SUPPLEMENTAL OFFERING CIRCULAR

AEGON N.V.

(incorporated in the Netherlands with its statutory seat in The Hague)

Euro 450,000,000 Perpetual Capital Securities
Issue price: 100 per cent.
(the "Additional EUR Capital Securities")

to be consolidated and form a single series with the
Euro 500,000,000 Perpetual Capital Securities
Issue price: 100 per cent.
(the "EUR Capital Securities")

USD 250,000,000 Perpetual Capital Securities
Issue price: 100 per cent.
(the "Additional USD Capital Securities")

to be consolidated and form a single series with the
USD 250,000,000 Perpetual Capital Securities
Issue price: 100 per cent.
(the "USD Capital Securities")

This Supplemental Offering Circular is supplemental to the Offering Circular dated 13 July, 2004 (the "**Original Offering Circular**") relating to the EUR Capital Securities and the USD Capital Securities (together the "**Original Securities**") issued by AEGON N.V. (the "**Issuer**") on 15 July, 2004 and is prepared in connection with the issue by the Issuer of the Additional EUR Capital Securities and the Additional USD Capital Securities (the "**Additional Securities**" and, together with the Original Securities, the "**Securities**"). With effect from 24 November, 2004 (the "**Consolidation Date**"), the Additional EUR Capital Securities will be consolidated and form a single series with the EUR Capital Securities and the Additional USD Capital Securities will be consolidated and form a single series with the USD Capital Securities.

This Supplemental Offering Circular should be read in conjunction with the Original Offering Circular. Save as expressly provided herein or as the context otherwise requires, terms defined in the Original Offering Circular shall have the same meanings when used in this Supplemental Offering Circular.

The Securities are perpetual securities and have no fixed redemption date. However, the Securities may be redeemed in whole but not in part at the option of the Issuer together with any Outstanding Payments on the Coupon Payment Date falling on 15 July 2014 or any Coupon Payment Date thereafter. Prior redemption in case of tax events or for regulatory purposes may apply, subject to Condition 7.

This Supplemental Offering Circular constitutes a supplemental prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam N.V. Application has been made for the listing of the Additional Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

It is anticipated that the Additional Securities will be quoted as a percentage of their principal amount of €100 and USD100, as the case may be.

The Additional Securities are expected to be assigned, on issue, a rating of 'A-' by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., and a rating of 'A3' by Moody's Investors Service, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

For a discussion of certain factors regarding the Issuer and the Securities that should be considered by prospective purchasers of the Additional Securities, see the section entitled "*Investment Considerations*" in the Original Offering Circular.

The Additional Securities shall have denominations of €100 and USD100 each, as applicable. The Additional Securities will be represented by two global securities (the "**Additional Global Securities**") in bearer form without interest coupons, in the principal amount of €450,000,000 and USD250,000,000. The Additional Global Securities will be deposited with Euroclear Netherlands and purchase transactions will be cleared through Euroclear Netherlands participants including Euroclear and Clearstream. The Global Securities will not be exchangeable for definitive Additional Securities in bearer form.

Global Coordinator
ABN AMRO

Syndicate for the EUR Capital Securities
Joint Bookrunners
ABN AMRO **Rabobank International**

Senior Co-lead manager
ING Financial Markets

Syndicate for the USD Capital Securities
Joint Bookrunners
ABN AMRO **Citigroup** **BNP PARIBAS**

Senior Co-lead manager
HSBC

The date of this Supplemental Offering Circular is 13 October, 2004

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IMPORTANT INFORMATION

Responsibility

The Issuer accepts responsibility for the information contained in this Supplemental Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that the Original Offering Circular as supplemented by this Supplemental Offering Circular (the Original Offering Circular as so supplemented, the "**Offering Circular**") contains or incorporates all information which is material in the context of the Additional Securities, that the information contained or incorporated in the Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in the Offering Circular are honestly held and that there are no other facts the omission of which would make the Offering Circular or any such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Additional Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Trustee or the Managers. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries (together the "**Group**") since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee or the Managers to subscribe for, or purchase, any of the Additional Securities. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Neither the Managers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in the Supplemental Offering Circular or any other information provided by the Issuer in connection with the Additional Securities or their distribution.

Incorporation by Reference

The following documents shall be deemed to be incorporated in, and to form part of, this Supplemental Offering Circular:

(a) the publicly available annual report and the annual accounts of the Issuer in respect of the financial year ended 31 December, 2003 , 2002 and 2001 respectively;

(b) the press release dated 12 August, 2004 relating to the financial results of the Issuer for the six months ended 30 June, 2004;

(c) the Articles of Association (*statuten*) of the Issuer as in force on the date of this Offering Circular;

(d) the 1983 Merger Agreement between the Issuer and Vereniging AEGON as amended by agreement dated 26 May, 2003;

(e) the Preferred Shares Voting Rights Agreement between the Issuer and Vereniging AEGON dated 26 May, 2003; and

(f) the Original Offering Circular.

Offering and Selling Restrictions

This Supplemental Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this

Supplemental Offering Circular should purchase any of the Additional Securities. Each investor contemplating purchasing Additional Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Additional Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Additional Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Securities and on distribution of this document, see '*Subscription and Sale*' in the Original Offering Circular.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE ADDITIONAL SECURITIES, ABN AMRO BANK N.V. MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME (BUT WILL IN ANY EVENT BE DISCONTINUED 30 DAYS AFTER THE ISSUE DATE OF THE ADDITIONAL SECURITIES).

Miscellaneous

All references in this document to "**euro**", and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992). References to "**USD**" refer to the currency of the United States of America.

TERMS AND CONDITIONS OF THE ADDITIONAL SECURITIES

The Additional Securities will be constituted by the Supplemental Trust Deed (as defined below). The issue of the Additional Securities was authorised pursuant to resolutions of the Executive Board of the Issuer passed on 9 September 2004. The Additional Securities will be subject to the same Terms and Conditions as contained in the Original Offering Circular, as amended by the provisions stated below. Copies of the Supplemental Trust deed and the Supplemental Agency Agreement are available for inspection during normal business hours by the holders of the Additional Securities at the registered office of the Trustee, being at Frederik Roeskestraat 123, 1076 EE Amsterdam and at the specified office of each of the Paying Agents. The holders of the Additional Securities are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Supplemental Trust Deed, the Agency Agreement and the Supplemental Agency Agreement applicable to them.

In respect of the Additional Securities only, the definitions contained in condition 19 of the Terms and Conditions set out in the Original Offering Circular shall be amended as follows:

'*Additional EUR Capital Securities*' means the Euro 450,000,000 Perpetual Capital Securities

'*Additional USD Capital Securities*' means the USD 250,000,000 Perpetual Capital Securities

'*Additional Securities*' means the Additional EUR 450,000,000 Capital Securities and the Additional USD 250,000,000 Capital Securities;

'*Agency Agreement*' means the Agency Agreement as supplemented and amended by the Supplemental Agency Agreement;

'*Consolidation Date*' means 24 November 2004, being the date that is 40 days after the Issue Date of the Additional Securities as from which date the Additional EUR Capital Securities will be consolidated and form a single series with the EUR Capital Securities and the Additional USD Capital Securities will be consolidated and form a single series with the USD Capital Securities;

'*Coupon Payment Date*' means 15 October, 15 January, 15 April and 15 July, in each year, starting 15 January 2005;

'*Issue Date*' means 15 October 2004;

'*Original Securities*' means the EUR 500,000,000 Perpetual Capital Securities and the USD 250,000,000 Perpetual Capital Securities;

'*Supplemental Agency Agreement*' means the supplemental agency agreement dated 13 October 2004 between the Issuer, the Trustee and the Paying Agents relating to the Additional Securities which supplements the Agency Agreement dated 15 July 2004 between the Issuer, the Trustee and the Paying Agents relating to the Original Securities;

'*Supplemental Trust Deed*' means the supplemental trust deed to be dated 13 October 2004 between the Issuer and the Trustee relating to the Additional Securities, which supplements the Trust Deed dated 15 July, 2004 between the Issuer and the Trustee relating to the Original Securities;

'*Trust Deed*' means the Trust Deed as supplemented and amended by the Supplemental Trust Deed.

UPDATED BUSINESS DESCRIPTION OF AEGON N.V.

AEGON N.V.

Foundation

AEGON N.V. was formed on 30 November, 1983 as a result of a merger between AGO and ENNIA, both of which were successors to insurance companies founded in the 1800s. AEGON N.V. is a public limited liability stock corporation established under Dutch law and is domiciled in the Netherlands. The headquarters are located at AEGONplein 50, PO Box 202, 2501 CE The Hague, the Netherlands, telephone +31 70 344 3210.

Summary description of the Group

Since its foundation AEGON N.V., through its member companies collectively referred to herein as AEGON, the Company or Group, has emerged as an international insurer with major operations in the USA, the Netherlands and the United Kingdom. AEGON is also present in Canada, Hungary, Spain, France, Taiwan, China and a number of other countries and has a representative office in India.

AEGON's strategy is to offer life insurance, pensions and related savings and investment products in markets that offer scale and growth opportunities. The objective is to have a leading position in each of these markets. Consistent with its strategy, over 85 per cent of AEGON's business consists of life insurance, pensions and related savings and investment products. The Group is also active in accident and health insurance, general insurance and, to a limited extent, banking activities. AEGON focuses on growth in existing operations and selected new markets, through acquisitions, joint ventures and greenfields. AEGON targets profitable growth, i.e. average annual earnings growth of 10 per cent. and a return on investment that exceeds the cost of capital.

AEGON emphasises a decentralised organizational structure while key control functions are aided by central coordination and support at group level. The operating companies, with knowledgeable and experienced local management and employees, market their own, unique products using multi-channel distribution strategies.

