and Retirement products	(14)	-
Pensions and Asset management	308	163
Distribution	3	16
General insurance	8	8
Share in net results of associates	7	3
Underlying earning before tax	378	418
Over/underperformance fair value items	(165)	(381)
Operating earnings before tax	213	37
Gains/(losses) on investments	20	465
Impairment charges	(138)	(24)
Other income (charges)	-	30
Income before tax	95	508
Income tax	(1)	98
NET INCOME	94	606

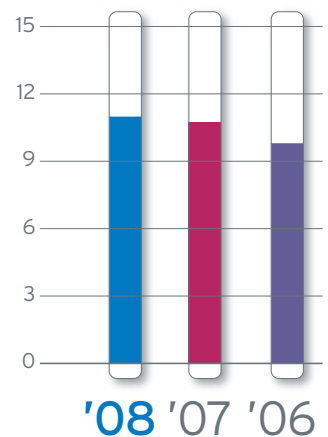
New life sales
(in EUR million)



Value new business
(in EUR million)



Internal rate of return
(in %)



United Kingdom



Lines of business

- Life and Protection
- Pensions and Asset management
- Distribution

Leading companies

- AEGON Scottish Equitable
- AEGON Asset Management
- Positive Solutions
- Origen Financial Services
- HS Administrative Services
- Guardian Assurance

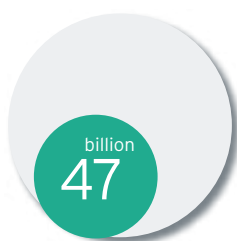


Employees



Revenue-generating investments

Amounts in GBP



Underlying earnings before tax

Amounts in GBP



Distribution channels

AEGON UK's principal means of distribution is through the intermediated financial advice channel, which is the main sales route for long-term savings and retirement products in the United Kingdom. In all, there are an

estimated 35,000 registered financial advisors in the United Kingdom. AEGON UK also explores new distribution opportunities, including agreements with banks and affinity partnerships with other potential distributors.

Otto Thoresen

CEO AEGON UK



“AEGON UK’s businesses stood up well to what was a very difficult economic and financial environment in 2008. Naturally, the decline in bond and equity markets had an impact on our earnings. But strong sales, particularly of group pensions, annuities and protection plans, demonstrate the underlying strength and diversity of our businesses.”

Overview

Underlying earnings before tax decreased 39% to GBP 113 million, while net income was down 65% at GBP 64 million. Much of the decline in earnings was due to lower fund-related charges in AEGON UK’s pension business. However, sales held up well, with new life sales up 3% and a strong performance in particular from group pensions, annuities and the financial protection business. Higher margins led to a further increase in the United Kingdom’s value of new business, which was up 18% to GBP 186 million.

Underlying earnings before tax

AEGON UK reported underlying earnings before tax in 2008 of GBP 113 million, down from GBP 186 million the year before. Most of the decline may be attributed to the impact of lower corporate bond and equity markets on fund-related charges in AEGON’s unit-linked pension business. Earnings from Life and Protection decreased GBP 8 million to GBP 46 million as strong underlying growth was masked by a one-off benefit in 2007.

Pensions and Asset management declined, however, due to lower market levels and in particular because of lower fund-related charges. Earnings from AEGON’s Distribution business in the United Kingdom saw an improvement, as a result of cost containment and a release of incentive payment reserves.

Net income

Lower underlying earnings, underperformance of fair value items, losses on investments and higher impairment charges are the main drivers of the reduction in net income from GBP 183 million to GBP 64 million. The fair value increases of guarantees embedded in ‘5-for-Live’ variable annuity products resulted, net of hedging, in an underperformance in fair value items of GBP 15 million. Net income in 2008 also included impairment charges on bond holdings of GBP 18 million.

Commissions and expenses

Commissions and expenses rose 2% in 2008 to GBP 662 million. Operating expenses were 6% higher at GBP 414 million. The increase in operating expenses was due mainly to continued investments in AEGON UK's businesses and restructuring costs.

Sales and deposits

Despite a difficult market environment, AEGON UK increased new life sales in 2008 by 3% to GBP 1.22 billion. Life annualized premium production increased 20% to GBP 251 million due to continued strong sales of annuities and protection products, reflecting AEGON UK's continued focus on its diversification strategy. Sales of pensions were flat at GBP 971 million. Group pensions continued to be strong, though this was offset by lower individual pension sales. Total gross deposits, however, were sharply lower - down 40% at GBP 542 million - a reflection of unprecedented turmoil in world financial markets, which resulted in lower sales of mutual funds and third party managed assets.

Value of new business

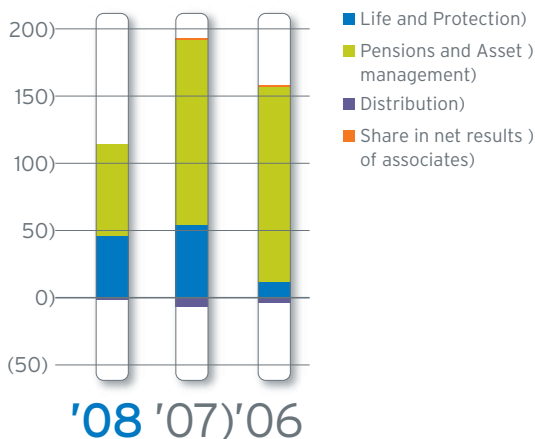
AEGON UK's value of new business rose 18% in 2008 to GBP 186 million, as margins showed further improvement during 2008. AEGON's strategy in the United Kingdom is to move more of its business to higher-margin areas, such as annuities and protection products. As a result, the internal rate of return on new business in the United Kingdom rose to 13.5% up from 13.0% in 2007.

Revenue-generating investments

At the end of 2008, revenue-generating investments stood at GBP 47.1 billion, down from GBP 53.1 billion. This decline reflects primarily the effect of weak equity markets during the year.

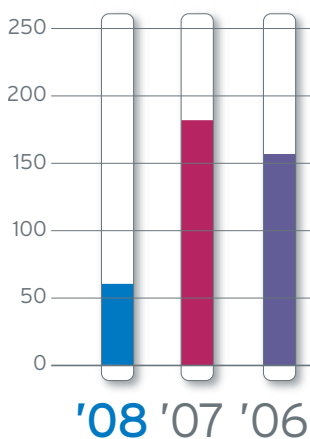
Underlying earnings before tax)

(in GBP million)



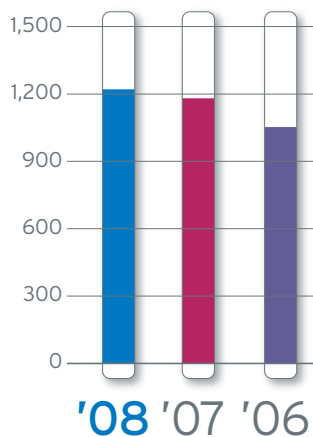
Net income

(in GBP million)



Earnings overview AEGON United Kingdom		
Amounts in GBP million	2008	2007
Underlying earnings before tax		
Life and Protection	46	54
Individual savings and Retirement products	68	138
Distribution	(1)	(7)
Share in net results of associates	-	1
Underlying earning before tax	113	186
Over/underperformance fair value items	(15)	-
Operating earnings before tax	98	186
Gains/(losses) on investments	(17)	(5)
Impairment charges	(18)	(3)
Other income (charges)	(14)	5
Income before tax	49	183
Income tax attributable to policyholder return	14	(5)
Income before income tax on shareholders' return	63	178
Income tax on shareholders' return	1	5
NET INCOME	64	183

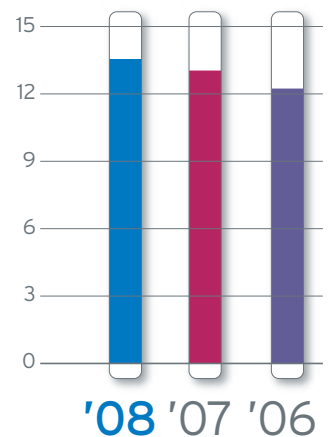
New life sales
(in GBP million)



Value new business
(in GBP million)



Internal rate of return
(in %)



Other countries



Lines of business

Central & Eastern Europe

- Life and Protection
- Individual savings and Retirement
- Pensions and Asset management
- General insurance

Other European countries

- Life and Protection
- Pensions and Asset management

Asia

- Life and Protection
- Pensions and Asset management



Leading companies

Central & Eastern Europe

- AEGON Czech Republic
- AEGON Hungary
- AEGON Poland
- AEGON Slovakia
- BT AEGON Romania
- AEGON Turkey

Other European countries

- AEGON Seguros de Vida
- AEGON Seguros Salud

Joint ventures

- CAM AEGON Holding Financiero (49.99%)
- Caja Badajoz Vida y Pensiones (50%)
- CAN Vida y Pensiones (50%)
- Caja Cantabria Vida y Pensiones (50%)
- Caixa Terrassa Vida y Pensiones (50%)
- La Mondiale Participations (35%)

Asia

- AEGON Life Insurance (Taiwan)

Joint ventures

- AEGON-CNOOC (China - 50%)
- AEGON Religare (India - 26%)
- AEGON Industrial Fund Management (49%)

Employees



Revenue-generating investments

Amounts in EUR



Underlying earnings before tax

Amounts in EUR



Distribution channels

Central & Eastern Europe

AEGON's activities in Central & Eastern Europe operate through a number of different sales channels. These include tied agents, insurance brokers and, particularly in Hungary, Poland and Romania, retail banks. Through tied agents, brokers and call centers, AEGON sells primarily life and non-life insurance products and pensions. Banks and loan centers are used to sell mainly life insurance, mortgages, mutual funds, pensions and household insurance.

Other European countries

AEGON Spain focuses primarily on retail customers. It offers both life insurance and accident and health cover. Through the network of joint venture partners, AEGON Spain also offers pensions as well as both traditional life and unit-linked variable life products,

a market traditionally dominated by the country's retail banks. In France, AEGON works together with its partner La Mondiale in a number of areas including pensions, asset management and distribution.

Asia

AEGON operates through a number of different sales channels in Asia. In Taiwan, the company works through a network of professional agents, independent brokers and banks, as well as through worksite and direct marketing. Similarly, in China, AEGON sells its products through agents, independent brokers, banks and direct marketing. In China, agents and brokers distribute mainly life insurance. In recent years, AEGON has taken steps to extend its bank distribution network in the region. In India, AEGON is working closely with its partner Religare to expand its distribution network.

Overview

Earnings from Other countries declined in 2008 - largely the result of a significant decrease in earnings from AEGON's Life and Protection business in Taiwan. The company's operations in Spain and Central & Eastern Europe, however, proved resilient, despite a clear downturn in economic conditions and the impact of the global financial crisis. Underlying earnings before tax declined 35% to EUR 93 million, while AEGON's Other countries reported a net loss for the year of EUR 9 million. Value of new business decreased to EUR 148 million - a reflection of lower equity markets, which led to a decrease in unit-linked sales in Central & Eastern Europe and Asia.

Underlying earnings before tax

Underlying earnings before tax from AEGON's Other countries declined 35% to EUR 93 million in 2008. Earnings were adversely affected by accelerated DPAC amortization in Taiwan, which offset a resilient performance from the company's operations in Spain and Central & Eastern Europe. Both AEGON's pension business in Central & Eastern Europe and its asset management business in China showed signs of further growth during the year. Higher contributions from the joint venture with Caja de Ahorros del Mediterráneo (CAM), AEGON's largest bank partner in Spain, were offset by additional start-up costs at the company's joint venture in India and lower income from La Mondiale, AEGON's French associate.

Net income

AEGON's Other countries reported a net loss for 2008 of EUR 9 million, compared with a profit the previous year of EUR 73 million. Net income was affected by losses on investments totaling EUR 10 million, a tax charge of EUR 25 million and EUR 68 million in impairments related primarily to equity investments. These factors offset a positive contribution from AEGON's businesses in Spain and Central & Eastern Europe.

Commissions and expenses

Commissions and expenses in Other countries showed a sharp increase in 2008, up 33% to EUR 494 million, due primarily to an acceleration in DPAC amortization in Taiwan and higher operating expenses, up to 19% at EUR 211 million. The rise in operating expenses was due to continued growth in AEGON's pension business in Central & Eastern Europe and further investment in the company's bank distribution network in Spain.

Sales and deposits

New life sales declined 34% to EUR 233 million - a reflection of continued extreme market volatility. In Central & Eastern Europe, sales of unit-linked products were adversely affected by the persistent weakness of equity markets. Spain posted a steep increase in sales, helped by recent changes to national pension legislation, as well as the expansion of AEGON's bank distribution network in the country.

“AEGON’s pension business in Central & Eastern Europe continued to grow in 2008 - despite the global financial crisis and a worsening economic environment. With the inclusion of Turkey, we’re now active in six markets across the region.”

Gábor Kepecs
 CEO AEGON
 Central & Eastern Europe

Sales in Taiwan, on the other hand, declined significantly, offset only in part by continued growth in China. Total gross deposits for AEGON’s Other countries rose sharply in 2008 to EUR 1.64 billion, due mainly to the company’s strong asset management business in China and further growth in its pension operations in Central & Eastern Europe.

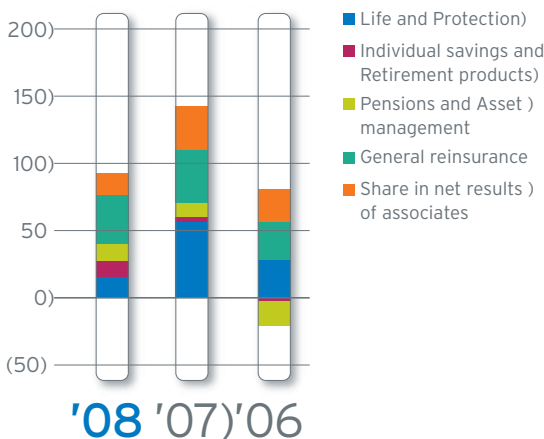
Value of new business

Value of new business decreased to EUR 148 million in 2008 - primarily the result of a decline in sales in Taiwan, though France and Spain also reported a lower value of new business. Value of new business in Central & Eastern Europe showed a modest gain in 2008. The internal rate of return in Asia rose to 18.5% as a result of a change in the product mix. In Central & Eastern Europe, the internal rate of return declined to 44.8%, due to a relatively low return from AEGON’s new operations in Romania. In Spain, AEGON’s bank distribution partnerships continued to deliver high rates of return, but France declined to 8.9%.

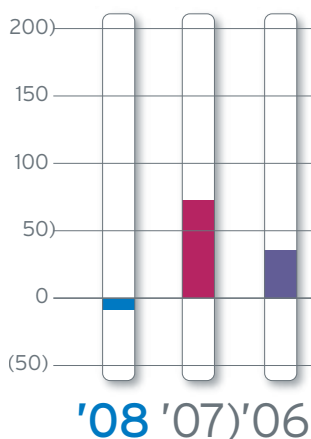
Revenue-generating investments

At the end of 2008, revenue-generating investments in Other countries stood at EUR 13.6 billion, up from EUR 10.9 billion a year earlier. The increase was due mainly to further growth in AEGON’s asset management business in China and its pension operations in Central & Eastern Europe, as well as to expansion in Spain.

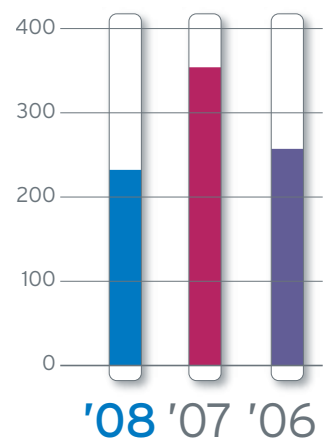
Underlying earnings before tax
 (in EUR million)



Net income/(loss)
 (in EUR million)



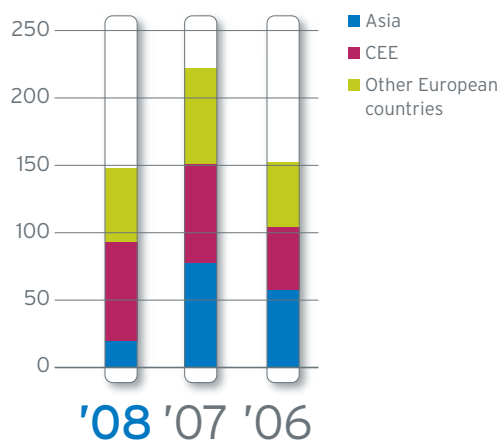
New life sales
 (in EUR million)



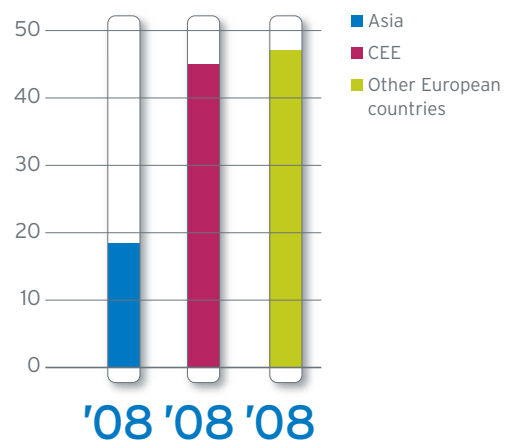
Earnings overview AEGON Other countries

Amounts in EUR million	2008	2007
Underlying earnings before tax		
Life and Protection	16	57
Individual savings and Retirement products	12	3
Pensions and Asset management	12	11
General insurance	37	39
Share in net results of associates	16	32
Underlying earning before tax	93	142
Over/underperformance fair value items	-	-
Operating earnings before tax	93	142
Gains/(losses) on investments	(10)	14
Impairment charges	(68)	-
Other income (charges)	1	-
Income before tax	16	156
Income tax	(25)	(83)
NET INCOME	(9)	73

Value new business
(in EUR million)



Internal rate of return
(in %)





As an insurance company, AEGON manages risk on behalf of its customers and other stakeholders. As a result, the company is exposed to a variety of operational and financial risks. AEGON's risk management and control systems are designed to ensure that these risks are managed as effectively and efficiently as possible.

