

In August 2010, the agreement between AEGON and the Dutch State on repurchase of the securities and the subsequent repayment of the loan was adjusted. As of December 1, 2010 and on a date no later than June 30, 2011, AEGON had the right to repurchase all of the securities at a purchase price equal to EUR 6.00 per security and no interest would be payable. After June 30, 2011 AEGON could at any time repurchase the remaining securities on the terms and conditions as determined in the agreement of with the Dutch State in December 2008.

GOVERNANCE

The additional core capital could be used for general corporate purposes in the ordinary course of business; investments chargeable to the additional capital in excess of EUR 300 million outside the European Union required prior approval from the Dutch Central Bank. The transaction did not affect AEGON's ownership structure. Vereniging AEGON continued to be AEGON's major shareholder with the same voting rights as prior to the transaction (for further details on Vereniging AEGON please refer to the "Major Shareholder" section of this Annual Report). The Dutch State did not have voting rights at the General Meeting of Shareholders as a result of the transaction.

As part of the transaction, the Supervisory Board committed to nominate two representatives as proposed by the Dutch State to the General Meeting of Shareholders for appointment on AEGON's Supervisory Board and its Committees as long as less than three quarters of the loan facility has been redeemed. To this end, Karla Peijs, who already was a member of the Supervisory Board, and Arthur Docters van Leeuwen were proposed by the Dutch State as State representatives and appointed by the General Meeting of Shareholders on April 22, 2009. Ms. Peijs is a member of the Compensation and Nominating Committees and Mr. Docters van Leeuwen, formerly head of the Dutch financial markets regulator AFM, was a member of AEGON's Audit Committee. Following completion of the full repayment of the loan to the Dutch State, Mr Docters van Leeuwen resigned as member of the Supervisory Board with effect of 31st July 2011. Copies of the transaction agreements with the Dutch State are available on www.aegon.com.

EUROPEAN COMMISSION APPROVAL OF STATE SUPPORT

In August 2010 the European Commission approved the capital support obtained from the Dutch State at the height of the global financial crisis. The Commission gave its approval for the state support, but imposed a number of conditions on the company, which will remain in place until the support is fully repaid. These conditions include both structural measures and temporary behavioral constraints.

The behavioral constraints expired with the full repurchase of the core capital securities and repayment of the Dutch State on June 15, 2011. The structural measures that remain in force include a reduction of the total U.S. general account assets, full delta hedging of the U.S. variable annuity guaranteed minimum income benefit back book, improvement of the ratio of consolidated shareholders' equity to total equity base to at least 75% by December 2012 and acceleration of the run-off of certain portfolios, and selling or putting into run-off AEGON's UK bulk purchase annuity business.

EXCHANGE CONTROLS

There are no legislative or other legal provisions currently in force in the Netherlands or arising under AEGON's Articles of Association restricting remittances to holders of AEGON's securities that are not resident in the Netherlands. Cash dividends payable in euros on AEGON's common shares may be officially transferred from the Netherlands and converted into any other convertible currency.

TAXATION

I TAXATION IN THE NETHERLANDS

This section describes the material tax consequences that will generally apply to holders of AEGON's common shares under Dutch tax law, Dutch tax treaties, published case law, regulations and judicial interpretations thereof, in each case as in force and in effect as of the date hereof. This description is subject to changes in Dutch law including changes that could have retroactive effect. No assurance can be given that authorities or courts in the Netherlands, the European

Court of Justice ("ECJ") or the European Free Trade Association Court ("EFTA Court") will agree with the description below. Not every potential tax consequence of such investment under the laws of the Netherlands will be addressed and the description below should not be read as extending by implication to matters not specifically referred to herein. Each holder or prospective investor should therefore consult their own tax advisor with respect to the tax consequences in relation to the acquiring, owning and disposing of AEGON's common shares.