AEGON Americas (AEGON USA) operates through business units, organised by distribution channel. AEGON USA offers a broad portfolio of products nationwide to consumers, corporate and institutional clients. The products range varies from term life insurance to variable universal life, fixed and variable annuities, pensions plans, institutional products like guaranteed investment contracts (GICs), other related financial products, supplemental health insurance and reinsurance. Products are offered using a multi-channel distribution system through agents, financial institutions, brokers, direct selling, business partners and other channels.

The acquisition of the Providian life insurance business in 1997 added the country's leading traditional and synthetic GIC provider, and expanded market size in home service life insurance sales and direct-marketed life and supplemental health insurance product sales. The acquisition of Transamerica in July of 1999 made AEGON one of the largest life insurance companies in the USA and expanded the product portfolio by adding a life reinsurance business and a Canadian life insurance company. In 2001 AEGON acquired JC Penney's direct marketing insurance operations. This has made AEGON USA the largest direct marketer of life and supplemental insurance in the United States.

AEGON The Netherlands is a leading life insurer in The Netherlands in both the individual and group life and pension businesses. AEGON The Netherlands offers a broad portfolio of products which range from traditional life insurance to universal life, group pension plans and institutional asset management products to accident and health and general insurance products. Distribution is equally broad using a large variety of channels. In January 2003 AEGON The Netherlands acquired TKP, a provider of pension administration services for pension funds.

AEGON The Netherlands has reorganised its business unit structure in order to better align the organization to customer needs. Effective January 2004 the twelve business units have been replaced with five service centres and four marketing-and-sales units, each with their own competences.

AEGON UK, through its subsidiary Scottish Equitable plc, is a leading provider of group and individual pensions in the United Kingdom. AEGON UK also markets protection products and provides asset management services and institutional and retail asset management products. AEGON UK operates through business units using independent financial agents (IFA's) as the main distribution channel.

The acquisition of The Guardian in 1999 broadened AEGON UK's product range and distribution channels, generated economies of scale and brought protection product skills to the UK Group. With the acquisition of HS Administrative Services in 2000, AEGON UK acquired a leading provider of third-party pension administration services for large blue chip corporate clients. In the course of 2002, AEGON UK Distribution Holdings was created and has acquired four UK based IFAs and holds a small number of minority interests in other IFAs.

AEGON Hungary is a composite insurance company offering both life insurance and non-life insurance products. The core business products are life, pension, mortgage and household insurance. AEGON Hungary's distribution channels are the composite network, the life network, independent agents and brokers.

AEGON Spain markets life insurance, general insurance and health-insurance products to individuals and corporate clients. The products are sold through a network of tied and career agents and through financial institutions. In January 2004, AEGON created a joint venture with Caja de Ahorros del Mediterráneo (CAM), providing AEGON with exclusive use of CAM's banking network of over 850 branches to sell life insurance.

AEGON announced the entry into the French life and pension market through an alliance with La Mondiale, a French mutual life insurance company that specializes in life insurance and pensions, for the development of new pension ventures in Europe, in 2002. To effectuate this alliance, AEGON acquired a 20% participation in La Mondiale Participations, the holding company under which the non-mutual activities of La Mondiale have been grouped.

AEGON Taiwan was started as a greenfield activity in 1994 and has experienced strong growth in 2003 by adopting a multi-channel distribution strategy. AEGON Taiwan served as a stepping stone for China, where AEGON opened a representative office in Beijing in 1998 and has been running a joint venture for life insurance activities with CNOOC since May 2002. AEGON opened a representative office in New Delhi, India in 1997. Transamerica has operated a branch in Hong Kong for more than 50 years, focusing on universal life products and selling its products through independent brokers.

AEGON's common shares are quoted on the stock exchanges in Amsterdam, Frankfurt, London, New York (NYSE), Tokyo and Zurich. In addition, AEGON stock options are quoted on Euronext in Amsterdam, the Chicago Board Options Exchange and the Philadelphia Stock Exchange. AEGON recognizes that a modern company's license to operate is defined both by its ability to create value for its shareholders and policyholders and its respect for wider corporate, social and environmental responsibilities.

Income, revenues, deposits and investments

All tables included in this section contain financial information derived from the Company's consolidated financial statements and are presented on the basis of Dutch Accounting Principles (DAP). All tables in this section contain information extracted without material adjustment from AEGON's audited financial statements. All note references refer to notes to the consolidated financial statements.

Results 2003

Full year net income of EUR 1,793 million increased 16% compared to EUR 1,547 million in 2002. The largest influences on full year results were improved equity and credit markets as well as improved administrative operating efficiencies.

Exchange rate translation negatively impacted the earnings reported in euro, which is the currency of the financial statements. At constant currency exchange rates net income and income before tax increased by 30% and 29% respectively in 2003.

Earnings per share for the full year amounted to EUR 1.15, an increase of 11% compared to EUR 1.04 for last year (adjusted for the 2002 stock dividend). Standardized life production increased by 3% to EUR 2,545 million, which at constant currency exchange rates would have increased by 15%. The increase in standardized life production was driven by higher production in the Americas, the United Kingdom and Other Countries, in particular in Taiwan, partly offset by lower production in the Netherlands.

During 2003, indirect income of EUR 631 million pre-tax was included in earnings, compared to EUR 758 million pre-tax in 2002. As announced earlier, effective January 1, 2004, AEGON discontinued the indirect income method for recognizing gains and losses on investments in shares and real estate. A generally accepted and recognized method has been adopted, which is in accordance with International Financial Reporting Standards (IFRS) requirements and is similar to US GAAP. This method recognizes gains and losses on shares and real estate investments when realized.

Transamerica Finance Corporation (TFC), most of which was sold in line with our strategy to concentrate on life insurance, pensions, savings and investment products, contributed EUR 218 million to net income during 2003 compared to EUR 51 million in 2002.

The effective tax rate for 2003 was 27% compared to 19% in 2002. The lower effective tax rate in 2002 was largely due to a reduction of the deferred tax liability and favorable adjustments resulting from the filing of the 2001 corporate tax returns in the United States, lower taxable income relative to preferred investments and tax-exempt income in the Netherlands and the United States, and the use of tax losses in the United Kingdom.

The following selected financial data should be read in conjunction with AEGON's consolidated financial statements and the related notes to the financial statements of the annual report. The discussion of AEGON's full year results for 2003 includes comparative information presented in USD for the results in the Americas and in GBP for the results in the United Kingdom, which management believes is useful to investors because those businesses operate and are managed primarily in those currencies.

Income

amounts in million EUR	*Americas*[6]	*The Netherlands*	*United Kingdom*	*Other Countries*[7]	*Full year 2003*
Income					
Traditional life[1]	640	548	2	28	1.218
Fixed annuities	334	–	–	–	334
GICs and funding agreements	213	–	–	–	213
Life for account policyholders[2]	73	135	184	(14)	378
Variable annuities	63	–	–	–	63
Fee business[3]	(17)	13	2	8	6
Life insurance	1.306	696	188	22	2.212
Accident & health insurance	232	44		7	283
General insurance	–	11		50	61
Total insurance	**1.538**	**751**	**188**	**79**	**2.556**
of which general account	1.419	603	2	85	2.109
of which policyholders account[4]	119	148	186	(6)	447
Banking activities[5]	–	20	–	–	20
Interest charges & Other					(429)
Income before tax business units	**1.538**	**771**	**188**	**79**	
Income before tax					2.147
Corporation tax business units	(443)	(179)	(53)	(21)	
Corporation tax					(572)
Net income business units	1.095	592	135	58	
Transamerica Finance Corporation					218
Net income					1.793

1 Traditional life includes income on traditional and fixed universal life products.

2 Life insurance with investments for account of policyholders includes income on variable universal life, unitised pension (UK), other unit-linked products with investments for account of policyholders and with profit fund in the UK.

3 Fee business includes income on off balance sheet type products.

4 Includes also variable annuities and fee business.

5 Banking activities includes income on off balance sheet type products.

6 The figures ‘Americas’ include the results of AEGON in the USA and Canada

7 The figures under ‘Other countries’ include the results of the operations in Hungary, Spain, Slovakia, Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

Revenues

amounts in million EUR	*Americas[2]*	*The Netherlands*	*United Kingdom*	*Other Countries[7]*	*Full year 2003*
Revenues					
Life general account single premiums	810	676	274	13	1.773
Life general account recurring premiums	4.197	518	151	582	5.448
Life policyholders account single premiums	461	592	3.872	20	4.945
Life policyholders account recurring premiums	689	1.461	1.677	216	4.043
Total life insurance gross premiums	6.157	3.247	5.974	831	16.209
Accident and health insurance premiums	2.217	163	–	83	2.463
General insurance premiums	–	459	–	337	796
Total gross premiums	**8.374**	**3.869**	**5.974**	**1.251**	**19.468**
Investment income insurance activities	5.618	1.465	137	132	7.352
Fees and commissions	854	265	90	12	1.221
Income from banking activities	–	354	–	–	354
Total revenues business units	14.846	5.953	6.201	1.395	28.395
Income from other activities					34
Total revenues					**28.429**
Investment income for the account of policyholders	6.811	1.096	4.897	54	12.858
Commissions and expenses business units	3.445	956	640	279	
Commissions and expenses					5.387
Gross margin business units[1]	4.983	1.727	828	358	
Gross margin[1]					7.534

1 Gross margin is calculated as the sum of income before tax and commissions and expenses.

2 The figures 'Americas' include the results of AEGON in the USA and Canada

3 The figures under 'Other countries' include the results of the operations in Hungary, Spain, Slovakia,'Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

AMERICAS (INCLUDES AEGON USA AND AEGON CANADA)

Income before tax

Income before tax of USD 1,740 million increased USD 598 million or 52%, compared to 2002, primarily due to lower additions to the asset default provision (USD 258 million), lower accelerated amortization of deferred policy acquisition costs (DPAC) for variable annuities (USD 314 million) and lower additions to the provisions for guaranteed minimum benefits (GMBs) (USD 243 million). Income before tax also reflects the following one-time positive items: a non-recurring property insurance settlement benefit of USD 54 million, a provision release of USD 36 million relating to real estate and interest on a tax refund for an amount of USD 34 million. Partially offsetting the income increases were lower employee pension plan income (USD 90 million), lower indirect investment income from shares and real estate investments (USD 135 million) and lower investment yields (USD 91 million) on the general account fixed income investments.