For AEGON, risk management involves:

- Understanding which risks the company is able to underwrite;
- Assessing the risk-return trade-off associated with these risks;
- Establishing limits for the level of exposure to a particular risk or combination of risks; and
- Measuring and monitoring risk exposures and actively managing the company's overall risk and solvency positions.

By operating within certain pre-defined tolerances and adhering to policies that limit the overall risk the company is exposed to, AEGON is able to accept risk with the full knowledge of potential returns and losses both for the company and for its shareholders.

AEGON must, at all times, maintain a solvency position such that no plausible scenario would cause the company to default on its obligations to policyholders.

To accomplish this, AEGON has established two basic objectives for its risk management strategy:

- AA capital adequacy requirements: AEGON maintains its companies' capital adequacy levels at whichever is the higher of local regulatory requirements, the relevant local Standard & Poor's requirements for very strong capitalization and any additional self-imposed economic requirements;
- Maintain solvency even under extreme event scenarios: AEGON must remain solvent in the case of plausible extreme events.

Types of risk

As an international provider of life insurance, pensions and other long-term investment and savings products, AEGON faces a number of risks, both operational and financial. Some of these risks may arise from internal factors, such as inadequate compliance systems. Others, such as movements in interest rates or unexpected changes in longevity trends, are external in nature. AEGON's most significant risk is to changes in financial markets, related particularly to movements in interest

rates or equity and credit markets. Clearly, these risks, whether internal or external, may affect the company's operations, its earnings, its share price, the value of its investments or the sale of certain products and services.

Risk management in 2008¹

Like other insurance and financial services companies, AEGON experienced the impact of unprecedented deterioration in capital markets in 2008. The global financial crisis brought about sharp declines in equity markets, a worsening in general economic conditions, lower interest rates, extreme market volatility, an

unprecedented widening in credit spreads and a sharp increase in bond defaults. These factors had serious implications not only for AEGON's sales and earnings, but also for the company's capital and liquidity position. AEGON regularly carries out sensitivity analyses to determine the impact of different scenarios (including extreme event scenarios), particularly on the company's earnings and capital position¹.

During the year, AEGON took a series of measures designed to counter the effects of the market crisis and, where required, limit the company's exposure to major financial risks.

Overview

Credit risk	2008 saw an unprecedented widening in credit spreads, particularly in AEGON's US corporate bonds. This had significant implications for the value of AEGON's fixed income investments. AEGON's strong liquidity management, however, ensured that the company would not be a forced seller of such assets. Because AEGON invests for the long-term, the company is able to retain investments until they mature or recover their value.
Equity market and other investment risks	Equity markets around the world fell sharply in 2008. AEGON had already sold most of its direct equity market exposure in the Netherlands and the United States before financial markets began to decline. In addition, AEGON has also increased the hedging of its product guarantees to protect itself against a further deterioration in equity markets. Since 2003, for example, AEGON has hedged almost all new variable annuity business.
Interest rate risk	Interest rates declined in 2008. This had important consequences, particularly for investment income and for the margins on financial guarantees included in certain policies. On some products, AEGON took steps to reduce such guarantees. In addition, AEGON implemented an interest rate hedge in the Netherlands, reducing the company's exposure to interest rate volatility and the risk to earnings. AEGON also increased its forward-starting swap programs in the United States to achieve similar objectives.
Currency exchange rate risk	As an international company, AEGON is exposed to movements in currency rates. However, AEGON does not consider this exposure to be material. The company holds its capital base in various currencies in amounts that correspond to the book value of individual country units, thus mitigating currency risk. On occasions, AEGON does hedge cash flows from operating subsidiaries as part of its broader capital and liquidity management.
Liquidity risk	AEGON has a strong liquidity management strategy in place. The company's current approach to liquidity management dates back to the early 1990s. As part of this approach, AEGON regularly considers the most extreme liquidity stress scenarios, including the possibility of prolonged 'frozen' capital markets, an immediate and permanent rise in interest rates, and policyholders withdrawing liabilities at the earliest conceivable date. In addition, the company has highly developed liquidity stress planning in place. In 2008, AEGON put its specially-designated Liquidity Stress Management Team into action to deal with the sharp deterioration in business and market conditions. AEGON's liquidity management strategy ensures the company is not a forced seller of assets even in a severe stress scenario. Current tests show that available liquidity would more than match the company's requirements for at least the next two years, even if the current poor market conditions deteriorate further.

Continuation >

¹ Please note that the information here is intended as an overview only. A more detailed explanation of credit risk, equity and other investment risk, interest rate risk, currency exchange rate risk, liquidity risk, underwriting risk and operational risk, as well as other group-wide risk management policies may be found on pages 116 to 140 of the Financial statements Annual Report 2008. Further information on sensitivity analyses may also be found on these pages.

> **Continued Overview**

Underwriting risk	AEGON's earnings depend, to a significant degree, on the extent to which claims experience is consistent with assumptions used by the company to price products and establish technical liabilities. Changes in, among other things, morbidity, mortality, longevity trends and policyholder behavior could have a considerable impact on AEGON's income. AEGON believes it has the capacity to take on more underwriting risk (providing of course it is correctly priced) in line with the company's broader strategy to capitalize on growth opportunities in its main life insurance and pension markets.
Operational risk	Like other companies, AEGON faces risk resulting from operational failures or external events, such as changes in regulations and natural or man-made disasters. AEGON's systems and processes are designed to support complex products and transactions and to avoid such issues as system failures, financial crime and breaches of security. AEGON is constantly working on analyses studying such operational risks and regularly develops contingency plans to deal with them. These plans also cover extreme event scenarios, such as the possibility of mortality pandemics in one or more of the company's main markets.

AEGON's risk governance framework

AEGON has a strong culture of risk management, based on a clear, well-defined governance framework. The goals of this framework are as follows:

- To minimize ambiguity by clearly defining responsibilities and escalation procedures for decision makers;
- To institute a proper system of checks and balances by ensuring that senior management are aware at all times of material risk exposure;
- To manage concentration by avoiding the threat of insolvency from an over-concentration of risk in particular areas;
- To facilitate diversification by enabling management to identify diversification benefits from apparent risk-return trade-offs;
- To reassure external constituencies that AEGON has appropriate risk management structures and controls in place.

Governance structure

AEGON's risk management framework is represented across all levels of the organization. This ensures a coherent and integrated approach to risk management throughout the company. Similarly, AEGON has put in place a number of company-wide risk policies, which detail specific operating guidelines and limits. These policies are designed to keep overall risk-specific exposures to a manageable level. Any breach of policy limits or warning levels trigger immediate remedial action or heightened monitoring. Further risk policies may be developed at a local level to cover situations specific to particular country or business units.

AEGON's risk management governance structure has four basic layers:

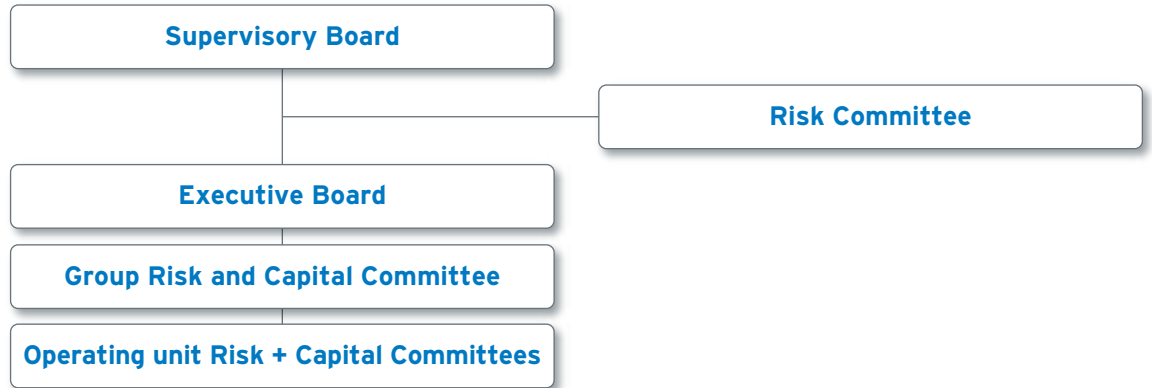
- The Supervisory Board (and the Supervisory Board Risk Committee);
- The Executive Board;
- AEGON's Group Risk and Capital Committee (GRCC);
- And, individual Risk and Capital Committees (RCCs) present in AEGON's operating units.

Roles and responsibilities

AEGON's Executive Board has overall responsibility for risk management. The Board adopts the risk governance framework and determines the company's overall risk tolerance and risk appetite. The Executive Board reports to the Risk Committee of AEGON's Supervisory Board, which is responsible for overseeing AEGON's enterprise risk management framework, including governance and measures taken to ensure risk management is integrated properly into the company's broader strategy. In addition, the Risk Committee also reviews overall risk exposure in light of management's risk appetite, the company's own risk exposure limits and AEGON's overall solvency position. The Committee reports to the full Supervisory Board on a quarterly basis or more frequently, if required. Details of members of the Supervisory Board's Risk Committee may be found on pages 56 to 58. It is the responsibility of the Executive Board to update the Supervisory Board, should any risks directly threaten the solvency or operations of the company.

The Executive Board also supervises the work of AEGON's Group Risk and Capital Committee (GRCC). The GRCC is responsible for overseeing AEGON's solvency position, ensuring that risk-taking is within overall tolerance levels and that the company's capital position is adequate to support AA capital adequacy requirements. As such, the GRCC also works closely with the company's Group Treasury and Group Risk departments.

It is the responsibility of the GRCC to update the Executive Board should any risk threaten the company's economic solvency, statutory solvency or its operations. In line with AEGON's integrated approach to risk management, the company's Chief Financial Officer sits as both a member of the Executive Board and as Chairman of the GRCC. AEGON's Chief Risk Officer (CRO), its Group Treasurer and CFOs from the company's three main country units - the United States, the Netherlands and the United Kingdom - are also members of the GRCC.



The GRCC is also responsible for ensuring best risk management practices are adhered to, as well as for promoting strong risk management as an important part of AEGON's overall corporate culture.

The GRCC also provides oversight for individual country unit Risk and Capital Committees (RCCs). As such, the GRCC receives regular reports from RCCs, reviews major decisions and oversees compliance with Group-level risk policies.

RCCs have been established at each of AEGON's country units and, within the United States, at each business unit. The responsibilities and prerogatives of the RCCs are set out in their respective charters and are similar in content to those of the GRCC, but applicable to local circumstances. AEGON's regional Chief Risk Officers (or designated staff) are members of every operating unit RCC for which they have oversight responsibility.

Group Risk

The role of Group Risk is to act, effectively, as the working arm of the GRCC. As such, Group Risk is responsible for developing and executing risk policies and frameworks. This involves identifying risk, particularly operating and emerging risk, as well as reviewing risk assessments carried out by operating units. Group Risk also identifies best risk management practices and helps ensure there is consistency in methodology and application of these practices across the Company. In addition, Group Risk performs risk analyses, either at its own initiative or at the request of management, including the analysis of extreme events and related management capabilities.

AEGON's risk management staff structure is also integrated. Regional CROs for the Americas, Europe and Asia report directly to the company's Chief Risk Officer. CROs of individual operating units report to their respective regional CROs.



AEGON'S RESPONSE TO THE GLOBAL FINANCIAL CRISIS

In the second half of 2008, there was a significant deterioration in the risk environment both for AEGON and the insurance industry as a whole. The global financial crisis led to a period of extreme volatility in world financial markets.

The crisis resulted in:

- Significantly lower equity markets;
- Lower interest rates;
- An unprecedented widening in credit spreads;
- Extreme equity market volatility; and
- A downturn in the world's leading economies.

Before the second half of 2008, AEGON's own risk management scenarios had recognized the possibility of such extreme market conditions, but company management, in common with most other economic commentators, did not recognize the imminent threat nor the degree of severity that unfolded.

AEGON had, however, taken a number of steps designed to position itself for a possible downturn in the global economy. These steps included:

- Reducing the company's exposure to equity markets;
- Structuring its credit portfolio more defensively, primarily by moving toward higher quality investments;
- Extending its hedging programs on interest rates;
- Transferring risk through reinsurance;
- Lowering financial guarantees on certain products;
- Adopting a more integrated, international approach to risk management and devoting more resources to this area.

These steps helped strengthen AEGON's capital and liquidity position in the years immediately prior to the financial crisis. The crisis itself, however, proved more severe than anticipated, and to counter its effects the company was obliged to take further action in the second half of 2008. These short-term measures were aimed at:

- Lowering risk and preserving capital within existing businesses; and
- Reducing operating expenses.

During the second half of 2008, AEGON made considerable progress toward these aims:

- A total of EUR 1.7 billion in additional capital was released from the company's existing businesses, primarily by lowering investment risk and optimizing asset and liability management, as well as through reinsurance and securitization transactions. Further capital preservation efforts are already underway for 2009.
- AEGON initiated a cost reduction program, aimed at reducing operating expenses in 2009 by EUR 150 million. These savings will be achieved mainly by restructuring businesses in the United States, the Netherlands and the United Kingdom.
- On December 1, 2008, AEGON secured an additional EUR 3 billion in core capital from Vereniging AEGON, funded by the Dutch State – part of a broader program to support healthy and viable banks and insurance companies in the Netherlands during the financial crisis.

Taken together, these measures ensured AEGON entered 2009 with a significant capital buffer as a safeguard against a further deterioration in world financial markets. At the end of 2008, AEGON had an excess capital of EUR 2.9 billion over and above AA capital adequacy requirements – one of the key objectives of the company's risk management strategy. AEGON's solvency ratio, under the European Insurance Group Directive, stood at 183%, down only marginally from 190% at the end of 2007.

AEGON expects difficult market conditions to continue in 2009. As a result, measures designed to reduce risk, free up additional capital and lower operating expenses will remain a significant priority for the company.

The main goals of AEGON's capital and liquidity management are to ensure strong capital adequacy, manage and allocate capital efficiently across the company in order to maximize sustainable returns, and facilitate access to money markets and capital markets on competitive terms such that the cost of capital is minimized.

Along with the mentioned goals, the funding and capital management process aims to ensure that high standards of liquidity are maintained even during periods of severely impaired financial markets. These goals reinforce AEGON's capacity to withstand losses from severely adverse business and market conditions and help maximize the interests of all its stakeholders.

AEGON conducts its funding and capital management processes at various levels within the organization, coordinated by Group Treasury, under the remit of the Group Risk and Capital Committee.

Capital adequacy

AEGON manages capital adequacy at the level of its country units and their operating companies. The goal is to ensure that AEGON companies maintain their strong financial strength, now and into the future, even after sustaining losses from severely adverse business and market conditions. AEGON maintains its companies' capital adequacy levels at whichever is the higher of local regulatory requirements, the relevant local Standard & Poor's requirements for very strong capitalization, and any additionally self-imposed economic requirements. During 2008, the capital adequacy of AEGON's operating units continued to be very strong. At the end of the year, the AEGON Group had excess capital over these self-imposed requirements of EUR 2.9 billion, partially held by AEGON N.V.

The AEGON Group does not manage its capital based on the EU Insurance Group Directive. However, for comparison purposes, AEGON reports its IGD ratio. At the end of 2008, the Group's IGD ratio was 183% compared with 190% at the end of 2007. This ratio takes into account Solvency 1 capital requirements based on IFRS for entities within the EU, as well as local regulatory solvency measurements for non-EU entities.

Specifically, required capital for the life insurance companies in the United States is calculated as two times the upper end of the Company Action Level range (200%), as applied by the National Association of Insurance Commissioners (NAIC) in the United States.

Capital base and leverage tolerances

AEGON applies leverage tolerances to its capital base. The capital base reflects the capital employed across the group and consists of core capital (which consists of shareholders' equity, excluding revaluation reserve, as well as convertible core capital securities), perpetual capital securities (including currency revaluations), dated subordinated debt, and senior debt. AEGON targets its capital base to comprise at least 70% core capital, and targets 25% perpetual capital securities and 5% dated subordinated debt and senior debt. At December 31, 2008, AEGON's capital base consisted of 77.5% core capital, and 21.2% perpetual capital securities. Senior and dated subordinated debt accounted for the remaining 1.3%.

Excess capital is the capital in excess of the most stringent capital adequacy requirement adhered to by AEGON. Leverage capacity is the maximum capacity to issue debt under the defined leverage tolerance. AEGON defines financial flexibility as the sum of excess capital in its companies and leverage capacity. Financial flexibility is a self-imposed managerial limitation for assuming debt and gives an indication of the capacity of the Group to assume debt. The current dislocation of the credit and funding markets may hamper the use of leverage capacity. Financial flexibility may be further restricted under certain financial covenants. Under the most stringent covenant applicable, AEGON still has substantial capacity to issue debt. At December 31, 2008, AEGON's leverage capacity was EUR 1.3 billion. Current liquidity needs are covered by excess cash held within the Group.