DUTCH TAXATION OF RESIDENT SHAREHOLDERS

The description of certain Dutch taxes set out in this section "Dutch Taxation of Resident Shareholders" is only intended for the following investors:

- a. individuals who are resident or deemed to be resident in the Netherlands and, with respect to personal income taxation, individuals who opt to be taxed as a resident of the Netherlands for purposes of Dutch taxation and who invest in AEGON's common shares ("Dutch Individuals"), excluding individuals:
 - i. who derive benefits from AEGON's common shares that are taxable as "benefits from miscellaneous activities", which includes activities that exceed normal active portfolio management;
 - ii. for whom AEGON's common shares or any payment connected therewith may constitute employment income; or
 - iii. who have a substantial interest, or a deemed substantial interest, in us; and
- b. corporate entities (including associations which are taxed as corporate entities) that are resident or deemed to be resident in the Netherlands for purposes of Dutch taxation and who invest in AEGON's common shares ("Dutch Corporate Entities"), excluding:
 - i. corporate entities that are not subject to Dutch corporate income tax;
 - ii. pension funds and other entities that are exempt from Dutch corporate income tax or are exempt from Dutch corporate income tax upon request;
 - iii. corporate entities that hold common shares, the benefits derived from which are exempt under the participation exemption (as laid down in the Dutch Corporate Income Tax Act 1969); and
 - iv. investment institutions as defined in section 28 of the Dutch Corporate Income Tax Act 1969.

With respect to (a)(iii) above, generally, an individual who holds common shares will have a substantial interest if he or she holds or is deemed to hold, alone or together with his or her partner, whether directly or indirectly, the ownership of, or certain other rights relating to, shares representing 5% or more of AEGON's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of AEGON's total existing issued and outstanding capital or the existing issued and outstanding capital of any class of AEGON's shares (without taking into account the potential increase in the issued and outstanding capital in case of exercising rights to acquire newly issued shares), or the ownership of certain profit participating certificates that relate to 5% or more of AEGON's annual profit and/or to 5% or more of AEGON's liquidation proceeds. A holder of common shares will also have a substantial interest in us if, he or she on their own account does not have a substantial interest, but certain relatives (including foster children) of that holder or of his or her partner have a substantial interest in us. If a holder of common shares does not have a substantial interest, a deemed substantial interest will be present if (part of) a substantial interest has been disposed of, by this holder, or is deemed to have been disposed of, on a non-recognition basis.

With respect to (b)(iii) above, generally, the participation exemption will apply if the shareholding interest represents at least 5% of the nominal paid up capital (or, under certain conditions, 5% of the voting rights) of the company concerned.

Where this summary refers to a holder of shares, such reference is restricted to a holder holding legal title to, as well as an economic interest in, such shares.

PERSONAL AND CORPORATE INCOME TAX

Dutch Individuals not engaged or deemed to be engaged in an enterprise.

Generally, a Dutch Individual who holds common shares that are not attributable to an enterprise from which it derives profits as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, will be subject to a fictitious yield tax. Irrespective of the actual income and/or capital gains, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under such regime including, as the case may be, AEGON's common shares, is set at a fixed percentage. This percentage is 4% of the fair market value of these assets and liabilities at the beginning of every calendar year (minus a tax-free amount). The tax rate applicable under the fictitious yield tax is 30%.

Dutch Individuals engaged or deemed to be engaged in an enterprise and Dutch Corporate Entities.

Any benefits derived or deemed to be derived from AEGON's common shares (including any capital gains realized on the disposal thereof) that are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), are generally subject to personal income tax in its hands. Any benefits derived or deemed to be derived from AEGON's common shares (including any capital gains realized on the disposal thereof) that are held by a Dutch Corporate Entity are generally subject to corporate income tax in its hands.

WITHHOLDING TAX

Dividend distributions are subject to a withholding tax imposed by the Netherlands at a rate of 15%. The concept "dividends we distribute" used in this section includes, but is not limited to:

- Direct or indirect distributions in cash or in kind, deemed and constructive distributions, and (partial) repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes.
- Liquidation proceeds in excess of the qualifying average paid-in capital for Dutch dividend withholding tax purposes.
- Consideration for the redemption of AEGON's common shares, or, as a rule, consideration for the repurchase of common shares by us (including a purchase by one of AEGON's direct or indirect subsidiaries) in excess of the qualifying average paid-in capital of these specific class of shares for Dutch dividend withholding tax purposes, unless such repurchase is made for temporary investment purposes or is exempt by law.
- The par value of common shares issued to a holder of AEGON's common shares or an increase of the par value of common shares (unless distributed out of qualifying paid-in capital for Dutch dividend withholding tax purposes), to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- Partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that we have (cumulative) net profits, or can expect to derive such profits (anticipated profits), unless:
 - a general meeting of AEGON's shareholders has resolved in advance to make such repayment; and
 - prior to the repayment the par value of AEGON's common shares concerned has been reduced by an equal amount by way of an amendment of AEGON's articles of association.