Traditional life income before tax of USD 724 million in 2003 was 11% lower than in 2002, reflecting lower investment yields on fixed income investments, less indirect investment income and a reduction in employee pension plan income. The one-time property insurance settlement benefit and a provision release described above partially offset these negative results. Fixed annuity income before tax of USD 378 million increased

129% compared to 2002. The favorable impact of lower credit losses in 2003 was partly offset by the decline in indirect investment income and lower product spreads compared to 2002. Crediting rates were lowered on both existing and new deposits throughout 2003 to improve product spreads. Fixed annuity account balances increased 7% to USD 45 billion during 2003 due to new sales and additional deposits on existing contracts.

GICs and funding agreements income before tax declined 6% to USD 241 million, due to lower indirect investment income (lower by USD 29 million) and interest rate spread compression. Lower additions to the default provision resulted from the improved credit environment and partially offset the earnings decline. GICs and funding agreements account balances increased 5% to USD 27 billion and reflect higher sales of international funding agreements. Life for account of policyholders income before tax decreased 23% to USD 82 million. Higher lapses and slightly higher mortality resulted in accelerated DPAC amortization. Income before tax in AEGON's variable annuity line of business increased from a loss of USD 437 million in 2002 to a positive amount of USD 71 million in 2003 and account balances increased 30% to USD 42 billion since December 31, 2002. The 2002 variable annuity results were negatively impacted by USD 602 million of accelerated DPAC amortization and strengthening of the GMB provision that occurred as a result of the continued decline in the equity markets. The improvement in 2003 was slightly offset by accelerated DPAC amortization, due to higher lapses (USD 35 million).

AEGON maintained its long-term equity growth assumptions at 9% in the United States and 9.5% in Canada. Due to strong equity market growth during 2003, the short-term equity return assumptions, used in the reversion to the mean methodology, were lowered. In the United States, the forward-looking equity return assumption from December 31, 2003, is 7.5% (before fees) for five years followed by 9% for the long term and is related to account balances of USD 30.6 billion. In Canada, the comparable assumption is 10.75% for five years, followed by 9.5% for the long term, which reflects the relatively weak recent performance of the Canadian segregated fund returns compared to average US-based returns. The comparable 2002 assumptions for the United States were 12% for five years and 9% for the long term and for Canada 12.5% for five years and 9.5% for the long term. Account balances in Canada are USD 2.9 billion. These assumptions were used in determining reserves for guaranteed benefits on variable annuities in addition to DPAC amortization for both variable annuity and life for account of policyholders product lines.

Fee business reported a loss before tax of USD 19 million compared to an income of USD 5 million in 2002. The loss was a result of higher expenses, due to increased vesting in a long-term formula-based deferred compensation plan, which reflects growth in assets under management. Strong synthetic GIC and mutual fund sales, along with favorable equity market performance had a positive earnings impact. Accident and health income before tax increased 13% to USD 263 million, primarily due to improved claim experience and more effective expense containment. Rate increases in certain health products improved overall profitability.

Net income

Net income of USD 1,239 million increased 35% compared to 2002. The effective tax rate increased from 20% in 2002 to 29% in 2003. The 2003 tax rate, though higher than 2002, reflected the release of the USD 85 million valuation allowance for loss carry forwards, partially offset by the establishment of an additional provision. In 2002, the tax expense reflected a reduction of the deferred tax liability of USD 219 million for a change in estimate as additional information and refinements of prior year deferred tax liability became available during 2002. This was partially offset in 2002 by the establishment of an additional provision of USD 129 million, including a valuation allowance of USD 85 million for loss carry forwards.

Revenues

Revenues of USD 16,792 million increased 2% compared to 2002. Life insurance gross premiums of USD 6,964 million increased 2%, accident and health insurance premiums of USD 2,508 million increased 2%, investment income of USD 6,354 million slightly increased compared to last year, while fees and commissions of USD 966 million increased 16%. Life general account single premiums of USD 916 million decreased 3% in 2003, reflecting the negative effect of discontinuing new sales of structured settlement products in July 2003, offset by strong growth in remaining general account sales. The growth in remaining general account sales resulted primarily from higher production in the agency and bank channels.

Life for account of policyholders single premiums of USD 522 million were down 34%, primarily due to the low sales of bank-owned life insurance (BOLI) and corporate-owned life insurance (COLI) business in 2003. These sales usually occur in larger amounts and contract sales are not as regular as other life products. In the continuing current low interest rate environment product pricing has been under pressure, which contributed to the declining sales. Life for account of policyholders recurring premiums of USD 779 million were up 23%, largely driven by renewal premiums of BOLI/COLI cases and also higher fees due to increases in account balances.

Accident and health premiums were only slightly higher than in 2002 as it was decided in 2003 to exit certain supplemental insurance products. Telemarketing sales declined as a result of new telemarketing regulations, including the national 'Do not call' list. Offsetting this decline were higher sales through sponsored programs along with rate increases on certain health products. The direct business model continues to evolve to reach targeted customers.

Investment income of USD 6,354 million was slightly higher than last year. Portfolio growth due to general account sales and low lapses was offset by lower indirect investment income, declining interest rates and lost income on defaulted assets. The indirect investment income from shares and real estate investments decreased by USD 135 million in 2003 compared to 2002. New money flows in the portfolio, combined with reinvestments from bond maturities at lower interest rates, drove the fixed rate asset yield lower. Floating rate asset yields have also declined, but since these are matched with floating rate liabilities, there is no effect on income. Interest rate related gains on bonds sold of USD 1,141 million for the year were deferred and are not reflected in 2003 revenues. Fees and commission revenues of USD 966 million increased 16% compared to last year. A non-recurring gain of USD 90 million was realized on real estate investments through the combination of an insurance settlement (USD 54 million) and the release of a provision (USD 36 million). The remaining increase in fees and commission revenues is primarily attributable to increased investment management fees earned as a result of higher asset balances.

Commissions and expenses

Commissions and expenses of USD 3,897 million increased 10% compared to 2002. Commissions declined in 2003 compared to 2002, as a result of lower annuity production and commission restructuring efforts. However, net DPAC amortization increased, due to business growth and lower capitalization. Operating expenses of USD 1,764 million, which exclude DPAC amortization and total commissions, increased USD 90 million, due to less employee pension plan income, USD 27 million, due to a coinsurance option that expired unexercised, USD 35 million, reflecting the accruals for a deferred compensation plan and USD 24 million, reflecting expenses related to a block of in force business acquired from Mutual of New York on December 31, 2002.

Production

Life production (standardized new premium) increased 9% to USD 1,076 million, reflecting strong growth in general account sales, partially offset by the negative effect of discontinuing new sales of structured settlement products in July 2003. The Agency Group achieved strong sales of traditional, universal and term life products, through the combined efforts of existing distribution channels and new relationships.

Deposits into fixed and variable annuity contracts and institutional spread-based products (GICs and funding agreements) were recorded directly to the balance sheet as a deposit liability and not reported in revenues. Fixed annuity deposits of USD 5.2 billion decreased 27% compared to 2002. Fixed annuity sales declined due to lower policyholder crediting rates and the reduction of commission rates. Withdrawals from existing contracts continued to be at their lowest levels in years, reflecting the lower new money interest rates available on new policies. In response to the low interest rate environment, AEGON USA introduced during 2003 new products with a lower guaranteed annual interest rate. GICs and funding agreement production was down 4% compared to 2002, primarily due to disciplined pricing to achieve returns.

Variable annuity deposits of USD 6.4 billion decreased 36% compared to 2002. The decrease is largely due to the discontinuance of the guaranteed minimum income benefit (GMIB) feature. A new product with enhanced death and living benefit guarantees, which utilizes an active portfolio reallocation strategy, was introduced in late 2003 in an effort to replace sales lost due to the discontinuance of the GMIB feature.

Off balance sheet products include managed assets such as mutual funds, collective investment trusts and synthetic GICs. Off balance sheet production was USD 21.5 billion, a 14% increase compared to 2002. Mutual fund sales of USD 8.3 billion increased 25%, reflecting the expanded marketing relationships with wirehouse networks. Synthetic GIC sales of USD 13.2 billion increased 9% compared to last year. AEGON USA does not manage the assets underlying a synthetic GIC and is not subject to the investment risk, but receives a fee for providing liquidity to benefit plan sponsors in the event that qualified plan benefit requests exceed plan cash flows.

THE NETHERLANDS

Income before tax

Income before tax for traditional life of EUR 548 million was 1% below 2002. Results were positively influenced by EUR 20 million of higher direct investment income, as well as EUR 47 million of higher indirect income and a EUR 40 million release of a provision for profit sharing. The lower results were mainly due to a change in the assumptions for mortality and longevity, which had a negative impact of EUR 93 million. Furthermore, lower expense loadings (EUR 20 million), due to lower production and higher expenses due to increased employee pension related costs, had a negative impact on income before tax.

Commissions and expenses include both in 2002 and 2003 accelerated amortization of DPAC due to high lapse rates resulting from a change in the law relating to tax driven savings products. Income before tax in the life for account of policyholders business amounted to EUR 135 million, 176% above 2002. This increase is mainly due to EUR 116 million lower additions to the provision for guarantees.

Fee business consists of the 2003 results of the distribution units Meeùs Groep, Elan and Spaaradvies. The distribution units are consolidated into the AEGON The Netherlands figures as from January 1, 2003.