Core capital and Group equity

Core capital, which consists of shareholders' equity and the convertible core capital securities which were issued in 2008 (see below), was EUR 9,055 million at December 31, 2008 compared with EUR 15,151 million at December 31, 2007. The main drivers of the decrease were a net loss of EUR 1,082 million, a decrease in the revaluation reserve of EUR 6,651 million, a decrease in the foreign currency translation reserve of EUR 170 million (largely as a result of the higher US dollar and lower British pound), dividend payments, repurchased shares and coupon payments on perpetual capital securities.

Group equity consists of the aforementioned core capital plus other equity securities, such as the Junior perpetual Capital Securities and the Perpetual Cumulative Capital Securities¹, as well as other equity reserves. The other equity securities accounted for EUR 4,645 million at the end of 2008. AEGON has full discretion to defer the coupons on the Junior perpetual Capital Securities. Group equity was EUR 13,760 million at December 31, 2008 (including currency revaluations on other equity securities), compared with EUR 19,962 million at December 31, 2007.

In the context of the unprecedented market conditions that materialized in 2008, AEGON secured, on December 1, 2008, an additional EUR 3 billion in core capital from Vereniging AEGON, funded by the Dutch State - part of a broader program to support healthy and viable banks and insurance companies in the Netherlands during the financial crisis. For more details on this transaction, please refer to page 77-78.

Debt funding

AEGON's funding strategy continues to be based on ensuring excellent access to international capital markets, while minimizing the cost of capital. AEGON's focus on a well established fixed income investor base is supported by an active investor relations program designed to keep investors informed about AEGON's strategy and results.

AEGON's liquidity management strategy is aimed at maintaining sufficient liquidity to ensure that the company can meet its payment obligations as they fall due at a reasonable cost. This is achieved by dispersing day-to-day funding requirements, maintaining a broad base of funding sources and maintaining a well-diversified portfolio of highly liquid assets.

Liquidity is managed at both Group and country unit levels. AEGON's liquidity position remained strong throughout the year.

Most of AEGON's debt is issued by the parent company, AEGON N.V. In addition, a limited number of other AEGON companies, whose securities are guaranteed by AEGON N.V., have issued debt securities. AEGON N.V. has regular access to the capital markets under its USD 6 billion Euro Medium Term Notes Program. Access to the US markets is facilitated by a separate US shelf registration. AEGON N.V.'s and AEGON Funding Company LLC's (guaranteed by AEGON N.V.) combined USD 4.5 billion Euro and US Commercial Paper Programs provide access to domestic and international money markets. At December 31, 2008, AEGON N.V. had EUR 0.4 billion outstanding under its commercial paper programs.

AEGON has a short-term debt rating of P2/A1/F1 by, respectively, Moody's, S&P and Fitch. The fact that AEGON has a lower prime rating from one of these rating agencies could reduce access to short-term Euro and US Commercial Paper markets. AEGON has access to the US Federal Reserve Commercial Paper Funding Facility (CPFF), which is restricted to a minimum of two prime short-term ratings.

AEGON maintains back-up credit facilities to support outstanding amounts under its commercial paper programs. The principal arrangement is a USD 5 billion syndicated facility including a USD 3 billion back-up facility maturing in 2012. This arrangement also includes a USD 2 billion multicurrency revolving letter of credit facility maturing in 2015, extendable until 2017. In addition, AEGON maintains USD 525 million of shorter dated bilateral back-up facilities. AEGON N.V. has not drawn any amounts under any liquidity back-up facilities.

Internal sources of liquidity include distributions from operating subsidiaries. Internal distributions may be subject to (local) regulatory requirements. Excess liquidity is invested in highly liquid, short-term assets in accordance with internal risk management policies. The duration profile of AEGON's capital leverage is managed in line with the duration of surplus assets related to investments in its subsidiaries, subject to liquidity needs, capital and other requirements. AEGON considers its working capital, backed by the external funding programs and facilities, to be amply sufficient for the Group's present requirements.

¹ Reference is made to the Financial statements of the Annual Report, note 17.

Operational leverage is not part of the capital base. At December 31, 2008, operational leverage was EUR 2.1 billion (December 31, 2007: EUR 3.6 billion). Operational debt primarily relates to mortgage warehousing and the funding of US regulation XXX and Guideline AXXX redundant reserves. In June 2008, AEGON completed a Value in-Force (VIF) securitization, which enabled the Group to monetize the value of a portion of future profits from a book of unit-linked business within its UK operations. The transaction added around EUR 315 million (GBP 250 million) of core capital, enhancing the financial flexibility of the Group. AEGON will continue to explore further opportunities for insurance-linked securitizations and other innovative capital market transactions as part of the Group's ongoing commitment to manage capital and reserve needs both efficiently and actively.

Ratings

Claims paying ability and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade of AEGON or any of its rated insurance subsidiaries may, among other things, materially increase the number of policy surrenders and withdrawals by policyholders of cash values from their policies. The outcome of this may be cash payments requiring the sale of invested assets, including illiquid assets, at a price that may result in realized investment losses. Such cash payments to policyholders would result in a decrease in total invested assets as well as a decrease in net income. Among other things, early withdrawals may also cause AEGON to accelerate amortization of policy acquisition costs, reducing net income.

In addition, a rating downgrade may adversely affect relationships with broker-dealers, banks, agents, wholesalers and other distributors of AEGON's products and services. This may negatively impact new sales and adversely affect the Group's ability to compete.

This would have a materially adverse effect on AEGON's business, results of operations and financial condition.

The current Fitch, Moody's and Standard & Poor's (S&P) insurance financial strength ratings and ratings outlook of the Group's primary life insurance companies in AEGON's major country units are shown in the following table:

Ratings As of March 2009	AEGON USA	AEGON The Netherlands	AEGON Scottish Equitable
S&P rating	AA	AA	AA
S&P outlook	CWN ¹	CWN	CWN
Moody's rating	A1	NR ²	NR
Moody's outlook	Negative	NR	NR
Fitch rating	AA	NR	NR
Fitch outlook	Negative	NR	NR

¹ CWN: Credit Watch Negative.

² NR: Not Rated.

During 2008, the credit ratings for AEGON remained unchanged, however, the outlook for all three credit ratings was changed to negative. In early 2009, Moody's lowered its senior debt rating for AEGON N.V. to A3 with a negative outlook, Fitch lowered its senior debt rating to A with a negative outlook, while Standard & Poor's put its senior debt rating of A+ on credit watch negative, with as likely outcome an affirmation or a one-notch downgrade to A.

At the same time, Moody's and Fitch also lowered the Insurance financial strength ratings of AEGON USA by one notch, to A1 and AA respectively.

Risk and capital management | OTHER RISKS

In addition to the financial risks detailed on pages 45 - 46, AEGON also faces a number of other risks, which could have a materially adverse effect on AEGON's results of operations, corporate reputation and financial condition.

Products

AEGON may face claims from customers and adverse negative publicity if its products result in losses or fail to result in expected gains, regardless of the suitability of products for customers or the adequacy of the disclosure provided to customers by AEGON or its intermediaries.

Tax changes

Insurance products enjoy certain tax advantages, particularly in the United States and the Netherlands, which permit the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products under certain conditions and within certain limits. Changes in tax law could have an effect on AEGON's business.

Information technology

While systems and processes are designed to support complex transactions and to avoid systems failure, fraud, information security failures, processing errors and breaches of regulation, any failure could affect AEGON's results of operations and corporate reputation. In addition, AEGON must commit significant resources to maintaining and enhancing the Group's existing systems in order to keep pace with industry standards and customer preferences.

Catastrophic events

AEGON's operating results and financial position may be adversely affected by volatile natural and man-made disasters such as hurricanes, windstorms, earthquakes, terrorism, riots, fires and explosions. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure. Generally, AEGON seeks to reduce its exposure to these events through individual risk selection, monitoring risk accumulation and purchasing reinsurance. However, such events could lead to considerable financial loss to AEGON's business. Furthermore, natural disasters, terrorism and fires could disrupt AEGON's operations and result in significant loss of property, key personnel and information.

Government regulations

AEGON is subject to comprehensive regulation and supervision in all countries in which the Group operates. The primary purpose of such regulation is to protect policyholders. Changes in existing insurance laws and regulations may affect the way in which AEGON conducts business, the products it offers, as well as AEGON's ability to sell new policies or claims exposure on existing policies.

Litigation

AEGON faces significant risks of litigation and regulatory investigations and actions in connection with activities as an insurer, securities issuer, employer, investment advisor, investor and taxpayer. In recent years, the insurance industry has increasingly been the subject of litigation, investigation and regulatory activity by various governmental and enforcement authorities. Lawsuits, including class actions and regulatory actions, may be difficult to assess or quantify and may seek recovery of very large and/or indeterminate amounts, including punitive and treble damages.

Default of a major market participant

The failure of a major market participant could disrupt securities markets or clearance and settlement systems in AEGON's markets, which could, in turn, cause market declines or volatility. Such a failure could lead to a chain of defaults that could adversely affect the Group.

Judgements of courts in the United States

The United States and the Netherlands do not currently have a treaty providing for the reciprocal recognition and enforcement of judgements (other than arbitration awards) in civil and commercial matters. Judgements of US courts, including those predicated on the civil liability provisions of the federal securities laws of the United States, may not be enforceable in Dutch courts. Therefore, AEGON's shareholders who obtain a judgement against AEGON in the United States may not be able to require the company to pay the amount of the judgement unless a competent court in the Netherlands gives binding effect to the judgement. It may, however, be possible for a US investor to bring an original action in a Dutch court to enforce liabilities against AEGON, its affiliates, directors, officers or any expert named therein who reside outside the United States, based upon the US federal securities laws.

In control statement

Internal risk management and control systems

The Executive Board is responsible for designing, implementing and maintaining internal controls, including proper accounting records and other management information suitable for running the business.

AEGON's internal audit function assists the Executive Board in maintaining effective controls by independently and objectively evaluating the adequacy and effectiveness of the organization's internal control and risk management systems. Criteria established under 'Internal Control - Integrated Framework', the Treadway Commission's Committee of Sponsoring Organizations (COSO), are used by AEGON's Internal Audit to analyze and make recommendations to the Executive Board concerning the effectiveness of internal controls over AEGON's financial reporting process and the company's internal control framework. Based on risk assessments performed, the Executive Board, under supervision of the Supervisory Board and its Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of AEGON N.V.

In addition, the Executive Board is responsible for AEGON's enterprise risk management framework under supervision of the Supervisory Board Risk Committee. AEGON's risk management function monitors and controls AEGON's solvency position and ensures that risk taking is within AEGON's risk tolerance levels. The Executive Board is informed of any risks that threaten the economic/statutory solvency or operations of the Group.

The risk management function develops and executes risk policies and risk frameworks. This also involves the facilitation of risk identification (especially for operational and emerging risks) and reviewing risk assessments performed by operating units. The risk management function is responsible for identifying best risk management practices and working with management to ensure that AEGON adheres to these practices.

Corporate Governance and Remuneration

The Remuneration Policy and report may be found on pages 67 to 71. For detailed information about AEGON's corporate governance and compliance with the Dutch Corporate Governance Code, please refer to pages 72 to 76.

Finally, the compliance function plays a key role in monitoring the company's adherence to external rules and regulations and internal policies.

On the basis of the above, AEGON's Executive Board makes the following statement regarding the Group's financial reporting risks:

- AEGON's risk management and control systems provide reasonable assurance that the Group's financial reporting does not contain any material inaccuracies;
- AEGON's risk management and controls systems functioned properly in 2008;
- There are no indications to suggest that AEGON's risk management and control systems will not continue to function properly in 2009.

The risk management and control systems provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published financial statements. However, they cannot provide absolute assurance that a misstatement of AEGON's financial statements would be prevented or detected.

Responsibilities in respect of the financial statements and the Annual Report

The Executive Board is responsible for preparing the financial statements and the Annual Report in accordance with Dutch law and those International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

As required by section 5:25c of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the Executive Board confirms that to the best of its knowledge, the financial statements prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial condition and profit or loss of the company and the undertakings included in the consolidation as a whole and that the report of the Executive Board includes a fair view of the development and performance of the business during the financial year and the position at balance sheet date of the company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties the company faces.

The Hague, March 11, 2009
The Executive Board



Our Governance

Safeguarding the interests of all
AEGON's stakeholders

The Supervisory Board is entrusted with the task of supervising and advising the Executive Board on its management of the company as well as overseeing AEGON's strategy and the general course of its affairs.

Global financial crisis

This past year has been an extraordinary one for AEGON. In April 2008, Alex Wynaendts took over as Chief Executive Officer when his predecessor Don Shepard retired. In June, he announced a new set of strategic priorities for the company, designed to increase earnings, improve returns from the company's businesses and make better use of its international resources. However, the global financial crisis prompted AEGON to concentrate on measures aimed at preserving and releasing capital, lowering risk and reducing operating costs. As a further precaution, AEGON secured an additional EUR 3 billion in core capital from the Dutch State. These measures enabled the company to enter 2009 with a significant capital buffer, an important safeguard against further declines in world financial markets. During the year, the Supervisory Board met frequently with AEGON's Executive Board to discuss the financial crisis and the company's response to it. The Supervisory Board gave its full support to measures taken by the Executive Board to help AEGON withstand the effects of the global financial crisis.

In performing their duties, members of the Supervisory Board are guided by the interests of AEGON and its businesses, and take into account the interests of the company's stakeholders. The Supervisory Board is a separate corporate body, independent of the Executive Board. The Supervisory Board currently consists of twelve members (further details on the composition of AEGON's Supervisory Board may be found on pages 62-64). From December 1, 2008, Arthur Docters van Leeuwen has been acting as an observer to the Supervisory Board.

The Supervisory Board makes recommendations to the General Meeting of Shareholders (AGM) concerning all appointments and reappointments, and dismissals from both the Executive Board and the Supervisory Board itself. In addition, the Supervisory Board determines the remuneration of individual members of the Executive Board in line with the Remuneration Policy as adopted by the company's General Meeting of Shareholders.

In its meetings, the Supervisory Board regularly deals with the following issues:

- Business strategy;
- Quarterly financial results;
- Embedded value;
- Accounting principles;
- Dividend policy;
- Capital position;
- Budget;
- Internal control procedures;
- Risk management;
- Compensation and succession planning.

Corporate governance

Details of AEGON's corporate governance structure as well as a summary of the company's compliance with the Dutch Corporate Governance Code may be found on pages 72 to 76 of the Annual Report. In 2008, the capital agreement with the Dutch State prompted certain changes to AEGON's corporate governance structure. The details of these changes are set out on pages 77 to 78. The full report on AEGON's compliance with the Dutch Corporate Governance Code is available on www.aegon.com.

Supervisory Board meetings and activities

Attendance

In 2008, the Supervisory Board held a total of six regular meetings and several additional conference call meetings. No member of the Supervisory Board was frequently absent from these meetings.

In accordance with AEGON's Supervisory Board Rules, all regular meetings in 2008 were preceded by preparatory meetings, attended by the Chairman and Vice-Chairman of the Supervisory Board, as well as the Chief Executive Officer and Chief Financial Officer from the company's Executive Board.

Meetings of the Supervisory Board's Committees were usually held before the meetings of the full Supervisory Board. Members of AEGON's Executive and Management Boards attended all Supervisory Board meetings held in 2008. AEGON's Director for Group Finance & Information also attended meetings during which the Supervisory Board discussed the annual results for 2007, interim and final shareholder dividends, all quarterly results and value of new business (VNB) figures published in 2008, as well as press releases relating to these matters.

Representatives from Ernst & Young, AEGON's independent auditor, also attended the discussion on the company's 2007 annual results.

In 2008, discussions within AEGON's Supervisory Board focused on the following issues:

- Strategy (particularly in view of the developing crisis on the financial markets);
- Finance and accounting;
- Risk management;
- Budget and capital;
- Global financial crisis;
- Partnerships and acquisitions;
- Appointments to both the Executive and Supervisory Boards;
- Legal and compliance.

In addition, at its December meeting, the Supervisory Board reviewed and discussed its own composition and performance. The Board assessed the performance of both individual members and its committees, following

advisory work carried out by an external consultant. The Board also discussed the performance of the Executive Board and its individual members. Members of the Executive Board were not present during these discussions.

Strategy

In May 2008, the Supervisory Board held its annual strategy meeting in London. At the meeting, the Board discussed, among other things, the company's strategic review, which was used as the basis for AEGON's new strategy and the underlying earnings and return on equity targets announced in June 2008. The Board also discussed ways in which AEGON's merger and acquisition strategy should be used to support the company's overall strategic goals.

At the meeting in December, the Board discussed AEGON's Group Plan 2009, which set out the company's near-term priorities to counter the effects of the global financial crisis. These priorities included measures to release and preserve capital, lower risk and reduce costs. The Board also discussed a number of key questions with regard to the broader financial crisis and its implications for the company.

Finance and accounting

In March 2008, the Supervisory Board discussed AEGON's annual results for 2007, including the company's VNB figures. The Board also reviewed and approved the company's annual accounts for 2007 and a proposal to the General Meeting of Shareholders for a final dividend to shareholders.