Dutch Individuals and Dutch Corporate Entities can generally credit the withholding tax against their personal income tax or corporate income tax liability and are generally entitled to a refund of dividend withholding taxes exceeding their aggregate personal income tax or corporate income tax liability, unless such individual or such entity is not the beneficial owner of the dividend.

Based on a legal provision, a recipient of dividends will not be considered the beneficial owner thereof if as a consequence of a combination of transactions:

- A person other than the recipient wholly or partly benefits from the dividends.
- The recipient is entitled to a larger reduction or refund of withholding tax than such person; and
- Such person retains, whether directly or indirectly, an interest in the shares on which the dividends were paid comparable with his position in similar shares before such combination of transactions.

The term combination of transactions includes the sole acquisition of one or more dividend coupons and the establishment of short-term rights of enjoyment on common shares, while the transferor retains the ownership of AEGON's common shares. The provisions apply to the transfer of AEGON's common shares and dividend coupons and also to transactions that have been entered into in the anonymity of a regulated stock market.

Currently we may, with respect to certain dividends received from qualifying non-Netherlands subsidiaries, credit taxes withheld from those dividends against the Netherlands withholding tax imposed on certain qualifying dividends that are redistributed by us, up to a maximum of the lesser of:

- 3% of the amount of the qualifying dividends redistributed by us; and
- 3% of the gross amount of certain qualifying dividends received by us.

The reduction is applied to the Dutch dividend withholding tax that we must pay to the Dutch tax authorities and not to the Dutch dividend withholding tax that we must withhold.

GIFT AND INHERITANCE TAXES

A liability to gift tax will arise in the Netherlands with respect to an acquisition of AEGON's common shares by way of a gift when the gift is made by an individual who is resident in the Netherlands or a corporate entity that is a tax resident of the Netherlands. A liability to inheritance tax will arise in the Netherlands with respect to an acquisition or deemed acquisition of AEGON's common shares by way of an inheritance or bequest on the death of an individual who is resident in the Netherlands.

For purposes of Dutch gift and inheritance taxes, an individual who holds Dutch nationality will, inter alia, be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

DUTCH TAXATION OF NON-RESIDENT SHAREHOLDERS

This section describes certain Dutch tax consequences for a holder of common shares who is neither resident nor deemed to be resident in the Netherlands (a "Non-Resident Shareholder"). This section does not describe the tax consequences for Non-Resident Shareholders that hold AEGON's common shares as a participation under the participation exemption as laid down in the Dutch Corporate Income Tax Act 1969.

It is noted that a Non-Resident Shareholder will not become resident, or be deemed to become resident, in the Netherlands solely as a result of holding AEGON's common shares, or of the performance, execution, delivery and/or enforcement of rights in respect of AEGON's common shares; provided that no Non-Resident Shareholder holds a substantial interest (aanmerkelijk belang) within the meaning of Chapter 4 of the Individual Income Tax Act 2001 in us.

Taxes on income and capital gains

A Non-Resident Shareholder will not be subject to any Dutch taxes on income in respect of dividends we distribute (other than withholding tax described below) or in respect of any capital gain realized on the disposal of AEGON's common shares, provided that:

- Such Non-Resident Shareholder does not derive profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a (deemed) permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative, as the case may be, AEGON's common shares are attributable.
- Such Non-Resident Shareholder does not have a substantial interest or a deemed substantial interest in us, or, if such holder does have such an interest, it forms part of the assets of an enterprise.

- If such Non-Resident Shareholder is an individual, the benefits derived from the shares are not taxable in the hands of such holder as a “benefit from miscellaneous activities” in the Netherlands, which includes activities that exceed normal active portfolio management.
- Such Non-Resident Shareholder is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise AEGON’s common shares or payments in respect of AEGON’s common shares are attributable.
- Such Non-Resident Shareholder does not carry out and has not carried out employment activities in the Netherlands, does not serve and has not served as a director or a board member of an entity resident in the Netherlands and does not serve and has not served as civil servant of a Dutch public entity with which the holding of or income derived from AEGON’s common shares is connected; and
- If such Non-Resident Shareholder is an individual, he or she does not opt to be taxed as a resident of the Netherlands for purposes of Dutch taxation.

See the section “Dutch Taxation of Resident Shareholders” for a description of the circumstances under which your common shares form part of a substantial interest or may be deemed to form part of a substantial interest in us. It is noted that both non-resident individuals and non-resident corporate entities can hold a substantial interest.