Income before tax from accident and health insurance increased by 69% to EUR 44 million. The favorable claims experience in the ‘absence due to illness’ portfolio had an effect of EUR 16 million and the positive run-off result of a reinsurance contract had a positive effect of EUR 9 million. Income was negatively affected by an amount of EUR 5 million, due to a change in the allocation of the investment portfolio and for an amount of EUR 4 million, due to higher pension expenses.

General insurance income before tax was 54% below the 2002 level. Additional provisions were set up in the legal liability motor branch and the general liability branch for an amount of EUR 9 million and EUR 10 million respectively. In addition to this, EUR 5 million lower interest income and EUR 2 million higher expenses impacted the results negatively. These effects were partly offset by positive run-off results of a reinsurance contract (EUR 3 million) and the increase of technical results in the fire branch (EUR 11 million).

Income before tax from banking activities increased EUR 12 million to EUR 20 million, mainly as a result of lower provisions for credit risks (EUR 20 million) and higher expenses (EUR 7 million).

Net income

The increase in the effective tax rate from 21% to 23% was mainly due to the consolidation of the distribution units, leading to a 13% increase in net income, whereas income before tax increased by 17%.

Revenues

Revenues of EUR 5,953 million recorded in 2003 were slightly lower than in 2002. Premium income in the life insurance business was EUR 326 million lower, mainly because single premiums decreased by 24% from 2002. This was due to a lower level of business in group pensions.

Recurring premiums remained relatively stable, with higher premiums from the existing portfolio but also higher lapses of policies due to a change in law affecting tax driven savings products. Premium income in the accident and health and general insurance business showed increases of 1% and 3% respectively from 2002. This was due to the increase in premiums for a broad range of non-life products, as realized at the end of 2002 to cover increasing claims. This increase is partly offset by the effect from the sale of the glasshouse portfolio and part of the recreational boating portfolio, which had a negative effect on premium income of EUR 5 million. Investment income rose by EUR 68 million, mainly from the increase in indirect income. Fees and commissions include EUR 214 million of revenues relating to the distribution units and EUR 21 million of revenues relating to TKP Pensioen.

Revenues out of banking activities decreased by EUR 62 million, or 15%, over 2002 to EUR 354 million, mainly caused by lower investments backing the savings accounts.

Commissions and expenses

Commissions and expenses amounted to EUR 956 million, a 44% increase from 2002. Expenses increased by EUR 202 million, due to the consolidation of the distribution units, EUR 14 million, reflecting the acquisition of TKP Pensioen and EUR 64 million from higher premiums related to the AEGON The Netherlands pension scheme. Commissions were higher due to a shift in the individual life business from recurring to single premium. Commission paid on single premium production is not deferrable and is consequently immediately recognized in the income statement.

Production

Overall life production was 21% (EUR 73 million) lower than in 2002, as a result of continued volatility in sales of group pension business. The business unit AEGON Corporate Pensions, in the market of small and medium-sized companies, performed well with an increase in standardized production of 18% (EUR 9 million). In other life insurance, single production went up 15% (on a standardized basis EUR 6 million), while recurring production decreased by 13% (EUR 13 million).

For non-life, net production (new production adjusted for lapses) was slightly negative. This was caused by the divestiture of the glasshouse portfolio and part of the recreational boating portfolio. The change in the contracts to include the terrorism clause in the third quarter of 2003 led to lapses, but also to new policies, with a small positive impact overall. Change in legislation regarding absence due to illness policies will probably lead to a revival of the accident and health insurance market.

AEGON Asset Management attracted EUR 3 billion of asset-only (funds under management) contracts in a competitive market. Part of this, EUR 1 billion, was from a large account that switched from an insurance contract into an asset-only contract.

Securities lease products were a high profile issue in the Netherlands in 2003. AEGON The Netherlands ceased selling securities lease products completely in early 2003. This decision had a significant impact on production, with a decrease from EUR 393 million in 2002 to EUR 13 million in 2003. The existing portfolio is very diverse. Since most of AEGON The Netherlands's customers bought products with guarantees attached to them or with redemption schemes on a long duration, the effects of volatile equity markets on the short term are limited. AEGON has set up a provision for losses resulting from AEGON not being able to recover in full the loans granted in the context of securities lease products.

Savings account balances decreased 11% from December 31, 2002, to a total of EUR 5.7 billion at December 31, 2003, primarily resulting from price competition for savings account assets.

Assets under management increased by EUR 11 billion to EUR 53 billion in 2003, mainly due to a net increase in asset-only contracts (EUR 2 billion), the acquisition of TKP Pensioen (EUR 7 billion) and a EUR 1 billion increase in the investments for account of policyholders. The increase in the investments for account of policyholders was mainly due to favorable investment returns on the equity and fixed income portfolios.

During 2003, part of the mortgage portfolio was securitized. At December 31, 2003, the total of mortgage backed security programs amounted to EUR 5 billion.

UNITED KINGDOM

Income before tax

Income before tax of GBP 130 million in 2003 decreased 11% compared to 2002. The main reason for the decrease was lower policy fee income, reflecting an average 12% lower FTSE level in 2003 compared to 2002.

Income before tax in the traditional life product segment was GBP 1 million in 2003, a decline of GBP 11 million compared to 2002. This decline resulted primarily from a reduction in mortality profits on general account business, due to a release of reserves from certain closed blocks of business in 2002 and a number of one-time items in 2002.

Income before tax in the life for account of policyholders product segment was GBP 128 million for 2003, a decline of 9% compared to 2002. The profitability of this product segment is heavily dependent on the level of the equity markets, as the main source of income is charges on linked business. The lower average FTSE level during 2003 compared to 2002 therefore had a negative effect on earnings.

During 2003, AEGON UK acquired further stakes in distribution companies. The overall increase in income before tax in the fee business segment was primarily due to lower expenses in the asset management business and profitable growth in the distribution companies.

Net income

Net income for 2003 of GBP 93 million declined 17% compared to 2002. Contributing to this decline was an increase in the effective tax rate to 28% from 23% in 2002, due to the utilization of tax losses as a result of a settlement with the UK Inland Revenue in the fourth quarter of 2002.

Revenues

Revenues of GBP 4,284 million increased 3% from 2002, primarily due to a GBP 39 million increase in single premiums from life for account of policyholders products. The increase in non-premium revenues was due to the inclusion of the newly acquired distribution companies.

Commission and expenses

Commissions and expenses increased to GBP 442 million, up GBP 128 million, due to the inclusion of operating costs of the acquired distribution companies (GBP 40 million), growth in protection businesses (GBP 20 million), the recommencement of contributions to the staff pension scheme (GBP 7 million), higher DPAC amortization (GBP 63 million), increased amortization charges on IT project costs (GBP 24 million), partly offset by lower restructuring charges (GBP 7 million) and expense reduction (GBP 18 million). The restructuring charges resulted from a cost reduction review in 2002 and 2003 and a broader review of all of AEGON UK's operations which commenced in 2003 and will continue in 2004. The charges arose from the costs of redundancies and the provision for vacant property as a result of the rationalization of accommodation.

The increase in DPAC amortization and depreciation charges on the IT project above, were largely offset by a change in the technical provision for unitized business.

Production

The increase in production of 8% reflects growth in each of AEGON UK's core business lines. Production of pension business was satisfactory, while investor sentiment regarding equity products impacted the retirement planning and investment-only products.

OTHER COUNTRIES

HUNGARY

Income before tax

ÁB-AEGON's income before tax of HUF 16.6 billion for 2003 showed a 16% increase compared to 2002. The increase in income before tax came from life business, with 15% growth, and from the non-life business, which showed 20% growth. For both businesses, the main reasons for the increase are the premium income growth and cost efficiencies. Additionally, in non-life, the favorable claim payments were partially offset by a strengthening of technical provisions. The fee income from managed assets rose by 40% to HUF 2.8 billion, reflecting the increase in the pension fund portfolio and assets under management.

Premiums to reinsurers increased by more than 8%, or HUF 0.1 billion. This increase was consistent with the development of premium income. Claim payments increased by HUF 2.8 billion, mainly due to maturities of life policies in the run-off portfolio. Non-life claims developed favorably in 2003 and were HUF 0.5 billion lower than in 2002. Commissions increased by HUF 1 billion, due to high pension fund and non-life sales.

As a result of expense control and technical innovations, expenses decreased by HUF 0.2 billion, or 2%, compared with 2002, despite 5% inflation.

Revenues

Total revenues increased by HUF 5.1 billion compared to 2002. Premium income increased by HUF 5.1 billion. Life premium income increased by HUF 2.8 billion, mainly due to higher sales of unit-linked products, while non-life premium income increased by HUF 2.3 billion. The non-life growth was due primarily to a HUF 1.5 billion increase in the household portfolio and a HUF 0.8 billion increase in the car insurance and other non-life product lines. The measures taken to protect the existing portfolio as well as the increased number of agents were the main factors in the increase in premium income.

Investment income decreased by HUF 0.9 billion, mainly due to the maturity of high yield long-term bonds. In the second half of the year, as a result of monetary interventions, market yields increased substantially, affecting the investment performance and the market value of the portfolio.

Fee income increased by 40%, or HUF 0.8 billion, from 2002, due to a 31% increase in assets under management and the increase in the number of participants in the pension funds managed by ÁB-AEGON.

SLOVAKIA

AEGON's life operations in Slovakia started in September 2003 as planned. Total premium income was SKK 5 million, whereas commissions and expenses were SKK 206 million.

SPAIN

Income before tax

AEGON Spain reported income before tax of EUR 36 million for 2003, a significant increase compared to 2002.

Pre-tax results in the life business generated income before tax of EUR 4 million, an increase of EUR 15 million compared to last year's loss of EUR 11 million. The main reason for the increase was the absence of the negative effects of the previous year. These negative effects were mainly caused by the losses of MoneyMaxx, because of low production resulting from the situation in the equity markets, and accelerated amortization of DPAC.