At meetings in May, August and November, the Supervisory Board reviewed AEGON's first, second and third quarter results as well as disclosures on VNB. At the August meeting, the company's interim dividend was approved.

At several meetings held in the second half of 2008, the Supervisory Board as well as the Audit and Risk Committees were informed of the impact of fair value movements on the valuation of guarantees. The development of AEGON's investment portfolio, in view of the deterioration in world financial markets was also addressed.

Budget and capital

During the year, the Supervisory Board and its Risk Committee were kept fully apprised of developments in AEGON's capital position. At several meetings in October 2008, the Board discussed the company's capital position and the proposed transaction with the Dutch State. The Board approved the terms and conditions of the transaction on October 24, 2008, including changes to the company's corporate governance arrangements (please see pages 77 - 78).

At its December meeting, the Supervisory Board's Audit Committee reviewed and discussed AEGON's Group Plan 2009, including the 2009 budget and the 2009 Capital Plan. The full Board also received a separate report on these issues from AEGON's Audit Committee. Following a recommendation from the Audit Committee, the Board approved the 2009 budget and the 2009 Capital Plan and authorized the Executive Board to provide for AEGON's funding needs as budgeted. In addition, the Board also endorsed the Executive Board's decision, in view of the global financial crisis, not to issue a long-term incentive plan for AEGON management and staff worldwide for 2009.

Partnerships and acquisitions

During its meetings in 2008, the Supervisory Board discussed a number of proposed new partnerships and acquisitions. Those announced during the year include the following:

- The life insurance, pension and health joint venture agreement with Spanish savings bank Caixa Terrassa;
- The acquisition of a 50% interest in Brazilian life insurer Mongeral SA Seguros e Previdência.

Appointments to the Supervisory and Executive Boards

In March, the Supervisory Board agreed that shareholders should be asked to approve the following:

- A new four-year term for Irving W. Bailey, II, as a member of the Supervisory Board;
- The appointment of Cecelia Kempler, Robert J. Routs, Dirk P.M. Verbeek and Ben van der Veer (the latter from October 1, 2008) for appointment to the Supervisory Board.

All proposals above were accepted by shareholders at their General Meeting in April 2008.

In March, the Supervisory Board decided to propose that shareholders, at the 2009 General Meeting of Shareholders, reappoint Mr. Eustace for a term of one year. This decision was announced at the General Meeting of Shareholders in April 2008. At its meeting on December 17, 2008, the Supervisory Board decided to nominate Jan J. Nooitgedagt to the Executive Board as successor to Joseph B.M. Streppel, the company's Chief Financial Officer, from April 22, 2009. On the same date Mr. Streppel will retire from the Executive Board.

Legal and compliance

During 2008, the Supervisory Board again discussed issues of compliance, particularly with regard to equity-linked insurance policies in the Netherlands as well as to other regulatory and legal issues in Europe, the United States and Asia. The Board was also apprised of developments regarding OPTAS N.V., an acquisition made in 2007.

Board review and education

In December, the Supervisory Board reviewed and discussed its own composition and performance, as well as that of the Executive Board (without Executive Board members being present). The Board was assisted by an external consultant. This consultant conducted an extensive assessment, including questionnaires and interviews with members of both the Supervisory and Executive Boards.

The annual educational session for members of the Supervisory Board was held in December. During this session, the Board received an update on the US variable annuities market, as well as the various types of annuity products sold by AEGON in the United States. The Supervisory Board considered the presentation and the discussion that followed to be very useful and informative. During the year, the Supervisory Board was informed on developments regarding risk management and economic capital.

Supervisory Board Committees

The Supervisory Board relies on its four Committees to prepare specific issues for decision-making by the Board. Each of these Committees is made up of members drawn from the Supervisory Board itself. In accordance with its Charter, each Committee reports its findings to the Supervisory Board during a subsequent Supervisory Board meeting.

The Audit Committee

The Audit Committee held seven meetings in 2008, which also were attended by AEGON's Chief Financial Officer as well as other members of the Executive Board, the Director of Group Finance & Information and representatives from Ernst & Young, AEGON's independent auditor. AEGON's Group Internal Auditor, the Group Risk Officer and the Group Actuarial Officer also periodically attended Audit Committee meetings. Discussions focused on the following topics:

- Quarterly results, annual accounts and the audit process;
- Actuarial analyses;
- Accounting principles as defined by IFRS;
- Financial reports filed with the Securities and Exchange Commission;
- AEGON's Capital Plan;
- Internal control systems;
- External auditor's engagement letter for 2008;
- Integrated audit plan.

The Audit Committee also discussed the publication of AEGON's 2007 Embedded Value Report and the Group's annual VNB figures.

External auditor

The Audit Committee recommended that Ernst & Young be reappointed for the 2008 financial year. In addition, the Committee confirmed that Shemaya Levy qualifies as a financial expert within the terms and conditions of both the Dutch Corporate Governance Code and the Sarbanes Oxley legislation in the United States. In accordance with legal requirements, the Audit Committee recommended that the Supervisory Board amend the pre-approval policy for the company's external auditor.

Internal auditor

During 2008, the Audit Committee received an update each quarter on the activities of the company's Internal Auditor, AEGON's compliance with US SOX 404 legislation and an overview of fraud and general compliance issues. During these meetings, the Audit Committee held separate sessions with the company's Internal Auditor as well as with external auditors, to discuss their findings. Members of the Executive Board were not present at these sessions.

SEC filings

Two separate meetings, in March and September, were devoted to AEGON's filings during the year with the US Securities and Exchange Commission. These comprised the company's:

- 2007 Annual Report (Form 20-F);
- Results for the first six months of 2008 (Form 6-K).

Capital and budget

During its meeting in December, the Audit Committee conducted a review of the AEGON's 2009 budget, as well as the company's Capital Plan. The Committee conveyed its findings and recommendations to the Supervisory Board. The Audit Committee also recommended that the Board authorize AEGON's Executive Board members to provide for the company's funding requirements, as set out in the 2009 Capital Plan.

The Risk Committee

In 2007, AEGON's Supervisory Board decided to form a Risk Committee. At the same time, the Board's Strategy Committee was dissolved. The Risk Committee held five meetings in 2008, which were also attended by the members of AEGON's Executive Board, the company's Chief Risk Officer and occasionally the Group Treasurer and AEGON USA's Chief Investment Officer. The Risk Committee helps the Supervisory Board and Audit Committee to oversee the activities of AEGON's Enterprise Risk Management framework. The Committee also advises the Executive Board with respect to the company's risk management strategy and policies. Consequently, the Committee regularly reviews the company's Enterprise Risk Management framework, its risk exposure and compliance with company risk policies.

During its meetings in 2008, the Risk Committee prepared and agreed its Risk Committee Charter, and discussed the risk governance structure, risk tolerance and risk level policies and compliance, as well as operational risk management. Furthermore, the Committee discussed the quarterly risk reports and risk overview. Other recurring subjects were the US credit portfolio and the capital preservation measures taken during 2008.

The Nominating Committee

AEGON's Nominating Committee held four meetings in 2008. The Chairman of the Executive Board attended all meetings. During the year, the Nominating Committee discussed the composition of the Supervisory Board and its Committees, as well as existing and forthcoming vacancies. It also advised the Supervisory Board on nominations for four appointments and one reappointment. In addition, the Nominating Committee reviewed the composition of the Executive Board and discussed Mr. Streppel's succession. After a lengthy and thorough selection process, the Nominating Committee recommended the Supervisory Board, on December 17, 2008, nominate Jan J. Nooitgedagt as Mr. Streppel's successor on the Executive Board and as AEGON's Chief Financial Officer, with effect from April 22, 2009.

The Compensation Committee

The Compensation Committee held four meetings in 2008, also attended at times by either the Chief Executive Officer or the Chief Financial Officer. During the year, the Compensation Committee discussed the Executive Board members' 2005 Long-Term Incentive (LTI) Plan, which matured in 2008 and noted that the 2006 LTI Plan would mature in 2009. The Committee discussed and assessed the 2007 Plan under the Executive Board Remuneration Policy and advised the Supervisory Board on the payments under this 2007 Plan in 2008. In its assessment, the Committee made use of the advice of Towers Perrin, external independent advisors. Details of the payments under the Executive Board 2005 LTI Plan and the 2007 Plan under the Executive Board Remuneration Policy are set out in the Remuneration Report on page 70-71.

The main items of discussion during the Committee's meetings were the Remuneration Policy for the Executive Board and remuneration for members of the Management Board. Possible amendments to variable compensation under the Executive Board Remuneration Policy were discussed, but no final decisions were made in 2008. The Committee noted that material amendments to the Remuneration Policy are subject to approval by shareholders.

In November, the Committee reviewed the Supervisory Board's remuneration, comparing AEGON's arrangements with other two tier companies in Europe and decided that despite the fact its remuneration was well below the median, it would address this issue again in 2009, to prepare for a possible discussion during the General Meeting of Shareholders in 2010.

The Committee finally discussed the draft Report of the Monitoring Committee of the Dutch Corporate Governance Code and decided that, if the final version of that Report necessitates amendments to AEGON's Corporate Governance, these would be made in 2009.

Composition of the Supervisory Board

All members of the Supervisory Board are considered independent according to the terms of the Dutch Corporate Governance Code, with the exception of Kornelis J. Storm. Mr. Storm is not regarded as independent within the definition of the Code since he served as Chairman of AEGON's Executive Board prior to his retirement in April 2002. Mr. Storm joined the Supervisory Board in July 2002.

In April 2008, shareholders appointed Cecelia Kempler, Robert J. Routs, Dirk P.M. Verbeek and Ben van der Veer (the latter from October 1, 2008) to the Supervisory Board. In addition, Irving W. Bailey, II, was reappointed for another four-year term of office after his previous mandate expired in 2008.

In 2009, the mandates of both Dudley G. Eustace and Willem F.C. Stevens will expire. Mr. Stevens is not eligible for reappointment. Mr. Eustace will be nominated for an additional one-year term at the annual General Meeting of Shareholders, scheduled for April 22, 2009. He will be succeeded as Chairman of the Supervisory Board by Mr. Routs in April 2010. Members of the Supervisory Board wish to thank Mr. Stevens for his long and distinguished service to AEGON.

Also in 2009, Shemaya Levy's four-year term as a member of the Supervisory Board will expire. The Board will propose that shareholders reappoint Mr. Levy for another term of four years at the 2009 General Meeting of Shareholders.

As part of AEGON's agreement with the Dutch State, the Supervisory Board, on advice from the company's Nominating Committee, has decided to nominate Mr. Docters van Leeuwen to the Board for a term of four years. His biography will be provided together with the agenda for the 2009 General Meeting of Shareholders. Taking into account the changes detailed above, the number of Supervisory Board members will remain at twelve.

Executive Board

On advice from the Nominating Committee, AEGON's Supervisory Board decided to nominate Mr. Nooitgedagt to the Executive Board for a four-year term. His appointment will be proposed to shareholders at the 2009 General Meeting of Shareholders. If appointed, Mr. Nooitgedagt will succeed Mr. Streppel as Chief Financial Officer of AEGON. Mr. Nooitgedagt's biography will be provided together with the agenda for the 2009 General Meeting of Shareholders.

In compliance with the Dutch Corporate Governance Code, members of the Executive Board are appointed by shareholders for a term of four years, with the possibility of reappointment for subsequent, additional four-year terms. A schedule for all members of the Executive Board is included in the company's Executive Board Rules and posted on AEGON's corporate website, www.aegon.com.

Annual accounts

This Annual Report includes the annual accounts for 2008, prepared by the Executive Board, discussed by both the Audit Committee and the Supervisory Board, and submitted to shareholders for adoption. The Supervisory Board recommends that shareholders adopt these annual accounts.

Acknowledgement

The Supervisory Board would like to thank the Executive Board and employees of the company for the measures they have taken over the past year to help strengthen AEGON's financial position. Members of the Supervisory Board would also like to express their appreciation for the dedication and commitment they have shown in what has been an exceptionally difficult market environment.

The Hague, March 11, 2009

Dudley G. Eustace,
Chairman of the Supervisory Board

Retirement of Jos Streppel

In January 2009, AEGON announced that Mr. Streppel would be retiring after more than ten years as AEGON's Chief Financial Officer. His retirement takes effect at AEGON's 2009 General Meeting of Shareholders. Mr. Streppel has been with AEGON for the past 35 years. During that time, he has served the company with great distinction. As Chief Financial Officer, he has helped lead AEGON through periods both of growth and economic difficulty. In recent months, he has been instrumental in helping frame the company's response to the global financial crisis. The Supervisory Board would like to express its gratitude to Mr. Streppel for his years of outstanding service to the company and his undoubted contribution to the development of AEGON's businesses around the world.

After a thorough selection process, the Board identified Jan J. Nooitgedagt, Chairman of the Belgian and Dutch operations of Ernst & Young, as Mr. Streppel's successor. Mr. Nooitgedagt will bring considerable experience to the position, having spent his entire professional life in international finance. The Supervisory Board is delighted to have a person of Mr. Nooitgedagt's integrity and professional caliber at the company. The Board would like to wish Mr. Nooitgedagt every success in the years to come.

Members of the Supervisory Board

Dudley G. Eustace (1936, Nationality: joint British and Canadian)

Chairman of the Supervisory Board

Chairman of the Nominating Committee and member of the Compensation Committee



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Dudley G. Eustace is a former Chairman of London-based Smith & Nephew PLC. He also served as Vice-Chairman of Royal Philips Electronics N.V. Mr. Eustace was appointed to AEGON's Supervisory Board in 1997. His current term will end in 2009. He is also a member of the European Advisory Council for Rothschilds, Chairman of the Supervisory Board of the unlisted company The Nielsen Company and sits on the Council of the University of Surrey in the United Kingdom.

Irving W. Bailey, II (1941, Nationality: US citizen)

Chairman of the Risk Committee and member of the Audit Committee



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Irving W. Bailey II is a senior advisor to Chrysalis Ventures. He is a retired Chairman and CEO of Providian Corp., a former managing director of Chrysalis Ventures, and a former Chairman of the Board of Directors of AEGON USA Inc. He was appointed to AEGON's Supervisory Board in 2004 and his current term will end in 2012. He is also a member of the Board of Directors of Computer Sciences Corp. and Hospira Inc.

Robert J. Routs (1946, Nationality: Dutch)

Member of the Nominating and Risk Committees



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Robert J. Routs is a former Executive Director for Downstream at Royal Dutch Shell. Mr. Routs was appointed to AEGON N.V.'s Supervisory Board in 2008. His current term will end in 2012. He sits on the Board of Directors of Canadian Utilities and the business school INSEAD. Mr. Routs is also a member of The Economic Development Board of the Singapore International Advisory Council.

Antony Burgmans (1947, Nationality: Dutch)

Member of the Audit Committee



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Antony Burgmans is a retired Chairman of Unilever N.V. and Unilever plc. He was appointed to AEGON's Supervisory Board in 2007 and his current term will end in 2011. He is also a member of the Supervisory Boards of Akzo Nobel N.V. and SHV Holdings N.V., as well as a member of the Board of Directors of BP plc.

Cecelia Kempler (1940, Nationality: US citizen)
Member of the Nominating and Risk Committees



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Cecelia (Sue) Kempler is an independent consultant on insurance industry matters and director of the Kaye School of Finance, Insurance and Economics at Florida Atlantic University. She is a former partner of law firm Le Boeuf, Lamb, Greene & MacRae. Ms. Kempler was appointed to AEGON N.V.'s Supervisory Board in 2008. Her current term will end in 2012. She is a member of the American Bar Association, the Association of Life Insurance Counsel, the ASA (Association of Reinsurance and Insurance Arbitration Society, ARIAS U.S.) and the International Association of Insurance Receivers. Ms. Kempler is certified by IMSA (Insurance Market Standard Association).

Shemaya Levy (1947, Nationality: French)
Chairman of the Audit Committee and member of the Risk Committee



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Shemaya Levy is a retired Executive Vice-President and CFO of the Renault Group. He was appointed to AEGON's Supervisory Board in 2005 and his current term will end in 2009. He is also a non-executive director of Nissan Motor, Renault Finance, Renault Spain and the Safran Group, and a member of the Supervisory Boards of the Segula Technologies Group and TNT N.V.

Karla M.H. Peijs (1944, Nationality: Dutch)
Member of the Compensation and Nominating Committees



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Karla M.H. Peijs is Queen's Commissioner for the Province of Zeeland in the Netherlands. She was appointed to AEGON's Supervisory Board in 2007 and her current term will end in 2011. She was formerly a member of the Provinciale Staten of the Province of Utrecht from 1982 until 1998, a member of the European Parliament from 1989 to 2003 and Minister of Transport, Public Works and Water Management in the Dutch government from 2003 to 2007.

Willem F.C. Stevens (1938, Nationality: Dutch)
Member of the Audit and Compensation Committees



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Willem F.C. Stevens is a retired partner/senior counsel of Baker & McKenzie and was a senator in the Dutch Parliament until June 2003. He was appointed to AEGON's Supervisory Board in 1997 and his current term will end in 2009. He is also a member of the Supervisory Boards of N.V. Luchthaven Schiphol, TBI Holdings B.V., AZL N.V., Goedland N.V., and Ermenegildo Zegna International N.V.