Non-life business reported income before tax of EUR 32 million in 2003, compared to EUR 23 million in 2002, mainly due to an increase in revenues and a decrease in claims. The non-life claims ratio improved in all lines of business as a result of a decrease in the number of claims. This trend started in 1999, when measures were implemented to improve the quality of the non-life portfolio.

Net income

Net income of EUR 24 million for 2003 reflects a growth of 167%. The effective tax rate increased from 25% in 2002 to 33% in 2003, due to this year's higher income, whereas tax deductible items remained at the same level as in 2002.

Revenues

Total revenues of EUR 475 million for 2003 increased by 4% compared to 2002.

Compared to 2002, life premiums increased by 6%. Traditional life products premium income increased by 26%, while unit-linked products premium income decreased by 21%. The switch from unit-linked products to traditional life products was due to the situation in the equity markets and a change in Spanish fiscal regulations that has neutralized the tax advantages of unit-linked products.

Non-life premiums increased by 5% compared to 2002. In 2003, AEGON Spain continued to concentrate on personal lines and small companies, while de-emphasizing certain high risk business lines. This was the case for the other general liability branch and the marine, aviation and transport branch, which showed decreases in premium income from 2002 of 22% and 17% respectively.

Commissions and expenses

The 2003 results positively reflect a reduction in expenses, mainly due to the discontinuation of the MoneyMaxx business. Deferred policy acquisition costs during 2003 were lower than the previous year, due to the sale of a higher proportion of life products without DPAC. This was offset by lower DPAC amortization. In 2002 there was an accelerated DPAC amortization of EUR 4 million.

Production

Life production on a standardized basis increased by 88%, primarily by involving the non-life intermediaries network in the sale of life products and the launch of a group life unit.

TAIWAN

Income before tax

AEGON Taiwan reported income before tax of NTD 15.2 million for 2003, an increase of 134% compared to NTD 6.5 million in 2002. This was primarily due to strong growth in new business production, which contributed positively to the bottom line.

Revenues

Premium income increased 253% to NTD 17,904 million for 2003, compared to NTD 5,073 million for 2002. Life insurance gross premiums of NTD 17,518 million increased by 260% compared to NTD 4,868 million in 2002. Most of the significant growth resulted from the newly developed distribution channels of brokers and banks. Life for account of policyholders premiums of NTD 387 million increased by 89% compared to NTD 205 million in 2002, primarily generated through the agency channels. Investment income increased 26% to NTD 546 million in 2003 compared to NTD 440 million for 2002, mainly due to an increase in the asset base. Investment assets increased from NTD 13.0 billion at December 31, 2002, to NTD 24.6 billion at December 31, 2003, but the investment yield of 3.5% in 2003 declined from 4.2% in 2002, mainly due to declining interest rates on new production.

Commissions and expenses

Commissions amounted to NTD 4,853 million for 2003, compared to NTD 1,260 million in 2002. Expenses were up 46% to NTD 940 million from 2002, primarily as a result of an increase in the number of employees, occupancy and policy related costs in connection with the development of new distribution channels and the substantial growth of new business volumes. Acquisition and maintenance expenses significantly decreased as a percentage of premium because of continued stringent expense control, combined with a significant increase in premium.

Production

New premium production increased significantly compared to 2002, mainly due to the strong sales of new 104 traditional whole life products through multi-channel distribution.

CHINA

AEGON's launch of the business in China, AEGON-CNOOC, occurred on time despite the impact of administrative restrictions relating to the SARS outbreak. Revenues were CNY 4 million in 2003.

Deposits and new premium products

amounts in million EUR	*Americas*[1]	*The Netherlands*	*United Kingdom*	*Other Countries*[2]	*Full year 2003*
Deposits					
Fixed annuities	4.615	–	–	–	4.615
GICs and funding agreements	8.321	–	–	–	8.321
Variable annuities	5.632	–	–	–	5.632
Total	18.568	–	–	–	18.568
Savings deposits	–	2.899	–	–	2.899
Total production on balance sheet	**18.568**	**2.899**	–	–	**21.467**
Investment contracts	–	**13**	–	–	**13**
Off balance sheet production					
Synthetic GICs	11.707	–	–	–	11.707
Mutual funds and other managed assets	7.343	3.522	481	165	11.511
Total production off balance sheet	**19.050**	**3.522**	**481**	**165**	**23.218**
Standardized new premium production life insurance					
Single	1.141	1.164	3.935	34	6.274
Recurring annualized	837	156	525	400	1.918
Total recurring plus 1/10 single	**951**	**272**	**919**	**403**	**2.545**

1 The figures 'Americas' include the results of AEGON in the USA and Canada

2 The figures under 'Other countries' include the results of the operations in Hungary, Spain, Slovakia, Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

Investments

amounts in million EUR	*Americas*[1]	*The Netherlands*	*United Kingdom*	*Other Countries*[2]	*Full year 2003*
Investments					
Fixed income	89.783	12.330	1.868	1.846	105.827
Shares & real estate	3.033	5.502	108	141	8.784
Total general account	**92.816**	**17.832**	**1.976**	**1.987**	**114.611**
Fixed income	9.880	11.096	23.542	427	44.945
Shares & real estate	26.502	7.032	21.403	207	55.144
Total policyholders account	**36.382**	**18.128**	**44.945**	**634**	**100.089**
Total insurance activities	**129.198**	**35.960**	**46.921**	**2.621**	**214.700**
Banking activities	–	6.360	–	–	6.360
Off balance sheet assets	**50.475**	**10.514**	**1.354**	**509**	**62.852**
Total business units	**179.673**	**52.834**	**48.275**	**3.130**	**283.912**
Other investments					223
Total group					284.135

1 The figures 'Americas' include the results of AEGON in the USA and Canada

2 The figures under 'Other countries' include the results of the operations in Hungary, Spain, Slovakia, Spaarbeleg Belgium, AEGON Germany, Italy, Taiwan and China.

NON-CONSOLIDATED GROUP COMPANIES

Due to the dissimilarity of Transamerica Finance Corporation's (TFC) operations in relation to AEGON's operations, AEGON has considered TFC to be non-core. Consequently TFC's results have not been consolidated in AEGON's financial accounts.

Net income for TFC for 2003 amounted to EUR 218 million (USD 247 million) compared to EUR 51 million (USD 48 million) in 2002. Business conditions in all segments were more favorable compared to 2002. In addition to lower funding costs, lower expenses, lower credit losses and the recognition of deferred income from the termination of a major client contract for an amount of EUR 31 million (USD 35 million), several one-time tax benefits totaling EUR 27 million (USD 31 million) were realized.

LIQUIDITY AND CAPITAL RESOURCES

General

The AEGON Group conducts its capital management processes at various levels in the organization. The main goal of AEGON's capital management is to manage the capital adequacy of its operating companies to high standards within leverage tolerances consistent with strong capitalization.

Capital adequacy

AEGON manages capital adequacy at the level of its country units and their operating companies. AEGON seeks to maintain its internal capital adequacy levels at the higher of local regulatory requirements, 165% of the relevant local Standard & Poor's capital adequacy models or internally imposed requirements. During 2003, the capital adequacy of AEGON's operating units continued to be strong. All of its units were capitalized within these tolerances. In the United States, at December 31, 2003, AEGON held 330% of the minimum capital required by the National Association of Insurance Commissioners.

Capital base

AEGON applies leverage tolerances to its capital base. The capital base reflects the capital employed in core activities and consists of shareholders' equity, capital securities and dated subordinated and senior debt. AEGON seeks to manage its capital base to comprise at least 70% shareholders' equity, between 5% and 15% capital securities, and a maximum of 25% dated subordinated and senior debt. At December 31, 2003, AEGON's leverage was within these prescribed tolerances: equity capital represented 71% of its total capital base, while senior and dated subordinated debt comprised 19% of its total capital base. Capital securities accounted for the remaining 10%. The ratio of shareholders' equity to total capital remains stable at approximately the same level as it was at year-end 2002.

AEGON manages currency risk related to its capital base using established currency risk policies. Capital employed in operating subsidiaries required to satisfy (local) regulatory and self-imposed capital requirements is kept in local currencies and is subject to currency movements when translated into euro for reporting purposes. The non-equity components of AEGON's capital base are held in or swapped into various currencies proportionally to the value of AEGON's activities in those currencies. Although AEGON's debt-to-total-capital ratio is accordingly not materially affected by currency volatility, currency fluctuations may affect the level of the capital base as a result of translation into euro.

Shareholders' equity

Shareholders' equity was EUR 14,132 million at December 31, 2003, compared to EUR 14,231 million at December 31, 2002. The decrease of EUR 99 million was largely due to the negative currency exchange rate difference of EUR 1,779 million (primarily resulting from the decline in the value of the US dollar compared to the euro), offset by net income of EUR 1,793 million before distribution of both preferred and common dividends. Goodwill charges of EUR 358 million, mainly as a result of the consolidation of the Meeùs Groep in the Netherlands, were largely offset by the gain on the sale of TFC's real estate tax services and flood hazard certification business units.

Debt funding and liquidity

AEGON's funding strategy continues to be based on assuring excellent access to international capital markets at low costs. As part of this strategy, AEGON aims to offer debt securities in amounts that are eligible for inclusion in major capital market indices and supports maintenance of liquid secondary markets in these securities by the banking community. This focus on the institutional fixed income investor base will continue to be supported by an active investor relations program to keep investors well informed about AEGON's strategy and results.

Most of AEGON's external debt is issued by the parent company, AEGON N.V., as well as two companies whose securities are guaranteed by AEGON N.V.