Kornelis J. Storm (1942, Nationality: Dutch)

Member of the Risk Committee



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Kornelis (Kees) J. Storm is a former Chairman of the Executive Board of AEGON N.V. He was appointed to AEGON's Supervisory Board in 2002 and his current term will end in 2010. He is also Chairman of the Supervisory Board of KLM Royal Dutch Airlines N.V., Vice-Chairman of the Supervisory Board of Pon Holdings B.V. and a non-executive director of Unilever N.V. and Unilever plc. Mr. Storm also serves as a member of the Board of Directors of Anheuser-Busch InBev S.A. (Belgium) and Baxter International Inc. (USA).

Ben van der Veer (1951, Nationality: Dutch)

Member of the Audit Committee



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Ben van der Veer is a former Chairman of the Board of Management of KPMG N.V. He was appointed to AEGON's Supervisory Board effective October 1, 2008 and his current term will end in 2012. He is also a member of the Supervisory Boards of TomTom N.V. and Siemens Nederland N.V.

Dirk P.M. Verbeek (1950, Nationality: Dutch)

Member of the Compensation Committee



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Dirk P.M. Verbeek is Vice-President Emeritus of Aon Group and advisor to the President and CEO of Aon Corporation. Mr. Verbeek is retired Chairman and CEO of Aon International Executive Committee and a retired member of the Executive Board of AON Group Inc. Mr. Verbeek was appointed to AEGON N.V.'s Supervisory Board in 2008. His current term will end in 2012. He is also a Chairman of the Supervisory Board of Robeco Group N.V. and a member of the Supervisory Board of some of its subsidiaries, as well as a member of the Supervisory Board of Aon Jauch & Hübener Holdings GmbH, Chairman of the Benelux Advisory Board of Leonardo & Co. B.V., and Chairman of the INSEAD Dutch Council.

Leo M. van Wijk (1946, Nationality: Dutch)

Chairman of the Compensation Committee



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Leo M. van Wijk is Vice-Chairman of Air France-KLM S.A. and former President and CEO of KLM Royal Dutch Airlines N.V. He was appointed to AEGON's Supervisory Board in 2003 and his current term will end in 2011. He is also a member of the Supervisory Board of Randstad Holding N.V. and a former member of the Supervisory Boards of Martinair and TUI Nederland N.V. and of the Board of Directors of Northwest Airlines (USA).

Remuneration | SUPERVISORY BOARD



AEGON's Compensation Committee is responsible for designing, developing, implementing and reviewing the company's Remuneration Policy.

AEGON's Remuneration Policy outlines:

- Terms and conditions for employment of Executive Board members;
- Remuneration for members of the company's Supervisory Board.

AEGON's Compensation Committee comprises five members:

- Leo M. van Wijk (Chairman)
- Dudley G. Eustace
- Karla M.H. Peijs
- Willem F.C. Stevens
- Dirk P.M. Verbeek

Each year, AEGON's Compensation Committee reviews the Remuneration Policy, partly based on information provided by the company's external advisors Towers Perrin.

The Committee may recommend changes in the policy to the Supervisory Board. Any material changes must be referred to the General Meeting of Shareholders for adoption. AEGON's current Remuneration Policy was adopted by the company's shareholders at the annual General Meeting of Shareholders on April 25, 2007. The Remuneration Policy will be reviewed annually to ensure it remains fully in line with international standards.

Supervisory Board Remuneration

Members of AEGON's Supervisory Board are entitled to:

- A base fee for membership of the Supervisory Board itself;
 - A fee for membership on each of the Supervisory Board's committees;
 - An attendance fee for each committee meeting
- Supervisory Board members attend in person.

Each of these fees is a fixed amount. Members of AEGON's Supervisory Board do not receive any performance or equity-related compensation and do not accrue pension rights with the company. These measures are designed to guarantee the independence of Supervisory Board members and strengthen the overall effectiveness of AEGON's corporate governance¹.

In 2008, AEGON conducted a review of pay for Supervisory Board members. This review concluded that fees for members of the Supervisory Board were generally below those paid at AEGON's European peer companies. However, given the current market environment, Supervisory Board members have agreed to forego any immediate increases. AEGON's pay structure for Supervisory Board members will be reviewed again at the end of 2009.

The current structure of Supervisory Board fees is as follows:

Base fee

For membership of the Supervisory Board

Amounts in EUR per annum

Chairman	60,000
Vice-Chairman	50,000
Member	40,000

Committee fee

For membership of a Supervisory Board Committee *

Amounts in EUR per annum

Chairman of the Audit Committee	10,000
Member of the Audit Committee	8,000
Chairman of other Committees	7,000
Member of other Committees	5,000

* AEGON has four committees in total: Audit, Compensation, Nominating and Risk.

Attendance fee

For committee meetings attended in person

Amounts in EUR per annum

Audit Committee	3,000
Other committees *	1,250

* In the case of intercontinental travel, this fee is EUR 2,500.

AEGON pays a higher fee to members of its Audit Committee because of the additional workload involved.

Information on the members of AEGON's Supervisory Board may be found on pages 62-64.

¹ Please note that Arthur Docters van Leeuwen has been attending meetings as an observer since his nomination to the Supervisory Board last December, and has been paid accordingly. Mr. Docters van Leeuwen's appointment to the Board is subject to approval by the General Meeting of Shareholders, scheduled for April 22, 2009. Mr. Docters van Leeuwen is one of two representatives nominated by the Dutch government as part of its capital support agreement with AEGON. The second representative, Karla M.H. Peijs, was already a serving member of the company's Supervisory Board before her nomination by the government.

Remuneration Policy | EXECUTIVE BOARD

AEGON's Remuneration Policy has four main objectives:

- To ensure AEGON is able to attract and retain highly qualified members for its Executive Board;
- To provide competitive, performance-related remuneration, consisting of both fixed and variable components;
- To ensure the interests of Executive Board members are closely aligned with those of shareholders by linking remuneration directly to company performance;
- To enhance the simplicity, transparency and credibility of executive remuneration.

AEGON's current Remuneration Policy took effect January 1, 2007. It was adopted by the General Meeting of Shareholders on April 25, 2007.

The policy is reviewed each year by the company's Compensation Committee. If necessary, the Committee will recommend amendments to AEGON's Supervisory Board. Material changes, if any, will then be submitted by the Supervisory Board to the General Meeting of Shareholders for adoption.

The policy applies to all members of AEGON's Executive Board. In addition, the policy is used as a guide for determining remuneration for members of the company's Management Board and other senior managers throughout the organization.

Ensuring competitive levels of remuneration

AEGON regularly compares the Group's levels of executive remuneration with those at other comparable companies. For this purpose, two separate peer groups have been established, one for US-based Executive Board members and a second for European-based members.

Companies included in these two peer groups were chosen according to the following criteria:

- Industry, preferably life insurance;
- Size, companies with similar assets, revenue and market capitalization;
- Geographic scope, preferably companies operating globally;
- Location, companies based in both North America and Europe.

AEGON's Supervisory Board periodically reviews the composition of these two groups to ensure they continue to provide a reliable basis for comparison. The Supervisory Board will again review the composition of the peer groups in 2009.

For 2008, the two peer groups were:

North America

- American International Group (AIG) (United States);
- Genworth Financial (United States);
- Hartford Financial Services (United States);
- Lincoln National (United States);
- Manulife Financial Corporation (Canada);
- Metlife (United States);
- Prudential Financial Inc. (United States);
- Sun Life Financial Group (Canada).

Europe

- Allianz (Germany);
- Aviva (United Kingdom);
- Axa (France);
- Fortis (Belgium/the Netherlands);
- ING Group (the Netherlands);
- Legal & General Group (United Kingdom);
- Munich Re (Germany);
- Prudential plc (United Kingdom);
- Swiss Re (Switzerland);
- Zurich Financial (Switzerland).

Ensuring transparency

For each member of the Executive Board, AEGON's Supervisory Board sets a so-called 'Target Total Compensation'. This amount reflects the particular responsibilities and expertise of each Executive Board member and is entirely at the discretion of the Supervisory Board.

When determining 'Target Total Compensation' levels, the Supervisory Board uses a range between the 40th and 60th percentile of the relevant peer group as an objective. Each year, the Supervisory Board reviews 'Target Total Compensation' levels to ensure they remain competitive and continue to provide proper incentives to members of AEGON's Executive Board.

'Target Total Compensation' for Executive Board members comprises a fixed component, as well as both short-term and long-term variable compensation. This structure ensures a balance between fixed and performance-related pay.

The table below gives a target breakdown for each of these three components. Over the long term, AEGON's aim is to ensure that compensation for new members of the company's Executive Board matches these targets as closely as possible. Current members of the Executive Board, however, have employment contracts that pre-date AEGON's existing Remuneration Policy. As a result, the compensation breakdown for current members of the Executive Board may differ from the numbers below:

	Target % of fixed compensation	Target % of variable compensation	
		Short-term	Long-term
Executive Board position			
CEO	25%	25%	50%
CFO	40%	20%	40%

Fixed compensation

It is the responsibility of AEGON's Supervisory Board to determine fixed compensation for each member of the company's Executive Board, based on his or her qualifications, experience and expertise.

Variable compensation

AEGON believes that variable compensation is an effective way of strengthening the commitment of individual Executive Board members to the company's short-term and long-term objectives. Variable compensation is granted only once AEGON's annual accounts have been formally adopted by shareholders during the company's General Meeting of Shareholders.

Variable compensation comprises two separate elements:

- Short-term incentive compensation;
- Long-term incentive compensation.

Short-term incentive compensation is paid in cash. Long-term incentive compensation, on the other hand, is paid in the form of conditionally granted shares. The value of these shares is calculated using the fair market value of a single share at the start of the financial year.

Fifty percent of shares granted under AEGON's long-term incentive compensation plan vest four years after the grant date. The remaining 50% vest after a period of eight years. During this vesting period, dividend payments on these shares are deposited in an interest-bearing escrow account on behalf of the Executive Board members. These amounts are transferred to individual Board members once their shares are fully vested. If the shares do not vest, then the amounts revert to AEGON.

Vesting occurs automatically unless the Supervisory Board makes use of its discretionary right to annul the grant. Grants may be annulled if:

- Employment is terminated before the vesting date for reasons other than death or disability;
- A participant in the plan has acted in a way that the Supervisory Board considers exceptionally detrimental to the company.

If an Executive Board member retires, vesting shall occur two years after his/her retirement date.

Variable compensation is only granted if AEGON's performance in any given year matches a series of pre-determined performance indicators.

These indicators are:

- Growth in net underlying earnings;
- Growth in the value of new business;
- Total shareholder return.

Together, these indicators provide an accurate and reliable reflection of AEGON's overall performance during the year in question.

At the beginning of the financial year, a target is set for each of the three indicators. A comparison is then made at the end of the year between these targets and actual company performance. Entitlements to variable compensation are calculated accordingly¹:

- Members of the Executive Board are entitled to 100% of their variable compensation if AEGON matches the pre-set performance targets;
- If AEGON's performance exceeds the targets, however, Executive Board members may receive up to a maximum of 150% of their entitlement.

¹ For this calculation, the 'additive method' is used, i.e. targets are set and performance assessed for each separate indicator, independently of the targets and performances of other indicators.

AEGON's Supervisory Board may also make discretionary adjustments to Executive Board members' variable compensation, but must adhere to the following procedure:

- If the Supervisory Board considers that AEGON's short-term or long-term business is being impacted by significant and exceptional circumstances that are not reflected in the pre-determined indicators, it may set up an ad hoc committee to consider possible adjustments;
- This committee will consist of the Chairman of the Supervisory Board, the Chairman of the Audit Committee and members of the Compensation Committee;
- This committee will review all circumstances in detail and document its findings. The committee may then put forward a proposal to the Supervisory Board assuming, of course, that the committee's conclusions coincide in principle with those of the Supervisory Board;
- To reflect such exceptional circumstances, variable compensation may be adjusted, but only to a level between 75% and 125% of the originally calculated entitlement¹.

Pensions and other benefits

Members of AEGON's Executive Board are offered pensions and other benefits in line with local practices in their countries of residence. Executive Board members may also receive other benefits based on their contracts of employment, local practices and comparable arrangements for executives at other similar multinational companies. AEGON does not grant Executive Board members personal loans, financial guarantees or the like, unless in the normal course of business and on terms applicable to all personnel. All such arrangements must have the prior approval of the Supervisory Board.

Terms of appointment and termination

In accordance with the Dutch Corporate Governance Code, Executive Board members are appointed for an initial term of four years and may be reappointed for successive mandates, also of four years. New members of the Executive Board must give three months' notice if they wish to leave the company. For its part, AEGON must give six months' notice if it wishes to terminate the employment of any Executive Board member. Severance arrangements conform to the Dutch Corporate Governance Code. Existing rights of current Executive members will be respected. For further information, please refer to the agreements published on AEGON's corporate website.

¹ The absolute maximum for the adjusted variable compensation as a percentage of the target is therefore 187.5% (in other words, 150% multiplied by 125%). It is theoretically possible to arrive at a variable compensation of zero, AEGON's Supervisory Board has the authority, if justified by the circumstances, to grant a discretionary payment. It should also be noted that these discretionary adjustments concern variable compensation only, and do not apply to fixed compensation.

Remuneration Report | EXECUTIVE BOARD

Agreement with the Dutch State

In December 2008, AEGON finalized an agreement for additional core capital from the Dutch State. This agreement contains a number of provisions with regard to executive remuneration:

- Members of the company's Executive Board shall not be entitled to any performance-related remuneration for the year 2008, whether in cash, options or shares;
- Severance payments for Executive Board members shall be limited to a maximum of one year's fixed salary, in line with the Dutch Corporate Governance Code;
- AEGON shall develop a sustainable Remuneration Policy for members of its Executive Board and senior management aligned to new international standards.

Composition of the Executive Board

At the end of December 2008, AEGON's Executive Board had two members:

- Alexander R. Wynaendts, Chief Executive Officer, Chairman of the Executive Board;
- Joseph B. M. Streppel, Chief Financial Officer, member of the Executive Board.

Mr. Wynaendts succeeded Donald J. Shepard as Chief Executive Officer and Chairman of the Executive Board on April 23, 2008.

Mr. Streppel will step down as Chief Financial Officer and member of the Executive Board at the annual General Meeting of Shareholders scheduled for April 22, 2009¹. Jan J. Nootgedagt has been nominated as Mr. Streppel's successor. Mr. Nootgedagt's appointment to the Executive Board is subject to approval by shareholders during the annual General Meeting of Shareholders on April 22, 2009.

Total compensation

Each year, AEGON sets a so-called 'Target Total Compensation' for each member of the Executive Board. This comprises both fixed and variable compensation².

Fixed compensation

Fixed compensation provides Executive Board members with a base salary. The amount is paid each year. See table 1 for the base salaries for AEGON's Executive Board members in 2008.

- Mr. Wynaendts' base salary increase reflects his appointment as Chief Executive Officer and Chairman of the Executive Board in April 2008;
- Mr. Streppel's base salary was increased to ensure it remained in line with international developments.

Variable compensation

Variable compensation is based on the company's financial performance. Amounts paid vary from year to year. Variable compensation comprises two different elements:

- Short-term incentive (STI) compensation, paid in cash;
- Long-term incentive (LTI) compensation, paid in the form of conditionally granted shares.

1. Short-term incentives

1.1 STI Plan 2007, matured in 2008

The short-term incentive (STI) compensation for the Executive Board members, paid in 2008 and based on AEGON's financial performance in 2007 is shown in table 2 on page 71.

1.2 STI Plan 2008, matured in 2009

The STI Plan 2008 matured in 2009. Under the terms of AEGON's Remuneration Policy, the Executive Board members were not entitled to short-term incentive payments under this Plan. This is also in line with the provisions of AEGON's agreement with the Dutch State.

Table 1 - Fixed compensation

Executive Board member		2008	2007	% change
Amounts in EUR				
Alexander R. Wynaendts	Chief Executive Officer	864,583	676,313	27.8%
Joseph B.M. Streppel	Chief Financial Officer	763,200	721,313	5.8%
Donald J. Shepard ³	Former Chief Executive Officer	243,992	730,834	-

¹ Please note that, in line with his employment contract, Mr. Streppel does not qualify for pension payments until his official retirement date of October 1, 2011. Until then, he is exempt from activities, but will continue to receive his base salary.

² For details of AEGON's Remuneration Policy with regard to members of the Executive Board, please refer to pages 67-69.

³ Mr. Shepard retired as Chief Executive Officer and Chairman of AEGON's Executive Board in April 2008. The salary shown here therefore covers the first four months of the year.

2. Long-term incentives

In 2008, the following four long-term incentive (LTI) Plans were in operation:

- 2.1 The LTI Plan 2005;
- 2.2 The LTI Plan 2006;
- 2.3 The LTI Plan 2007;
- 2.4 The LTI Plan 2008.

2.1 LTI Plan 2005, matured in 2008

The LTI Plan 2005 was formulated under the previous Remuneration Policy¹ and was based on a three-year period (2005, 2006 and 2007). The Plan matured in 2008. All share and option rights under this Plan vested as targeted. Please refer to page 96 of the Annual Report 2007 and page 216 of the Annual Report 2008.

2.2 LTI Plan 2006, matured in 2009

The LTI Plan 2006 was also formulated under the previous Remuneration Policy¹ and was based on a three-year period. This Plan matured in 2009 and the shares and option rights vested for 75%. See table 3 for the grants due in 2009 as part of the LTI Plan 2006.