AEGON N.V. has employed its regular access to the capital markets through private placements issued under its USD 6 billion Euro Medium Term Notes Program and under separate US shelf registrations. AEGON's USD 2 billion Euro Commercial Paper Program and AEGON Funding Corp.'s USD 4.5 billion Euro Commercial Paper Program facilitate access to international and domestic money markets, when required. Additionally, AEGON utilizes a USD 300 million US Domestic Commercial Paper Program. AEGON maintains back-up credit facilities to support outstanding amounts under its Commercial Paper programs. Its committed credit facilities, provided by banks with strong credit quality, exceed USD 3 billion. In addition AEGON has access to various credit lines.

Internal sources of liquidity include distributions from operating subsidiaries on the basis of excess capital or cash and cash equivalents. Internal distributions may be subject to (local) regulatory requirements. Each business unit further manages its liquidity through closely managing the liquidity of its investment portfolio.

AEGON uses common derivative financial instruments such as swaps, options, futures and cross-currency derivatives to hedge against its exposures related to external borrowings. In general, the accounting treatment of the derivative mirrors the accounting treatment of the underlying financial instrument.

In the second quarter of 2003, in line with its funding strategy, AEGON N.V. issued EUR 1 billion of five year fixed rate notes, USD 750 million of ten year fixed rate notes and USD 250 million of two year floating rate notes to refinance maturing long-term and short-term debt. At December 31, 2003, AEGON N.V. had EUR 1.8 billion outstanding under its Medium Term Notes Program and EUR 1.6 billion under its Commercial Paper Programs.

The duration profile of AEGON's capital debt and interest rate structure is managed in line with the estimated duration of its investments in its subsidiaries. Of AEGON's total capital debt at December 31, 2003, approximately EUR 2.1 billion matures within three years, EUR 1.2 billion between three and five years, and EUR 2.4 billion thereafter. AEGON believes its working capital, backed by the external funding programs and facilities, is amply sufficient for the group's present requirements.

During 2003, Standard and Poor's lowered AEGON N.V.'s credit ratings and now rates AEGON's senior debt at A+ with a stable outlook. The insurance financial strength ratings of our insurance operations in the United States are now AA, with a stable outlook. Moody's maintained the senior debt rating of AEGON N.V. at A2, with a negative outlook, while the outlook on the Aa3 insurance financial strength ratings of our United States operations remained stable.

Management

The Company is managed by an Executive Board, the members of which are employed by AEGON N.V. The Executive Board is appointed by the general meeting of shareholders upon nomination by the Supervisory Board. The activities of the Executive Board are subject to the general supervision by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period.

Certain transactions affecting AEGON as a whole, such as the issuance or cancellation of shares, application for listing on a stock exchange, major acquisitions, major capital expenditures and all matters concerning substantial changes in employee relations require the approval of the Supervisory Board.

The members of the Supervisory Board are appointed and dismissed by the general meeting of shareholders. If appointment or dismissal is proposed other than upon nomination from the Supervisory Board, a resolution of the general meeting to that effect requires a 2/3 majority in a general shareholder's meeting representing more than half of AEGON's issued share capital. Members of the Supervisory Board are appointed for a maximum term of four years and may be re-appointed. However, members are no longer eligible for re-appointment if they reach the age of 70.

Set forth below is certain information concerning the members of the Executive and Supervisory Boards of the Company. The business address of each member of the Executive and Supervisory Boards is AEGON plein 50, 2591 TV, The Hague, The Netherlands.

Executive Board

Donald J. Shepard (1946), American nationality, started his career with Life Investors in 1970. Serving in various management and executive functions with Life Investors, he became Executive Vice-President and Chief Operating Officer in 1985, a position he held until AEGON consolidated its other US operations with Life Investors to form AEGON USA in 1989. He became a member of the Executive Board in 1992. In 2002 he became Chairman of the Executive Board of AEGON N.V..

Joseph B.M. Streppel (1949), Dutch nationality, started his career in 1973 at one of AEGON's predecessors in several treasury and investment positions. In 1986 he became CFO of FGH Bank and in 1987 he joined the Executive Board of FGH Bank. In 1991 he became CEO and Chairman of Labouchere and in 1995 also of FGH Bank. In 1998 he became CFO of AEGON N.V. Since May 2000 he has been a member of the Executive Board of AEGON N.V.

Johan G. van der Werf, (1952), Dutch nationality, started his career in 1973 as a First Officer in the Merchant Marine. In 1981 he joined one of the predecessors of AEGON as a district sales manager. From 1987 until 1992 he was chairman of the management board of Spaarbeleg and in 1992 he became a member of the management board of AEGON The Netherlands. In 2002 he became a member of the Executive Board of AEGON N.V. and CEO of AEGON The Netherlands.

Alexander R. Wynaendts (1960), Dutch nationality, started his career with AEGON in 1997 and was appointed Executive Vice-President Group Business Development in 1998. In the Executive Board he is responsible for business development and Asia. He is also member of the Boards of AEGON UK and La Mondiale Participations and of the Supervisory Boards of AEGON Hungary and AEGON Spain. Mr. Wynaendts has worked in the finance industry since 1984. In April 2003 he became member of the Executive Board of AEGON N.V.

Supervisory Board Members

M. Tabaksblat (1937), Chairman and Dutch nationality, is Chairman of Reed Elsevier plc and a retired Chairman and CEO of Unilever. He was appointed in 1990; his current term will end in 2005 after which he will not be available for re-election in order to comply with the Dutch Corporate Governance Code. He is also Chairman of the Supervisory Board of TNT Post Group and a member of the International Advisory Boards of Salomon Smith Barney (USA) and Renault Nissan (France). He is also a member of the Executive Committee of Vereniging AEGON. He is the Chairman of the Compensation, Nominating and the Strategy Committees.

D.G. Eustace (1936), British nationality, is Chairman of Smith & Nephew plc (London, UK) and former Vice-Chairman of Royal Philips Electronics. He was appointed in 1997. He is also a member of the Supervisory Boards of a number of Dutch companies, among which Royal KLM, Royal KPN and Board Member of Royal Ahold. He is the Chairman of the Audit Committee.

I.W. Bailey (1941), American nationality, has held the position of non-executive Chairman of the Board of AEGON USA Inc. He was President and Chief Executive Officer of Providian Corporation until 1997, the year in which AEGON acquired Providian. Mr. Bailey is currently managing director of Chrysalis Ventures, established in Louisville, USA, a venture capital company.

R. Dahan (1942), Dutch nationality, is Executive Vice-President and Director of Exxon Corporation. He was appointed in 2004, his current term will end in 2008. He is also member of the Supervisory Board of VNU, TPG and Ahold.

O.J. Olcay (1936), American nationality, is Vice-Chairman and Managing Director of Fischer, Francis, Trees and Watts, Inc. (New York, USA). He was appointed in 1993; his current term of office will end in 2004. He is Chairman of FFTW Funds Inc. in New York (USA), FFTW Funds Selection in Luxembourg and FFTW Funds in Dublin (Ireland). He is a member of the Nominating and Strategy Committees.

T. Rembe (1936), American nationality, is a partner of Pillsbury Winthrop LLP (San Francisco, USA). She was appointed in 2000; her current term will end in 2004. She is a member of the Board of Directors of Potlach Corporation (USA) and SBC Communications (USA). She is a member of the Audit Committee.

W.F.C. Stevens (1938), Dutch nationality, is a senator in the Dutch Parliament and a retired partner/senior counsel of Baker & McKenzie. He was appointed in 1997; his current term will end in 2005. He is a member of the Supervisory Boards of a number of Dutch companies, among which NIB Capital, Schiphol Groep and TBI Holdings. He is a member of the Compensation Committee.

K.J. Storm (1942), Dutch nationality, is a former Chairman of the Executive Board of AEGON. He was appointed in 2002; his current term will end in 2006. He is a Chairman of the Supervisory Boards of Royal Wessanen and Laurus and a member of the Supervisory Boards of Interbrew (Leuven, Belgium), Royal KLM and Pon Holdings.

P. Voser (1958), Dutch nationality, has, as of 1 October, assumed the role of Group Managing Director and Chief Financial Officer of the Royal Dutch/Shell Group of Companies.

L.M. van Wijk (1946), Dutch nationality, has held the position of Chief Executive Officer (CEO) at KLM Royal Dutch Airlines since 1997. He was appointed in 2003; his current term will end in 2007. Following the merger between Air France and KLM, Mr. Van Wijk is now President and Chief Executive Officer of KLM and Vice Chairman of Air France-KLM. Mr. Van Wijk is also a member of the Board of Directors of Northwest Airlines and of the Supervisory Boards of Randstad Holding, Martinair, TUI Nederland and 'Nederlands Bureau voor Tourisme'.

Capital and indebtedness

The following table sets forth the audited total consolidated capitalisation and indebtedness of AEGON N.V. at 31st December 2003.

amounts in million EUR	*31 December, 2003*	
Preferred shares[1]	56	
Common shares	182	
Surplus Funds	13.894	
Shareholders' equity		**14.132**
Perpetual cumulative subordinated loans	1.517	
Trust Pass-through Securities	408	
Capital securities		1.925
Subordinated (converted) debt		452
Senior debt allocated to insurance activities		3.288
Total capital base		**19.797**

1 Vereniging AEGON, based in The Hague, holds all the issued preferred shares.

COMMITMENTS AND CONTINGENCIES

AEGON N.V. has guaranteed and is severally liable for the following:

Due and punctual payment of payables due under Letter of Credit Agreements applied for by AEGON N.V. as co-applicant with its subsidiary companies AEGON USA, Inc., Commonwealth General Corporation and Transamerica Corporation (EUR 1.8 billion). At December 31, 2003, the amount due and payable was nil.

Due and punctual payment of payables by the consolidated group companies AEGON Funding Corp., AEGON Funding Corp. II and Transamerica Corporation with respect to bonds, capital trust pass-through securities and notes issued under commercial paper programs (EUR 5,031 million).