2.3 LTI Plan 2007, matured in 2008

The LTI Plan 2007, formulated under the current Remuneration Policy, matured in 2008. Based on AEGON's financial performance in 2007, grants made under this Plan in 2008, were as shown in table 4.

2.4 LTI Plan 2008, matured in 2009

The LTI Plan 2008 matured in 2009. Under the terms of the Remuneration Policy, members of the Executive Board were not entitled to long-term incentive payments under this Plan. This is also in line with the provisions of AEGON's agreement with the Dutch State.

Pension arrangements

The pension benefits for both Mr. Wynaendts and Mr. Streppel are based on 70% of their final base salary, providing they have completed 37 years of service. Mr. Shepard's pension is based on 55% of his 'final average earnings' - equivalent to his five highest complete and consecutive calendar years of pensionable earnings.

The Hague, March 11, 2009

Dudley G. Eustace

Chairman of the Supervisory Board

Table 2 - Short-term incentive Plan 2007, matured in 2008

Executive Board member	Paid in 2008 over 2007 *	Paid in 2007 over 2006 *	% change
Alexander R. Wynaendts (CEO)	EUR 301,000	EUR 717,216	(58.0%)
Joseph B.M. Streppel (CFO)	EUR 237,500	EUR 542,477	(56.2%)
Donald J. Shepard (former CEO) *	EUR 609,516	EUR 1,502,467	(59.4%)

* Mr. Shepard retired as Chief Executive Officer and Chairman of AEGON's Executive Board in April 2008. He also received a bonus linked to AEGON's net income for 2007. This amounted to EUR 2,551,000, a decrease of 9% compared with the previous financial year. This decrease was due to a decline in AEGON's overall net income.

Table 3 - Long-term incentive Plan 2006, matured in 2009

Executive Board member	Number of shares vested	Number of options vested *
Alexander R. Wynaendts (CEO)	8,827	50,842
Joseph B.M. Streppel (CFO)	10,432	60,086
Donald J. Shepard (former CEO) **	19,660	113,242

* Exercise price of EUR 14.55.

** Retired in April 2008.

Table 4 - Long-term incentive Plan 2007, matured in 2008

Executive Board member	Number of shares granted conditionally
Alexander R. Wynaendts (CEO)	18,506
Joseph B.M. Streppel (CFO)	16,278
Donald J. Shepard (former CEO)	50,092

¹ AEGON's current Remuneration Policy for Executive Board members was approved by shareholders in April 2007 and it amended AEGON's previous policy in three important aspects: all long-term incentive payments now take the form of AEGON shares, rather than shares and stock options as had been the case previously; for variable compensation, the performance period is now one year, rather than three and 50% of shares granted under the company's long-term incentive plans now vest four years after the grant date. The remaining 50% vest after eight years.



AEGON N.V. is a public company under Dutch law. It is governed by three corporate bodies: the General Meeting of Shareholders, the Supervisory Board and the Executive Board¹.

General Meeting of Shareholders

A General Meeting of Shareholders is held at least once a year. Its main function is to decide matters such as the adoption of annual accounts, the approval of dividend payments and appointments to AEGON's Supervisory and Executive Boards.

Meetings are convened by public notice. When deemed necessary, the Supervisory or Executive Board has the authority to convene an extraordinary General Meeting of Shareholders.

Agenda

Only those shareholders who alone, or jointly, represent at least 0.1% of AEGON's issued capital or a block of shares worth at least EUR 50 million may request items be added to the agenda of these meetings. In accordance with AEGON's Articles of Incorporation, such requests

will be granted, providing they are received in writing at least 60 days before the meeting and unless important interests of the company dictate otherwise.

Attendance and voting

Every shareholder is entitled to attend the General Meeting, to speak and vote, either in person or by proxy granted in writing (this includes electronically submitted proxies). Any shareholder wishing to take part must, however, provide proof of his or her identity and shareholding, and must notify the company ahead of time of his or her intention to attend the meeting.

When convening a meeting, the Executive Board may set a date ('the record date'), which is then used to determine shareholders' entitlements with regard to their participation and voting rights.

¹ For further details on how AEGON's corporate governance practices differ from those required of US companies under New York Stock Exchange standards, please refer to the Corporate Governance section of AEGON's website (www.aegon.com).

AEGON is a member of the Stichting Communicatiekanaal Aandeelhouders, a Dutch foundation dedicated to improving communications between listed companies in the Netherlands and their shareholders and to encouraging greater shareholder participation at general meetings. Participating shareholders may vote by proxy using the services of this foundation. AEGON also solicits proxies from New York Registry shareholders in line with common practice in the United States.

At the General Meeting, each share carries one vote. However, in certain circumstances (see the Financial statements of the Annual Report, page 226, for further details), the holder of preferred shares, Vereniging AEGON, may cast 25/12 votes per preferred share. Resolutions are adopted by an absolute majority of valid votes cast, unless the law or AEGON's Articles of Incorporation stipulate otherwise.

Executive Board

AEGON's Executive Board is charged with the overall management of the company. Each member has duties related to his or her specific areas of expertise. The number of Executive Board members and their terms of employment are determined by AEGON's Supervisory Board. Executive Board members are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board.

Pension arrangements for Executive Board members are based on a retirement age of 62. Dutch members of the Board have the option of stepping down at the age of 60.

For certain decisions, set out in AEGON's Articles of Incorporation, the Executive Board must seek prior approval from the Supervisory Board. In addition, the Supervisory Board may subject other Executive Board decisions to its prior approval.

Supervisory Board

AEGON's Supervisory Board oversees the management of the Executive Board, as well as the overall course of the company's business and corporate strategy. In its deliberations, the Supervisory Board must take into account the interests of all AEGON stakeholders. The Supervisory Board operates according to the principles of collective responsibility and accountability.

Members are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board. At present, AEGON's Supervisory Board consists of twelve non-executive members, one of whom is a former member of AEGON's Executive Board.

The Supervisory Board also oversees the activities of several committees. These committees are composed exclusively of Supervisory Board members and deal with specific issues linked to AEGON's financial accounts, risk management strategy, executive remuneration and appointments.

AEGON endeavors to ensure that the composition of its Supervisory Board is well balanced. A profile has been drawn up outlining the required qualifications of its members. Supervisory Board members are no longer eligible for appointment after the age of 70, unless the Board itself decides to make an exception. Supervisory Board members' remuneration is determined by the General Meeting of Shareholders.

Dutch Corporate Governance Code

As a company based in the Netherlands, AEGON adheres to the Dutch Corporate Governance Code. AEGON endorses this Code and strongly supports its principles for sound and responsible corporate governance. AEGON regards the Code as an effective means of ensuring that the interests of all stakeholders are duly represented and taken into account. The Code also promotes transparency in decision-making and helps strengthen the principles of good governance.

Recently, the Dutch Corporate Governance Code was amended to take into account changes put forward by the Monitoring Committee, which oversees the Code. The new, amended Code came into effect on January 1, 2009. This chapter refers exclusively to the Dutch Corporate Governance Code in force until December 31, 2008.

Overseeing AEGON's overall corporate governance structure is the responsibility of both the Supervisory Board and the Executive Board. Any significant change to this structure is submitted for debate to the General Meeting of Shareholders.

Generally, AEGON applies the best practice provisions set out in the Code. For an extensive review of AEGON's compliance with the Code, please refer to AEGON's corporate website. A detailed explanation is given below for those instances where AEGON does not fully apply the best practice provisions of the Code. In these instances, AEGON adheres, as far as possible, to the spirit of the Code.

Code II.2.7: For members of the Executive Board, the Dutch Corporate Governance Code recommends a maximum compensation in the event of dismissal of one year's salary, or two years' for cases where one year would be manifestly unreasonable for a member dismissed during his or her first term of office.

AEGON's position

AEGON is committed to applying this best practice provision to all future Executive Board appointments. However, the existing employment contracts with current members of the Board are not in line with this provision particularly with regard to severance payment arrangements. The employment contracts of Executive Board members may be found on AEGON's corporate website, www.aegon.com. On December 1, 2008¹, AEGON and the Dutch State agreed, however, that these more favorable severance payment arrangements would be waived. As a result, AEGON is currently in compliance with this Code provision.

Code II.3.3: The Code recommends that a member of the Executive Board should not take part in discussions or decision-making related to a subject or transaction in which he or she has a conflict of interest.

AEGON's position

AEGON's CEO and CFO are members of the Executive Committee of AEGON's largest shareholder, Vereniging AEGON. This may be construed as a conflict of interest. However, under the Articles of Association of Vereniging AEGON, AEGON's CEO and CFO are specifically excluded from voting on issues directly related to AEGON or their position within it. AEGON's Supervisory Board holds the view that, given the historic relationship between

AEGON and Vereniging AEGON, it would not be in the company's best interests to prevent their participating in discussions and decision-making related to Vereniging AEGON. For this reason, a protocol has been drawn up authorizing the CEO and CFO to continue their existing practice with respect to their dealings with the Vereniging. The text of this protocol is available on AEGON's website.

Code IV.1.1: The Code recommends that the General Meeting of Shareholders may cancel the binding nature of nominations to the Executive and Supervisory Boards with an absolute majority of votes and a limited quorum.

AEGON's position

AEGON's Articles of Incorporation provide for a two thirds majority and a higher quorum than those advocated by the Code. Taking into account that the company has no specific anti-takeover measures, the current system is deemed appropriate within the context of the 1983 Merger Agreement, under which AEGON was formed. However, to mitigate any possible negative effects from this, the Supervisory Board has decided that, in the absence of any unfriendly actions, it will only make nominations to the Executive and Supervisory Boards that are non-binding in nature.

Exercise of control

As a publicly-listed company, AEGON is required to provide the following, detailed information regarding any structures or measures that may hinder or prevent a third party from acquiring the company or exercising effective control over it.

Capital structure

AEGON has authorized capital of EUR 610 million, divided into three billion common shares, each with a par value of EUR 0.12, and one billion class A and class B preferred shares, with a par value of EUR 0.25. As of December 31, 2008, a total of 1,578,227,139 common shares and 246,850,000 preferred shares had been issued, representing respectively 75.4% and 24.6% of AEGON's total issued and fully paid-up capital.

¹ Please see page 77-78 for further details.

The capital contribution made by class A preferred shares is a reflection of the market value of AEGON's common shares at the time this contribution was made.

Preferred shares carry the right to a preferred dividend on the paid-in amount. No other dividend is paid on the preferred shares. In the event AEGON is liquidated, the paid-in amount on preferred shares will be reimbursed before any payments on common shares are made.

Each share carries one vote. However, in line with the higher par value of the preferred shares, the holder of preferred shares, Vereniging AEGON, may, in certain circumstances, cast 25/12 (approximately 2.08) votes per share (see below for further explanation).

Transfer of shares

There are no restrictions on the transfer of common shares. As regards the transferability of preferred shares, please refer to clause 10.5 of the Amendment to the 1983 Merger Agreement, available on AEGON's corporate website.

Significant shareholdings

Vereniging AEGON, AEGON's largest shareholder, holds:

- 171,974,055 common shares;
- 211,680,000 class A preferred shares;
- 35,170,000 class B preferred shares.

Together, this represents 33.77% of AEGON's voting capital, given that preferred shares carry multiple voting rights (see above).

The 1983 Merger Agreement (as amended) provides that Vereniging AEGON has option rights to acquire additional class B preferred shares in order to prevent its voting power being diluted by issues of common shares by AEGON N.V., unless, by exercising these rights, Vereniging AEGON would increase its voting power to more than 33%.

Special control rights

AEGON's major shareholder, Vereniging AEGON, has voluntarily waived its rights to cast 25/12 votes per preferred share, except in the event of a 'special cause', as defined in greater detail in the Preferred Shares Voting Rights Agreement, published on AEGON's website.

These causes include:

- The acquisition by a third party of an interest in AEGON N.V. amounting to 15% or more;
- A tender offer for AEGON N.V. shares;
- A proposed business combination by any person or group of persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board.

If, at its sole discretion, Vereniging AEGON determines that a 'special cause' has occurred, it shall notify the General Meeting of Shareholders. In this event, Vereniging AEGON retains its full voting rights on the preferred shares for a period limited to six months. Based on its current shareholdings, Vereniging AEGON would for that limited period command 33.77% of the votes at a General Meeting of Shareholders. As a result of this and of the existence of certain qualified majority voting requirements specified in AEGON's Articles of Incorporation, Vereniging AEGON may effectively be in a position to block unfriendly actions by either a hostile bidder or others for a period of six months.

In the absence of a 'special cause', Vereniging AEGON's share of AEGON's voting capital represents 23.73%.

For more information on Vereniging AEGON, please refer to the Financial Statements of the Annual Report, page 226, or the website of Vereniging AEGON.

Exercise of option rights

Senior executives at AEGON companies and other employees have been granted share appreciation rights and share options. For further details, please refer to the Financial Statements of the Annual Report, page 193. Under the terms of existing share option plans, AEGON cannot influence the exercise of granted rights.

Restrictions on voting rights

There are no restrictions whatsoever on the exercise of voting rights by holders of common shares, either with regard to the number of votes or to the time period in which they may be exercised. The voting rights attached to preferred shares held by Vereniging AEGON are limited (see above). Depository receipts for AEGON shares are not issued with the company's cooperation.

Shareholder agreements

AEGON has no knowledge of any agreement between shareholders that might restrict the transfer of shares or the voting rights pertaining to them.

Amendment of the Articles of Incorporation

The General Meeting of Shareholders may, with an absolute majority of votes cast, pass a resolution to amend AEGON's Articles of Incorporation or to dissolve the company, in accordance with a proposal made by the Executive Board and approved by the Supervisory Board.

Board appointments

The General Meeting of Shareholders appoints members of both the Supervisory and Executive Boards, following nominations by the Supervisory Board. If at least two candidates are nominated, these nominations are binding. However, the General Meeting of Shareholders may cancel the binding character of such nominations with a majority of two-thirds of the votes cast, representing at least one-half of AEGON's issued capital.

The General Meeting of Shareholders may bring forward a resolution to appoint a person not nominated by the Supervisory Board. But such a resolution also requires a two-thirds majority of the votes cast, representing at least one-half of AEGON's issued capital.

Members of AEGON's Executive and Supervisory Boards may only be suspended or dismissed by the General Meeting of Shareholders with the same qualified majority, unless the suspension or dismissal is proposed by the Supervisory Board. A member of the Executive Board may also be suspended by the Supervisory Board, though the General Meeting of Shareholders has the power to discontinue that suspension.

The provisions on appointing Board members were included as part of a broader review of AEGON's corporate governance and adopted at an Extraordinary General Meeting of Shareholders held on May 9, 2003. The qualified majority requirements were included to give AEGON temporary protection against unfriendly actions from, for example, a hostile bidder.

In effect, AEGON's major shareholder Vereniging AEGON may block any hostile attempts to replace the company's Supervisory or Executive Boards for period of up to six months.

Issue and repurchase of shares

New shares may be issued up to the maximum of the company's authorized capital pursuant to a resolution of the General Meeting of Shareholders. Shares may also be issued following a resolution by the Executive Board, if and to the extent that the Board is empowered to do so by the General Meeting of Shareholders. An authorization to this end is usually presented to the General Meeting of Shareholders.

AEGON is entitled to acquire its own fully paid-up shares with due regard to the applicable legal requirements. The General Meeting of Shareholders usually authorizes the Executive Board to acquire shares of the company on conditions determined by the General Meeting of Shareholders.

Significant agreements and change of control

AEGON is not party to any significant agreements which may take effect, alter, or terminate, conditional on a change of control following a public offer for the outstanding shares of the company, other than those customary in the financial markets (for example, financial arrangements, loan and joint venture agreements).

Severance payments in employment agreements

The employment contracts with current members of the Executive Board, as disclosed on AEGON's website, contains provisions entitling to severance payments, should their employment be terminated as the result of a merger or takeover. As part of the capital support transaction concluded with the Dutch State on December 1, 2008¹, however, these more favorable severance payment arrangements have been waived to the extent that, in the case of dismissal, compensation will be limited to a maximum of one year's fixed salary.

¹ Please see page 77-78 for further details.

Convertible core capital securities

AEGON has secured EUR 3 billion of core capital from Vereniging AEGON, funded by the Dutch State, in view of the ongoing uncertainty on the financial markets.

On December 1, 2008, AEGON secured EUR 3 billion of additional core capital from Vereniging AEGON, funded by the Dutch State. The capital contribution was part of the Dutch government's EUR 20 billion support program for banks and insurance companies in connection with the worldwide financial crisis.

The EUR 3 billion of core capital significantly strengthened AEGON's financial position and ensured the company entered 2009 with a sound capital buffer against possible further declines in world credit and equity markets.

Financial details

The transaction was structured in such a way that it would not affect AEGON's ownership. The new core capital was made available through a loan to the company's major shareholder, Vereniging AEGON, which enabled the Vereniging to purchase core capital securities from the company at a corresponding amount and on terms and conditions similar to the loan. AEGON issued 750 million convertible core capital securities at EUR 4.00 per security to Vereniging AEGON. These securities rank equal to common shares (*pari passu*), but carry no voting rights.

Payment of interest on the securities as well as on the state loan provided to Vereniging AEGON is conditional on the payment of dividends (cash or stock) on AEGON's common shares. For the first year the coupon is fixed at 8.5% (EUR 0.34 per security). For consecutive years the coupon will be the higher of either 8.5% or an amount linked to the cash dividend paid on the common shares in the preceding year: in the second year 110% of the dividend paid per share, rising to 120% in the third year, and to 125% in the fourth and subsequent years. The coupon is not deductible for corporate income tax.

In relation to repurchase of the securities and subsequent repayment of the loan the following arrangements have been made: until December 1, 2009, AEGON may repurchase up to 250 million of the securities at nominal value plus accrued interest and a repurchase compensation dependent on the repurchase date and AEGON's actual share price, but maximized at

EUR 130 million. This, in effect, gives AEGON the right to repay EUR 1 billion of the loan in the first year should financial market conditions improve sufficiently. After the first year the securities may be repurchased at any time at 150% of their issue value (EUR 6.00 per security) plus accrued interest. Alternatively, after three years, AEGON may choose to convert all or some of the securities into common shares on a one-for-one basis, subject to adjustment of the conversion price under certain circumstances. In the event of AEGON exercising its conversion right, Vereniging AEGON and the Dutch State may opt to receive repayment in cash at the original issue price of EUR 4.00 per security plus accrued interest.

Governance

The additional core capital may be used for general corporate purposes in the ordinary course of business; investments chargeable to the additional capital in excess of EUR 300 million outside the European Union require prior approval from the Dutch Central Bank.

The transaction does not affect AEGON's ownership structure. Vereniging AEGON continues to be AEGON's major shareholder with the same voting rights as prior to the transaction (for further details on Vereniging AEGON please refer to the Financial statements of the Annual Report, page 226). The Dutch State has no voting rights at the General Meeting of Shareholders as a result of the transaction. AEGON has retained full discretion over its dividend payment policy. Interest on the securities will only be payable if a dividend is paid to the holders of common shares.

As part of the transaction, the Supervisory Board committed to nominate two representatives, as proposed by the Dutch State, to the General Meeting of Shareholders for appointment to AEGON's Supervisory Board and its Committees as long as less than three quarters of the loan facility has been redeemed. To this end, Karla Peijs, who already is a member of the Supervisory Board, was proposed by the Dutch State as State representative and Arthur Docters van Leeuwen has been nominated as State representative for appointment by the General Meeting of Shareholders on April 22, 2009.

Ms. Peijs is a member of the Compensation and Nominating Committees and Mr. Docters van Leeuwen, formerly head of the Dutch financial markets regulator AFM, will be a member of AEGON's Audit Committee. Pending his appointment by the General Meeting of Shareholders, Mr. Docters van Leeuwen already attends Supervisory Board and committee meetings as an observer. Approval from the State representatives will be required for certain decisions, including the issuance and repurchase of shares and debentures, changes to AEGON's executive Remuneration Policy and any acquisitions or divestments with a value of 25% or more of AEGON's issued capital and reserves.

It was further agreed that AEGON will review its Remuneration Policy for the Executive Board and senior management to ensure that it is aligned to new international standards. AEGON's Executive Board members shall not be entitled to any performance related remuneration for the year 2008 and exit-arrangements have been limited to a maximum of one year's fixed salary. Copies of the transaction agreement are available on www.aegon.com.

Corporate Responsibility | INVESTING FOR THE FUTURE

AEGON believes that business success is not incompatible with respect for the environment, human rights and the broader communities in which it operates.

Indeed, the company recognizes that creating a sustainable business means taking into account the interests of all its stakeholders, including customers, employees, business partners and investors. AEGON also believes that it can make a valuable contribution to the communities in which it operates, not only as a provider of long-term financial products and services, but also as a responsible employer and investor. The insurance industry plays an important role in the global economy, protecting living standards and helping ensure the long-term viability of pension systems around the world.

AEGON's approach to corporate responsibility

In its approach to sustainability and corporate responsibility, AEGON places great importance on local knowledge and local decision-making. Country and business units are encouraged to focus on issues specific to their local situations. AEGON does, however, set out a number of basic principles, which apply to all country and business units. This approach ensures that these common principles become an integral part of AEGON's business activities, wherever those activities are located.

These principles are contained in AEGON's Code of Conduct, which applies to the company's approximately 31,500 employees around the world.

- AEGON endeavors to provide products and services that are transparent and easy to understand, helping customers secure their long-term financial futures;
- AEGON acts as a responsible employer, providing the conditions, incentives and formal training its employees require for personal success;
- AEGON takes measures to help reduce the impact of its business operations on the environment, seeking to limit energy use and curb unnecessary waste;
- AEGON recognizes its position as a leading investor and strives to ensure that its investment decisions take into account not only the need for profit but also the interests of all legitimate shareholders and the wider communities in which the company operates;
- AEGON endeavors always to provide clear, accurate, timely and transparent information so that investors, customers and other stakeholders can make the right financial decisions for themselves and their families.

Governance

Each of AEGON's country and business units has its own Corporate Responsibility (CR) executive, responsible for:

- Implementing all local corporate responsibility policies and initiatives;
- Ensuring compliance with AEGON's Code of Conduct;
- Collating all relevant data on corporate responsibility issues;
- Developing local corporate responsibility policies and monitoring local activities;
- Reporting all progress to AEGON's CR team, based at head office in The Hague.

The Corporate Responsibility team reports to Marco Keim, the member of AEGON's Management Board directly responsible for corporate responsibility and sustainability issues. All issues of CR strategy and policy are subject to approval by the company's Executive Board.

Group policies

Alongside to local initiatives, AEGON has a number of 'Group' policies which apply to all its operations around the world. These include:

- A Group-wide environmental policy, which stresses the importance of respecting the environment, conserving energy and eliminating waste;
- A Global Voting Policy, which sets out common voting practices and principles for shares owned by AEGON asset management companies around the world;
- A company-wide Human Rights policy, which sets out AEGON's commitment to helping defend and promote a respect for human rights at the company's businesses.

AEGON's Code of Conduct contains rules, regulations and guidelines for employees. The Code covers a number of areas, including:

- Preventing discrimination in the workplace;
- Protecting free and open competition;
- Ensuring the confidentiality of personal information;
- Combating corruption, insider trading and money laundering.

AEGON also adheres to a number of international agreements, which establish guidelines or minimum standards for pollution, human rights or labor conditions. These agreements help shape and inform the company's investment decisions. They include:

- The Carbon Disclosure Project;
- The United Nations' Universal Declaration of Human Rights;
- Core standards of the International Labor Organization;
- Principles on human rights and labor standards contained in the UN Global Compact;
- Global Reporting Initiative.

Progress in 2008

AEGON made important progress with its objectives for 2008. Projects during the year included:

- Updating the company's Code of Conduct to bring it into line with recent regulatory reforms;

- Supporting programs aimed at improving levels of financial literacy, particularly in AEGON's main markets, the United States, the Netherlands and the United Kingdom;
- Expansion of microinsurance in Mexico alongside partner Seguros Argos;
- Introduction of a new 'e-learning' course for employees on insider dealing;
- Launch of a 'Stakeholder Panel' to assess the content and relevance of AEGON's Corporate Responsibility Report;
- Launch of a 'Green Team' to coordinate efforts to reduce the company's consumption of electricity, water and other precious raw materials.

For more information about AEGON's corporate responsibility strategy and initiatives, please refer to the company's annual Corporate Responsibility Report, available online at www.aegon.com.

Planning for the future

These days, people are more aware of financial risk than ever before. AEGON talks to customers from around the world about how they are coping with the global financial crisis, and the plans they're making for the future.



Graeme Beattie and Claire Duffy | Hans van Bochove | Dale Hovden | Onkar Ambekar

Name: Graeme Beattie and Claire Duffy
Age: 36 and 30
Country: Scotland



Present

Self-employed music promoter and creative part-timer



Graeme Beattie and Claire Duffy live in Edinburgh, Scotland, and are expecting their first child this year.

Graeme, a 36-year-old self-employed music promoter, admits he doesn't do an awful lot of financial planning, though with their first child expected later this year, they are putting money aside for the big event. Being self-employed means that income can be a little irregular, Graeme says. "But the music business is pretty steady and, luckily, my income comes from several sources, so I'm never too dependent on one source. And we haven't really been affected by the recession and the credit crisis. It was a little quiet in January, but business is picking up again now. Saying that, we certainly haven't been as lavish or extravagant as we might have been in the past. I think most people are being a bit more careful about how much they spend."

Graeme's partner, Claire, who is 30, works part-time in a paint-your-own-pottery workshop and makes clothing and accessories from recycled fabrics. She says they will try to put some money aside for their baby's future. "We'd definitely like to set up a savings plan for the baby's education. We've been looking at some government

Future

"We're being more careful about what we spend."

schemes and they look quite good. The biggest problem is that it's hardly worth putting money into savings in the UK. Interest rates on savings have gone from three or four percent to close to zero," Claire says.

Neither Graeme nor Claire has thought about setting up a pension plan, as retirement is the last thing on their minds right now. Their most immediate concern is saving for the birth of their baby. They both plan to take some time off and as they have no salaries there will be no money coming in for a while. "I'm sure a pension is something we'll think about in the future, but it all seems so far away at the moment. One thing we don't want are policies or pensions that we don't really need. If we do decide to take out pensions, we'll look for something that suits us and our lifestyle," Graeme says. The couple's main concern at the moment is finding somewhere decent to live.

Graeme and Claire are currently sharing a rented house with another couple, as it is too expensive to buy. "When banks were keen to give you a mortgage, house prices were ridiculously high. And now that house prices are finally falling, and it might be possible to find something decent at a reasonable price, it's virtually impossible to get a mortgage. It's a Catch 22 situation," Graeme says.

Name: Hans van Bochove
Age: 58
Country: the Netherlands

Present

Personnel & Organization manager





Hans van Bochove is a Personnel & Organization manager with a business-to-business computer wholesaler in the Netherlands. He is married with two grown-up children.

Hans has worked for his current employer since 1992 and says he has a 'reasonable' company pension and, of course, he qualifies for the Dutch state pension. His wife Sylvia also has a company pension. "My pension is not as good as it might be because I've had several jobs in my career, so I have a few pension gaps. I have managed to cover some of the shortfall through my mortgage and I think we'll be all right, as long as nothing else happens."

Hans admits he is a little worried about the current financial crisis, as part of his pension is invested in the stock market. "But market crashes are generally followed by recovery, and I still have few years before I have to retire at 65. The company I work for has already been affected by the crisis, as our customers are putting off buying new computers. But this is a good company and I think we'll manage to keep our heads above water."

Future

"Tell me exactly what I need to know."

Hans is also concerned that he and his wife may be affected the Dutch government's recent decision to allow pension providers to freeze index-linking for the next five years, but reasons that there is little he can do about it. "If it happens, it happens and we'll all be in the same boat."

As part of his job, Hans oversees his employer's company pension plan and says pitfalls are always possible. The biggest problem, he says, is not the pension provider itself, but the insurance agent. "In my experience, the agent can make a real mess of it, by not providing the right information and not informing us about changes due to legislation or whatever."

Public confidence in the financial sector in the Netherlands has weakened in recent years, Hans says. But providing customers with the right information on their insurance policies and pension would go a long way to regaining trust, he adds. "Policies are frequently unclear and needlessly complicated. People want to know exactly how their pension is built up and how it's been affected by legislation or market conditions. And, very importantly, they want to know just how much they'll receive when they retire. This has improved quite a lot over the years and insurance companies are certainly getting better. But they still have plenty to do."

Name: Dale Hovden
Age: 76
Country: United States



Present

Retired aerospace engineer





Dale Hovden, a retired aerospace engineer, is very happy he was offered a pension plan in the 1970s.


Dale Hovden, a 76-year-old retired Program Manager for US aerospace and defense company Rockwell-Collins, says the fact that he has a good pension was more a matter of luck than planning. Dale, a military veteran who now lives in Cedar Rapids, Iowa, started at Collins as an engineer, before moving up to engineering management then program management.

"Collins didn't have a company pension, but when Rockwell acquired Collins in 1973 they offered a very good pension plan. I was in my forties then and I hadn't even thought about retirement or a pension until Rockwell came up with a 401(k) plan. This basically meant that they doubled anything you put into the plan. I jumped in with both feet and now I'm very glad I did. I don't think I'd have gotten serious about a pension until I was in my fifties if not for Rockwell. So I have them to thank, really. Interestingly enough, my pension now comes from Boeing, as they took over Rockwell's space division in the 1990s and also took on the pension plan and other debts."



Future

"I'm so glad I have a decent pension."



When Dale retired from Rockwell-Collins after 32 years with the company, his pension turned out to be very useful. Dale and his wife Mavis, who have been married for 50 years, are very active pensioners. They both love outdoor activities, are keen skiers and love to travel. They found out just how expensive traveling outside the United States can be two years ago on a Mediterranean cruise. "I was stationed in Germany in the 1950s and I can tell you it was a lot cheaper then."

So far, Dale and his wife have not been affected by the crisis that hit the US economy last year. "It hasn't been a problem so far. Luckily I have income from several sources. I have my pension, social security and income from a farm we own. I also have a fair amount in investments. The biggest problem would be if Boeing stopped paying my pension, as that's the biggest single chunk of our income. My investments, which are in the stock market and fixed income, are supposed to guarantee me income for life, but obviously we have to hope the economy doesn't get too bad or they'll suffer too. I've taken some good advice, though, and that's exactly what you need from financial services company. That and a healthy dose of honesty. I don't need any bad surprises right now."

Name: Onkar Ambekar
Age: 29
Country: India



Present

Artificial intelligence PhD student



Onkar is a 29-year-old PhD student from India, studying in the Netherlands.

Onkar Ambekar is a research student at Amsterdam's Center for Mathematics and Computer Science, where he is studying for a PhD in artificial intelligence. Like many students, Onkar thinks about his career but feels it is still far too early to start planning for his long-term future. "I must admit, I haven't even decided what I'll do once I've finished my studies. I'm in the final year of my PhD, and after that I may go back to India. That's where the growth is at the moment, certainly in my sector. The economic crisis has slowed the economy in India, but it's still growing at around 6% a year." So far, Onkar has felt very little impact from the credit crisis and recession. "The PhD project I'm working on gives me a fairly good salary, which pretty much covers all my expenses. I do have quite an expensive apartment in a very nice part of Amsterdam, and I travel a lot, which does make it difficult to save."

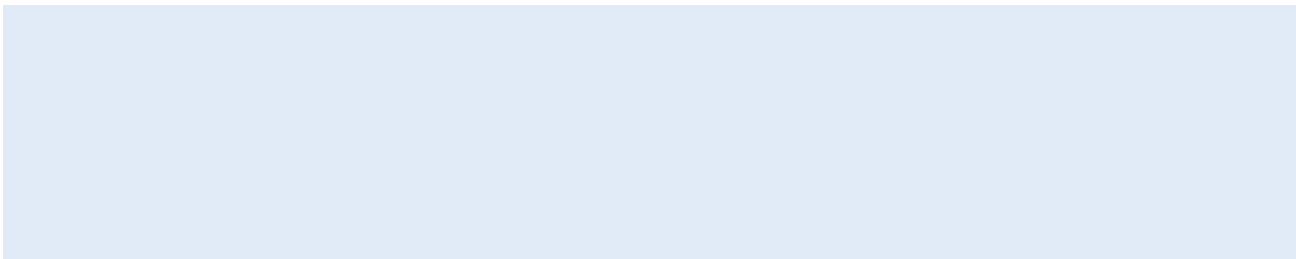
For the time being, Onkar limits himself to essential insurance coverage, such as medical and travel insurance. "I have a pretty standard package I got through my bank. The travel insurance is important as I travel back to India one or twice a year.

Future

"I travel a lot, so it's difficult to save."

For the rest, I don't really have any assets to protect and, luckily, I have no liabilities to cover. This might change, of course, when I eventually return to India, as I plan to buy a house there. Then I can imagine I'll need all kinds of insurance. I know people think that India is inexpensive compared with the West, but living in a big city like Mumbai is incredibly costly these days, especially if you want to live well. If anything, it's more expensive than Amsterdam."

Onkar is pretty sure he will need financial planning at some point once his career is underway, but he assumes the company he eventually works for will have a pension plan of some kind. "That's how most big companies in India attract highly-qualified employees. For the rest, I'm sure with a little help I'll be able to decide myself what kind of insurance or extra pension I might need. The most important thing will be getting the right information. I don't want to have all kinds of policies I don't need."



Throughout their working lives and into retirement, AEGON provides products and services that help people secure their long-term financial futures. In all, AEGON businesses serve more than 40 million customers in the Americas, Europe and Asia.