Due and punctual payment of payables by the non-consolidated group company Transamerica Finance Corporation with respect to:

a. debt securities issued under the following three indentures: the indenture with U.S. Bank National Association (successor in interest to Continental Illinois National Bank and Trust Company of Chicago) first dated March 15, 1981, as amended, and both indentures with BNY Midwest Trust Company (successor in interest to Harris Trust and Savings Bank) first dated July 1, 1982, and April 1, 1991, respectively, as amended (EUR 835 million); and

b. contractual obligations towards NCC Key Company as Owner Participant and U.S. Bank National Association (successor in interest to State Street Bank and Trust Company of Connecticut National Association) as Owner Trustee under a Participation Agreement dated December 30, 1996, (EUR 42 million).

With respect to the former subsidiary FGH BANK N.V. (sold to Hypo-Vereinsbank):

a. payables due to all unsubordinated and non-privileged creditors of FGH BANK on account of deeds prior to February 27, 1987, and loans contracted by FGH BANK after February 27, 1987, up to March 30, 1998; and

b. payables due by FGH BANK under guarantees rendered or several liabilities assumed prior to February 27, 1987.

The sales agreement with Hypo-Vereinsbank includes recourse against that bank for liabilities emerging from the above guarantees.

Commitments and Contingencies at 31 December, 2003

amounts in million EUR	*2003*
Investments contracted	
Real estate	(5)
Mortgage loans	392
Bonds and registered debentures:	
Purchase	–
Sale	(51)
Private placements	16
Other:	
Purchase	451
Sale	–

DERIVATIVES

AEGON uses common derivative financial instruments such as swaps, options, futures and cross-currency derivatives to hedge its exposures related to investments, liabilities and borrowings. In general, under Dutch accounting principles the accounting treatment of derivatives mirrors the accounting treatment of the underlying financial instrument. In the balance sheet, the book values of the derivatives are recognized under the captions of the related underlying financial instrument. Foreign currency amounts are converted at the year-end exchange rates. Realized and unrealized results on derivative financial instruments are recognized in the same period and likewise as the results of the related investments, liabilities and debt.

US GAAP requires that all derivatives, including embedded derivatives, be recognized as either assets or liabilities in the balance sheet and be measured at fair value. Derivatives that do not qualify for hedge accounting treatment under US GAAP must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through income or recognized in other comprehensive income and amortized to income when the hedged transaction impacts income. Any portion of a derivative's change in fair value determined to be ineffective at offsetting the hedged risk will be immediately recognized in income. An EUR 5 million loss on the total return swaps with Vereniging AEGON was included in 2003 net income in the line derivatives.

amounts in million EUR	*Notional amounts 2003*	*Market value 2003*	*Book value 2003*
Interest rate contracts			
Interest rate swaps	31.274	(115)	146
Swaptions	40	–	–
Caps/floors	312	14	3
Forward rate agreements	136	14	–
Other derivative contracts			
Cross currency swaps	5.730	622	596
Foreign exchange contracts	3.428	78	79
Equity swaps	2.004	(346)	36
Over-the-counter options	77	41	39
Credit derivatives	579	2	(2)
Exchange traded options/futures	1.380	15	(1)
Synthetic GICs	30.794	–	–

amounts in million EUR	*2003*
Collateral and Guarantees given to third parties	
Bonds and registered debentures	2.373
Ceded and securitized mortgage loans	5.091
Standby Letters of credit	964
Guarantees	287
Other Commitments	827
Other collateral and guarantees	559

OFF BALANCE SHEET ASSETS

As part of its core operations, AEGON concludes transactions and has relationships with institutional and retail customers for a variety of financial services. The return for these services is a fee related to the asset value, to the investment performance or to the risk exposure of the contract. The services include:

– management of investments for institutional investors and of mutual funds in the retail business;

– offering of synthetic GICs which guarantee to plan sponsors benefit responsiveness, whether or not in the form of annuities, in the event that qualified plan benefit requests exceed plan cash flows. The plan sponsor agrees to reimburse for such benefit payments with interest.

For all services the related assets are owned by the customers and therefore they do not appear on the balance sheet of AEGON. Total assets involved in these operations amount to EUR 63 billion (USD 79 billion), (2002: EUR 52 billion, USD 55 billion).

AEGON Levensverzekering N.V. completed two privately placed securitization programs in 2002 whereby the economic ownership of EUR 1.7 billion of aggregate mortgage receivables was conveyed to third parties. The transfer of the ownership title will take place upon notification of the borrowers by either AEGON or the third parties. The third parties have the right to notify the borrowers upon the occurrence of certain pre-defined 'notification events'. A first preferred 'silent' right of pledge on the mortgage receivables was given to the third parties. At the same time AEGON entered into a fixed-floating swap agreement with the contract parties under which AEGON agreed to pay the floating rate (EURIBOR based) and receive the fixed rate (scheduled yield from the mortgage receivables). Under both programs AEGON received the right to repurchase all of the mortgage receivables at a price equal to the then current portfolio market value of the receivables provided that AEGON simultaneously terminates the swap upon payment of the market value of the swap. For one program that right exists for the remainder of the term. The other program only allowed AEGON to repurchase the receivables between March 2003 and September 2003 and no longer permits AEGON this right.

AEGON Levensverzekering N.V. completed two publicly placed securitization programs in 2003 whereby the economic ownership of EUR 2.3 billion of aggregate mortgage receivables was conveyed to two special purpose companies. Both companies funded this purchase with the issue of mortgage backed securities. The transfer of the ownership title will take place upon notification of the borrowers by either AEGON or the special purpose companies. The special purpose companies have the right to notify the borrowers upon the occurrence of certain pre-defined ‘notification events’. A first preferred ‘silent’ right of pledge on the mortgage receivables was given to the special purpose companies. At the same time AEGON entered into a fixed-floating swap agreement with the contract parties under which AEGON agreed to pay the floating rate (EURIBOR based) and receive the fixed rate (scheduled yield from the mortgage receivables). For both programs, after a period of seven years, the interest of the notes, issued by the special purpose companies will step-up, together with a similar step-up in the fixed-floating swap agreement. At this time, the special purpose companies have the right to call the notes.

In 2003, one of the privately placed securitizations from 2002 was called by AEGON Levensverzekering N.V. and bought back at market value. AEGON Levensverzekering N.V. now has a total of three publicly placed and two privately placed securitization programs outstanding with a total size of EUR 5 billion.

LITIGATION

Banque Internationale à Luxembourg S.A. and Dexia Bank Belgium S.A. (Dexia) initiated legal proceedings against AEGON in connection with its acquisition in 2000 of Labouchere, at that time a subsidiary company of AEGON. Dexia alleges that AEGON made certain misrepresentations and breached some of the warranties contained in the purchase agreement. The alleged misrepresentations and breaches of warranties relate to the securities leasing products sold by Labouchere. Dexia’s claims include a claim for dissolution of the agreement and damages and, if honoured by the competent courts, may result in substantial damage to AEGON. AEGON has taken the view that the sale of Labouchere to Dexia constitutes a transaction between two large financial institutions that was duly effected and that Dexia’s allegations are without merit. In view thereof, and given that the amount of damages due in case any of the claims of Dexia would succeed cannot be determined, no provision has been made for these claims in the annual accounts for 2003.

AEGON and some of its subsidiaries and affiliates are involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. The outcome of litigation is, at times, unpredictable. It is management’s opinion, after consultation with legal counsel, that damages arising from such litigation will not have a material adverse effect on either the financial position or the results of operations.

RECENT DEVELOPMENTS

Caja de Ahorros del Mediterráneo (CAM) and AEGON have incorporated the holding for their strategic partnership. The partners have created a joint venture, which combines CAM’s significant customer reach through its banking network and AEGON’s expertise in life insurance and pensions. The new holding structure has become operational as per June 9, 2004. All the necessary regulatory approvals have been obtained.

On 9 July, 2004 Moody’s Investors Service, Inc. changed the rating outlook on AEGON N.V’s debt ratings to stable from negative.

On 15 July, 2004 AEGON N.V. issued the Original Securities.

On 12 August 2004 AEGON reported its first half year 2004 results. In the press release on these results information on accounting changes is provided. The relevant 2003 financial data have been adjusted to reflect these accounting changes for the purpose of comparability. This press release is incorporated in and is part of this Supplemental Offering Circular.

Consolidated balance sheets at December 31

In accordance with Dutch Accounting Principles

Amounts in millions

2003 USD	*2002 USD*		*Note number*	*2003 EUR*	*2002 EUR*
		Investments			
2,862	2,319	Real estate	1	2,266	2,211
3,643	3,729	Group companies and participations	2	2,884	3,556
150,164	134,615	Other financial investments	3	118,895	128,364
42	35	Deposits with ceding undertakings	4	33	33
156,711	**140,698**			**124,078**	**134,164**
126,412	**99,341**	Investments for account of policyholders	5	**100,089**	**94,728**
		Receivables			
3,189	2,218	Receivables out of direct insurance	6	2,525	2,115
1,136	586	Receivables out of reinsurance		899	559
1,373	1,194	Other receivables	7	1,087	1,138
5,698	**3,998**			**4,511**	**3,812**
		Other assets			
403	412	Equipment	8	319	393
2,077	1,664	Liquid assets	9	1,645	1,587
210	40	Other assets		166	38
2,690	**2,116**			**2,130**	**2,018**
		Prepayments and accrued income			
1,878	1,614	Accrued interest and rent		1,487	1,539
2,123	2,040	Other prepayments and accrued income	10	1,681	1,945
4,001	3,654			3,168	3,484
295,512	**249,807**	**Total assets**		**233,976**	**238,206**