Financial Information **2008**

Providing clear, accurate, timely
and transparent information

Consolidated balance sheet of AEGON Group as at December 31

Amounts in EUR million	2008	2007 Adjusted¹
ASSETS		
Intangible assets	5,425	4,894
Investments	130,481	132,861
Investments for account of policyholders	105,400	142,384
Derivatives	8,057	1,616
Investments in associates	595	472
Reinsurance assets	5,013	4,311
Defined benefit assets	448	387
Deferred tax assets	1,447	2
Deferred expenses and rebates	12,794	11,488
Other assets and receivables	7,376	7,274
Cash and cash equivalents	10,223	8,431
TOTAL ASSETS	287,259	314,120
EQUITY AND LIABILITIES		
Shareholders' equity	6,055	15,151
Convertible core capital securities	3,000	–
Other equity instruments	4,699	4,795
Issued capital and reserves attributable to equity holders of AEGON N.V.	13,754	19,946
Minority interest	6	16
GROUP EQUITY	13,760	19,962
Trust pass-through securities	161	143
Subordinated borrowings	41	34
Insurance contracts	97,377	88,496
Insurance contracts for account of policyholders	60,808	78,394
Investment contracts	36,231	36,089
Investment contracts for account of policyholders	45,614	63,756
Derivatives	6,089	2,226
Borrowings	5,339	6,021
Provisions	495	293
Defined benefit liabilities	2,080	2,136
Deferred revenue liabilities	42	50
Deferred tax liabilities	424	1,605
Other liabilities	18,237	14,458
Accruals	561	457
TOTAL LIABILITIES	273,499	294,158
TOTAL EQUITY AND LIABILITIES	287,259	314,120

¹ In 2008, AEGON reclassified its real estate held for own use.

Consolidated income statement of AEGON Group for the year ended December 31

Amounts in EUR million (except per share data)	2008	2007	2006
Income			
Premium income	22,409	26,900	24,570
Investment income	9,965	10,457	10,376
Fee and commission income	1,703	1,900	1,665
Other revenues	5	14	4
Total revenues	34,082	39,271	36,615
Income from reinsurance ceded	1,633	1,546	1,468
Results from financial transactions	(28,195)	4,545	9,397
Other income	6	214	11
TOTAL INCOME	7,526	45,576	47,491
Charges			
Premiums to reinsurers	1,571	1,606	1,671
Policyholder claims and benefits	(808)	34,135	35,267
Profit sharing and rebates	98	83	133
Commissions and expenses	6,109	5,939	6,085
Impairment charges/(reversals)	1,113	117	33
Interest charges and related fees	526	474	362
Other charges	2	181	1
TOTAL CHARGES	8,611	42,535	43,552
Income before share in profit/(loss) of associates and tax	(1,085)	3,041	3,939
Share in profit/(loss) of associates	24	36	32
Income/(loss) before tax	(1,061)	3,077	3,971
Income tax	(21)	(526)	(802)
Net income/(loss)	(1,082)	2,551	3,169
Attributable to minority interest	-	-	-
NET INCOME/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF AEGON N.V.	(1,082)	2,551	3,169
Earnings and dividends per share			
Basic earnings per share (EUR per share) ¹	(0.92)	1.47	1.87
Diluted earnings per share (EUR per share) ¹	(0.92)	1.47	1.86
Dividend per common share (EUR per share)	0.30	0.62	0.55

¹ After deduction of preferred dividends and coupons on perpetuals.

Consolidated cash flow statement of AEGON Group for the year ended December 31

Amounts in EUR million	2008	2007 Adjusted¹	2006 Adjusted¹
Income before tax	(1,061)	3,077	3,971
Results from financial transactions	28,195	(4,545)	(9,397)
Amortization and depreciation	1,691	1,446	1,916
Impairment losses	1,113	73	33
Income from associates	(24)	(36)	(32)
Other	52	133	7
Adjustments of non-cash items	31,027	(2,929)	(7,473)
Insurance and investment liabilities	4,349	4,046	1,354
Insurance and investment liabilities for account of policyholders	(24,556)	7,809	12,086
Accrued expenses and other liabilities	3,689	(2,069)	2,729
Accrued income and prepayments	(1,792)	(629)	(3,119)
Release of cash flow hedging reserve	306	25	(130)
Changes in accruals	(18,004)	9,182	12,920
Purchase of investments (other than money market investments)	(56,394)	(70,156)	(63,980)
Purchase of derivatives	(843)	(701)	(1,009)
Disposal of investments (other than money market investments)	51,055	67,148	64,043
Disposal of derivatives	1,045	(324)	855
Net purchase of investments for account of policyholders	(2,563)	(4,866)	(5,361)
Net change in cash collateral	(22)	(577)	5,774
Net purchase of money market investments	(2,658)	(1,256)	(1,623)
Cash flow movements on operating items not reflected in income	(10,380)	(10,732)	(1,301)
Tax paid	(437)	(98)	(442)
Other	178	160	208
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,323	(1,340)	7,883

¹ In 2008, AEGON reclassified its real estate held for own use.

CONTINUATION >

Consolidated cash flow statement of AEGON Group for the year ended December 31 > CONTINUATION

Amounts in EUR million	2008	2007 Adjusted ¹	2006 Adjusted ¹
Purchase of individual intangible assets (other than VOBA and future servicing rights)	(12)	(10)	(10)
Purchase of equipment and real estate for own use	(85)	(81)	(71)
Acquisition of subsidiaries and associates, net of cash	(461)	(2,625)	(143)
Disposal of equipment	150	33	22
Disposal of subsidiaries and associates, net of cash	–	9	11
Dividend received from associates	4	7	4
Other	6	(12)	(41)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(398)	(2,679)	(228)
Issuance of share capital	–	1	2
Issuance of convertible core capital securities	3,000	–	–
Issuance of perpetuals	–	745	638
Issuance and (purchase) of treasury shares	(217)	(1,439)	(262)
Proceeds from TRUPS, subordinated loans and borrowings	4,876	4,872	1,554
Repayment of perpetuals	(114)	–	–
Repayment of TRUPS, subordinated loans and borrowings	(5,134)	(3,986)	(2,109)
Dividends paid	(660)	(668)	(471)
Coupon on perpetuals	(254)	(235)	(204)
Other	(36)	11	(22)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,461	(699)	(874)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS²	2,386	(4,718)	6,781
Net cash and cash equivalents at the beginning of the year	7,385	12,391	6,068
Effects of changes in exchange rate	(265)	(288)	(458)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,506	7,385	12,391

¹ In 2008, AEGON reclassified its real estate held for own use.

² Included in net increase/(decrease) in cash and cash equivalents are interest received (2008: EUR 8,614 million; 2007: EUR 8,715 million and 2006: EUR 9,458 million) dividends received (2008: EUR 925 million; 2007: EUR 886 million and 2006: EUR 1,192 million) and interest paid (2008: EUR 356 million; 2007: EUR 422 million and 2006: EUR 411 million).

The cash flow statement is prepared according to the indirect method.

Remuneration

Remuneration of active and retired members of the Executive Board	Short-term periodic payments		Performance related		Pension premiums	Total
	Salary	Other ³	Cash ⁴	Shares ⁵		
Amounts in EUR thousands						
2008						
Alexander R. Wynaendts	865	14	301	175	220	1,575
Joseph B.M. Streppel	763	15	238	207	195	1,418
Donald J. Shepard	244 ¹	1,157	3,161	396	115	5,073
TOTAL	1,872	1,186	3,700	778	530	8,066
2007						
Donald J. Shepard	731 ¹	1,545	4,292	252	256	7,076
Joseph B.M. Streppel	721 ²	14	542	194	184	1,655
Alexander R. Wynaendts	676 ²	14	717	137	172	1,716
TOTAL	2,128	1,573	5,551	583	612	10,447
2006						
Donald J. Shepard	796 ¹	1,219	4,059	–	277	6,351
Joseph B.M. Streppel	679 ²	16	475	–	220	1,390
Alexander R. Wynaendts	575 ²	164	602	–	186	1,527
Johan G. van der Werf	575 ²	13	697	–	186	1,471
TOTAL	2,625	1,412	5,833	–	869	10,739

¹ Mr. Shepard earned an annual base salary of USD 1 million. He retired as CEO and Chairman of AEGON's Executive Board in April 2008. His 2008 salary covers only the first four months of the year.

² 2006 and 2007 salaries for Messrs. Wynaendts, Streppel and Van der Werf included customary Dutch employee benefits for profit sharing and tax deferred savings scheme.

³ Other periodic payments are additional remuneration elements, including social security contributions borne by the Group. For Mr. Shepard, the Group had also borne expenses and non-monetary benefits which were provided in his employment agreement with AEGON. These benefits included compensation to the extent that the total actual annual taxation on his total income exceeded the taxation if he were only subject to U.S. taxes, personal life insurance and tax planning. For Mr. Wynaendts, the amount in 2006 also includes compensation for relocation and cost of living related to his temporary secondment to AEGON USA.

⁴ 2008 performance related cash benefits are in respect of the 2007 STI plans under the Remuneration Policy for Executive Board members, approved by the shareholders in April 2007. In accordance with the provisions of the Short-term Incentive (STI) Plan for the years 2005 and 2006, it was established that the value of new business of the Group and of the relevant country units for those years was positive. Accordingly, operating earnings were calculated and established per area of responsibility. After adoption of the 2005 and 2006 annual accounts by the shareholders, the disclosed STI cash bonuses for the years 2005 and 2006 were paid in 2006 and 2007 respectively. In addition to the STI plan, Mr. Shepard was entitled to a short-term incentive bonus equal to 0.1% of the net income of AEGON N.V. according to the adopted accounts. The amount included in the table for 2008 is based on net income over 2007 as reported in the 2007 IFRS financial statements. Similarly the amounts included in the table for the years 2006 and 2007 are based on the net income of 2005 and 2006 respectively.

⁵ In accordance with the terms of the 2005 LTI plan, the Executive Board received bonus shares in April 2008. The number of shares for each member was: Mr. Shepard 38,542; Mr. Streppel 20,169; and Mr. Wynaendts 17,066. These have been converted using the share price of EUR 10.275 at April 22, 2008. In accordance with the elections made by the Executive Board members under the terms of the 2003 STI plan, the Executive Board received bonus shares in April 2007. The number of bonus shares varied from 0 to 100% of the number of shares paid in 2003, calculated through performance based matching, on the basis of earnings per share growth over inflation over the years 2004, 2005 and 2006. The number of shares for each member was: Mr. Shepard 16,143; Mr. Streppel 12,409; and Mr. Wynaendts 8,771. These have been converted using the share price of EUR 15.61 at April 25, 2007.

Members of the Executive Board are not entitled to performance related remuneration related to the financial year 2008 based on the remuneration policy as approved by the General Meeting of Shareholders.

The two tables below show the number of shares and options conditionally granted based on LTI plans related to financial years prior to 2008.

Total overview of conditionally granted shares	Grant date	Number of shares per January 1, 2008	Number of shares granted in 2008	Number of shares vested in 2008	Number of shares expired/ forfeited in 2008	Number of shares per December 31, 2008	Reference period
Alexander R. Wynaendts	22-Apr-05	17,066		17,066		–	2005 – 2007
	26-Apr-06	11,769				11,769 ¹	2006 – 2008
	24-Apr-08		18,506			18,506	2007
Joseph B.M. Streppel	22-Apr-05	20,169		20,169		–	2005 – 2007
	26-Apr-06	13,909				13,909 ¹	2006 – 2008
	24-Apr-08		16,278			16,278	2007
Donald J. Shepard	22-Apr-05	38,542		38,542		–	2005 – 2007
	26-Apr-06	26,213				26,213 ¹	2006 – 2008
	24-Apr-08		50,092			50,092	2007

¹ These shares will vest in 2009 at 75%.

Total overview of conditionally granted options	Grant date	Number of options per January 1, 2008	Number of options granted in 2008	Number of options vested in 2008	Number of options expired/ forfeited in 2008	Number of options per December 31, 2008	Exercise price	Reference period
Alexander R. Wynaendts	22-Apr-05	34,132		34,132		–	9.91	2005 – 2007
	26-Apr-06	67,789				67,789 ¹	14.55	2006 – 2008
Joseph B.M. Streppel	22-Apr-05	40,338		40,338		–	9.91	2005 – 2007
	26-Apr-06	80,115				80,115 ¹	14.55	2006 – 2008
Donald J. Shepard	22-Apr-05	77,084		77,084		–	9.91	2005 – 2007
	26-Apr-06	150,989				150,989 ¹	14.55	2006 – 2008

¹ These options will vest in 2009 at 75%.

The numbers of shares and options conditionally granted were based on the closing price on the day of the grant. This is also the exercise price of the options. The fair value information on the conditionally granted shares will be provided in the year when these vest and on the options when these will be exercised.

Share options and share appreciation rights and interests in AEGON N.V. held by active members of the Executive Board

	Grant date	Number of rights/ options per January 1, 2008	Number of rights/ options vested in 2008	Number of rights/ options exercised in 2008	Number of rights/ options expired/ forfeited in 2008	Number of rights/ options per Dec. 31, 2008	Number of exercisable rights/ options	Exercise price EUR	Shares held in AEGON at Dec. 31, 2008
Alexander R. Wynaendts	10-Mar-02	40,000 ¹				40,000	40,000	26.70	
	10-Mar-03	50,000 ¹				50,000	50,000	6.30	
	16-Mar-04	50,000				50,000	50,000	10.56	
	22-Apr-05		34,132			34,132	34,132	9.91	35,383
Joseph B.M. Streppel	10-Mar-02	50,000				50,000	50,000	26.70	
	16-Mar-04	50,000				50,000	50,000	10.56	
	22-Apr-05		40,338			40,338	40,338	9.91	46,173

¹ The share appreciation rights were granted before becoming a member of the Executive Board.

For each of the members of the Executive Board, the shares held in AEGON, as shown in the above table, do not exceed 1% of total outstanding share capital at the balance sheet date. At the balance sheet date, the following members of the Executive Board had loans with AEGON or any AEGON related company: Mr. Streppel continued a 5% mortgage loan of EUR 608,934 at

unchanged terms; and Mr. Wynaendts had four mortgage loans totaling to EUR 1,485,292, with interest rates of 4.1%, 4.3%, 4.4% and 5.4%, of which two commenced in 2008. In accordance with the terms of the contracts, no principal repayments were received on the loans in 2008.

Remuneration of active and retired members of the Supervisory Board

In EUR	2008	2007	2006
Dudley G. Eustace	77,000	84,500	79,000
Irving W. Bailey, II	85,203	68,750	56,669
Antony Burgmans (as of April 25, 2007)	63,000	39,718	–
Cecelia Kempler (as of April 23, 2008)	45,673	–	–
Shemaya Levy	72,000	59,000	65,000
Karla M.H. Peijs (as of April 25, 2007)	50,417	30,718	–
Robert J. Routs (as of April 23, 2008)	40,673	–	–
Willem F.C. Stevens	73,000	71,750	73,000
Kornelis J. Storm	45,942	47,500	46,250
Ben van der Veer (as of October 1, 2008)	18,000	–	–
Dirk P.M. Verbeek (as of April 23, 2008)	33,481	–	–
Leo M. van Wijk	51,185	48,750	47,500
TOTAL FOR ACTIVE MEMBERS	655,574	450,686	367,419
René Dahan (up to April 23, 2008)	18,900	64,500	59,500
O. John Olcay (up to April 23, 2008)	22,054	66,250	65,000
Toni Rembe (up to April 23, 2008)	18,137	57,000	60,000
Peter R. Voser (up to April 25, 2006)	–	–	15,138
Clifford Sobel (from April 25, 2006 up to July 17, 2006)	–	–	9,231
TOTAL	714,665	638,436	576,288

Starting January 1, 2005, a three-components structure has been introduced for the remuneration of the Supervisory Board:

- A base fee for membership of the Supervisory Board;
- An additional fee for membership of a Committee; and
- An attendance fee for face-to-face Committee meetings.

Members of the Supervisory Board do not have any share options or share appreciation rights in AEGON N.V. at December 31, 2008.

In 2008, an amount of EUR 7,000 has been paid to Mr. Docters van Leeuwen, the proposed member of the Supervisory Board, whose appointment will be submitted for approval at the General Meeting of shareholders on April 22, 2009. Not included in the table on the previous page is a premium for state health insurance paid on behalf of Dutch Supervisory Board members.

Common shares held by Supervisory Board members

Shares held in AEGON at December 31	2008	2007	2006
Irving W. Bailey, II	29,759	29,759	29,759
Cecelia Kempler (as of April 23, 2008)	15,968	n.a.	n.a.
Karla M.H. Peijs (as of April 25, 2007)	1,400	900	n.a.
Kornelis J. Storm	226,479	276,479	276,479
Ben van der Veer (as of October 1, 2008)	1,407	n.a.	n.a.
TOTAL	275,013	307,138	306,238

Shares held by Supervisory Board members are only disclosed for the period they have been part of the Supervisory Board.

Corporate and shareholder information

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ANALYSTS AND INVESTORS

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Forward-looking statements

The statements contained in this Annual Review 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 AEGON. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. AEGON undertakes 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 world financial markets, including emerging markets, such as with regard to:
 - The frequency and severity of defaults by issuers impacting AEGON's 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 held;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity and other factors that may impact the profitability of AEGON's 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 AEGON's operations, the products the company sells, and the attractiveness of certain products to AEGON's consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which AEGON operates;
- 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 AEGON to pay significant damages or change the way the company does 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 AEGON's products;
- AEGON's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives; and
- The impact the adoption of the International Financial Reporting Standards may have on AEGON's reported financial results and financial condition.

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 document. 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.

COLOPHON

Consultancy and design
Editing and production
Photography
Text
Typesetting
Printing
Binding

Dart | Brand guidance & Design, Amsterdam (NL)
AEGON Group Corporate Communications (NL)
Ad Bogaard (NL) / Readershouse Brand Media (NL)
AEGON Group Corporate Communications (NL) / Garry Piggott (NL)
Dart | Brand guidance & Design, Amsterdam (NL)
Habo DaCosta bv (NL)
Hexspoor (NL)



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