2003 USD	2002 USD		Note number	2003 EUR	2002 EUR
17,849	**14,924**	Shareholders' equity	11	**14,132**	**14,231**
2,431	**2,106**	Capital securities	12	**1,925**	**2,008**
571	**646**	Subordinated loans	13	**452**	**616**
20,851	**17,676**	Equity and subordinated loans		**16,509**	**16,855**
		Technical provisions	14		
116,896	106,735	Life insurance		92,554	101,778
1,330	1,043	Unearned premiums and unexpired risks		1,053	995
2,834	2,428	Claims outstanding		2,244	2,315
386	319	Profit sharing and rebates		306	304
667	537	Other technical provisions		528	512
122,113	111,062	Gross		96,685	105,904
(3,554)	(3,136)	Reinsurers' share		(2,814)	(2,990)
118,559	**107,926**			**93,871**	**102,914**
		Technical provisions with investments for account of policyholders	15		
129,048	100,574	Gross		102,176	95,904
(2,636)	(1,233)	Reinsurers' share		(2,087)	(1,176)
126,412	**99,341**			**100,089**	**94,728**
2,214	**1,913**	Provisions	16	**1,753**	**1,824**
5,926	**4,044**	Long-term liabilities	17	**4,692**	**3,856**
29	**24**	Deposits withheld from reinsurers		**23**	**23**
		Current liabilities			
3,391	2,771	Payables out of direct insurance		2,685	2,642
591	380	Payables out of reinsurance		468	362
3,336	4,469	Amounts owed to credit institutions		2,641	4,262
7,144	6,674	Entrusted savings accounts and deposits		5,656	6,364
4,662	3,656	Other payables	18	3,691	3,486
19,124	**17,950**			**15,141**	**17,116**
2,397	**933**	Accruals and deferred income	19	**1,898**	**890**
295,512	**249,807**	**Total equity and liabilities**		**233,976**	**238,206**

Summarized consolidated income statements

In accordance with Dutch Accounting Principles
Amounts in millions (except for per share data)

2003 USD	*2002 USD*		*Note number*	*2003 EUR*	*2002 EUR*	*2001 EUR*
		Revenues				
22,020	20,220	Gross premiums		19,468	21,356	21,578
8,354	7,947	Investment income	22	7,386	8,394	9,318
1,381	926	Fees and commissions	23	1,221	978	615
401	394	Income from banking activities	24	354	416	384
32,156	**29,487**	**Total revenues**		**28,429**	**31,144**	**31,895**
		Benefits and expenses				
2,560	2,397	Premiums to reinsurers		2,263	2,532	1,859
12,333	11,693	Benefits to policyholders		10,904	12,350	11,916
7,169	7,029	Change in technical provisions	25	6,338	7,424	8,815
194	179	Profit sharing and rebates	26	171	189	248
6,093	4,935	Commissions and expenses	27	5,387	5,212	4,574
730	691	Interest charges		645	730	862
649	812	Miscellaneous income and expenditure	29	574	858	378
29,728	**27,736**	**Total benefits and expenses**		**26,282**	**29,295**	**28,652**
2,428	1,751	Income before tax		2,147	1,849	3,243
(647)	(334)	Corporation tax	31	(572)	(353)	(918)
247	48	Net income unconsolidated group companies	32	218	51	72
2,028	**1,465**	**Net income**		**1,793**	**1,547**	**2,397**
1.30	0.98	Net income per share[1]	33	1.15	1.04	1.70
1.30	0.98	Net income per share fully diluted[1]	33	1.15	1.04	1.69

1. Adjusted for stock dividend

Consolidated cash flow statements

In accordance with Dutch Accounting Principles
Amounts in millions

2003 USD	*2002 USD*		*2003 EUR*	*2002 EUR*	*2001 EUR*
		Cash flow from operating activities			
2,028	1,465	Net income	1,793	1,547	2,397
8,268	4,024	Increase technical provisions net of reinsurance	7,310	4,250	9,820
21,002	26,907	Annuity, GIC and funding agreement deposits	18,568	28,419	26,381
(17,421)	(17,297)	Annuity, GIC and funding agreement repayments	(15,402)	(18,269)	(19,059)
58	(736)	Change in provisions	51	(777)	(488)
1,955	1,749	Amortization of policy acquisition costs	1,728	1,848	1,422
81	80	Amortization of interest rate rebates	72	84	102
131	95	Depreciation of equipment	116	100	79
1,069	2,176	Change in current liabilities	945	2,299	734
(801)	(87)	Change in entrusted funds	(708)	(92)	1,257
(2,418)	(2,733)	Deferred policy acquisition costs	(2,138)	(2,887)	(2,558)
(43)	(47)	Interest rate rebates granted	(38)	(50)	(94)
(1,175)	(43)	Change in receivables	(1,039)	(45)	(904)
12,734	**15,553**		**11,258**	**16,427**	**19,089**
		Cash flow from investing activities			
		Invested and acquired			
(2,068)	(3,234)	Real estate and shares	(1,828)	(3,416)	(3,980)
(580)	(1,081)	Shares of group companies and subsidiaries	(513)	(1,142)	(1,673)
(109,609)	(95,210)	Other investments	(96,905)	(100,560)	(89,966)
(110)	(153)	Equipment	(97)	(162)	(194)
		Disposed and redeemed			
1,905	3,770	Real estate and shares	1,684	3,982	3,335
718	299	Shares of group companies and subsidiaries	635	316	1,166
102,347	84,990	Other investments	90,484	89,766	78,254
9	11	Equipment	8	12	11
(714)	(718)	Indirect return real estate and shares	(631)	(758)	(723)
(4,875)	(3,980)	Change in investments for account of policyholders	(4,310)	(4,204)	(6,961)
(677)	(61)	Other movements	(599)	(65)	(335)
(13,654)	**(15,367)**		**(12,072)**	**(16,231)**	**(21,066)**
		Cash flow from financing activities			
1,165	(747)	Change in subordinated and other long-term loans	1,030	(789)	1,107
21	0	Repurchased and sold own shares	19	0	(21)
0	0	Issuance of common shares	0	0	1,685
0	1,944	Paid in capital / withdrawal preferred shares	0	2,053	0
0	(1)	Change in deposits withheld from reinsurers	0	(1)	29
0	0	Options exercised	0	0	3
0	(6)	Cash settlement stock options	0	(6)	(71)
-	-	Cash settlement subordinated convertible loan	-	-	(68)
(200)	(695)	Dividend paid	(177)	(734)	(544)
986	**495**		**872**	**523**	**2,120**
66	**681**	Change in liquid assets	**58**	**719**	**143**
1.1311	0.9468	Translation rate EUR/USD: weighted average exchange rate			

The cash flow statement has been set up according to the indirect method. Only those changes affecting liquid assets have been taken into account. The effects of revaluation and currency exchange rate differences have therefore not been included. Currency exchange rate differences had a significant negative impact on liquid assets denominated in foreign currencies.

SUPPLEMENTAL GENERAL INFORMATION

Authorisation

1. The issue of the Additional Securities was duly authorised by a resolution of the Executive Board of the Issuer dated 9 September, 2004.

Listing

2. Application has been made to list the Additional Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V.

Clearing Systems

3. The Additional Securities have been accepted for clearance through Euroclear Netherlands. Prior to the Consolidation Date the temporary ISIN Code for the issue of the Additional EUR Capital Securities is NL0000116283 and for the issue of the Additional USD Capital Securities is NL0000116291 and the temporary Amsterdam Securities Code (*fondscode*) for the Additional EUR Capital Securities is 116283 and for the USD Capital Securities is 116291 and the temporary Common Code for the Additional EUR Capital Securities is 020211202 and for the Additional USD Capital Securities is 020230444.

   After the Consolidation Date, the ISIN Codes, the Amsterdam Securities Codes and the Common Codes for the Additional Securities will be the same as the relevant ISIN Codes, the Amsterdam Securities Codes and the Common Codes in respect of the Original Securities.

No material adverse change

4. Since 31 December, 2003 there has been no material adverse change in the financial position of the Issuer other than set out in this Offering Circular.

Auditors

5. Ernst &Young Accountants have acted as the auditors of the annual accounts of the Issuer for the financial years ending 31 December, 2001, 2002 and 2003 respectively.

Use of Proceeds

6. The net proceeds of the issue of the Additional Securities, amounting to approximately euro 441,000,000 and USD 245,000,000, will be applied by the Issuer for its general corporate purposes. The total net proceeds of the Original Securities and the Additional Securities equal an amount of euro 931,000,000 and USD 490,000,000.

Documents available

7. Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Fiscal and Paying Agent for the time being as long as any of the Additional Securities remains outstanding:

   (a) the English translation of the Articles of Association (*statuten*) of the Issuer;

   (b) the audited financial statements of the Issuer (in English) in respect of the years ended 31 December, 2001, 2002 and 2003;

   (c) copies of the Offering Circular and the Supplemental Offering Circular;

   (d) copies of the Trust Deed and the Agency Agreement;

   (e) copies of the Supplemental Trust Deed and the Supplemental Agency Agreement;

(f) the 1983 Merger Agreement between the Issuer and Vereniging AEGON as amended by agreement dated 26 May, 2003; and

(g) the Preferred Shares Voting Rights Agreement between the Issuer and Vereniging AEGON dated 26 May, 2003.

U.S. Tax Legend

8. the Additional Securities will carry a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of an Additional Capital Security.

Subscription

9. Under a subscription agreement entered into by the Issuer on 13 October 2004 (the "**EUR Subscription Agreement**"), ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and ING Bank N.V. (together the "**EUR Managers**") have agreed to subscribe for the Additional EUR Capital Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the EUR Managers a combined management, underwriting and selling commission of 2 per cent. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

   Under a subscription agreement entered into by the Issuer on 13 October 2004 (the "**Subscription Agreement**"), ABN AMRO Bank N.V., BNP Paribas, Citigroup Global Markets Limited and HSBC Bank Plc (together the "**USD Managers**") have agreed to subscribe for the Additional USD Capital Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the USD Managers a combined management, underwriting and selling commission of 2 per cent. The USD Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

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