Withholding tax

Dividends we distribute are subject to a withholding tax imposed by the Netherlands at a rate of 15%, unless reduced under a relevant tax treaty. Reference is made to the section “Dutch Taxation of Resident Shareholders-Withholding tax” for a description of the concept “dividends we distribute”.

Entities that are resident of a country which is a member of the European Union and that qualify for the application of the EU Parent Subsidiary Directive are eligible for an exemption of dividend withholding tax, provided certain conditions are met (one of the conditions is that the parent company that is resident in the European Union must have a shareholding of at least 5%).

Subject to certain conditions, a legal entity resident in a member state of the European Union, that is not subject to a profit based tax in that member state, and, should that entity be a resident in the Netherlands, would not be subject to Dutch corporate income tax, is entitled to a refund of the Dutch dividend withholding tax withheld.

For certain other legal entities resident in a member state of the European Union that, should that entity be a resident in the Netherlands, would not be subject to Dutch corporate income tax, it may be a breach of the European freedom of capital that they are not entitled to a refund of the Dutch dividend withholding tax withheld.

If a holder of common shares, whether an individual or an entity, is resident in a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and the holder is a qualifying resident for purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund (in whole or in part) of the Dutch dividend withholding tax.

In the section “Dutch Taxation of Resident Shareholders-Withholding tax”, certain legislation is discussed regarding the beneficial ownership of dividends. This legislation may also be applied to deny reduction or a refund of Dutch dividend withholding tax under double taxation conventions or the EU Parent Subsidiary Directive.

Currently we may, with respect to certain dividends received from qualifying non-Netherlands subsidiaries, credit taxes withheld from those dividends against the Netherlands withholding tax imposed on certain qualifying dividends that are redistributed by us, up to a maximum of the lesser of:

- 3% of the amount of the qualifying dividends redistributed by us; and
- 3% of the gross amount of certain qualifying dividends received by us.

The reduction is applied to the Dutch dividend withholding tax that we must pay to the Dutch tax authorities and not to the Dutch dividend withholding tax that we must withhold.

Both the EFTA Court as well as the ECJ issued judgments concerning outbound dividend payments to foreign shareholders. According to both courts, it is a breach of the European freedom of capital and the freedom of establishment to treat outbound dividend payments less favorably than dividend payments to domestic shareholders. As of January 1, 2007, in general, dividend payments to certain qualifying EU and Iceland and Norway resident corporate shareholders are treated the same as dividend payments to certain qualifying Dutch resident corporate shareholders. Dividend payments to corporate shareholders residing outside the EU are, in general, still treated less favorably as opposed to dividend payments to certain qualifying Dutch resident corporate shareholders. The above stated court cases may have significant implications for certain non-EU resident shareholders that receive dividends that are subject to Netherlands dividend withholding tax (i.e. the aforementioned different treatment may be a breach of the European freedom of capital).

Although the freedom of capital generally also applies to capital movements to and from third countries, such as the United States, it cannot be ruled out that the freedom of capital movements to and from third countries must be interpreted more stringent as opposed to the freedom of capital movements to and from EU member states. Furthermore, the freedom of capital movements to and from third countries is generally subject to grandfathering (stand still) provisions in the Treaty on the functioning of the European Union (i.e. the restriction of the freedom of capital movements is allowed if these stand still provisions apply). However, based on case law of the ECJ and the Netherlands Supreme Court it may be held that these stand still provisions do not apply in the specific case of claiming a refund of the Netherlands dividend withholding tax by a shareholder who did not acquire AEGON's shares with a view to establishing or maintaining lasting and direct economic links between us and the shareholder which allow the shareholder to participate effectively in the management of the company or in its control.

Especially the following non-EU resident, non-Iceland and non-Norway shareholders may be affected and may as a result be entitled to a refund of Netherlands dividend withholding tax:

- Legal entities that could have invoked the participation exemption with respect to the dividends received in case they would have been a resident of the Netherlands for tax purposes. In general, the participation exemption applies in case of shareholdings of 5% or more. In case of legal entities resident in the Netherlands, in effect no Dutch dividend withholding tax is due with respect to dividends on shareholdings that apply for the participation exemption.
- Legal entities not subject to a profit based tax in their country of residence that, should that entity be a resident in the Netherlands, would not be subject to Dutch corporate income tax and that would, because of this, be eligible for a refund of the Dutch dividend withholding tax withheld at their expense.
- Legal entities that, if they had been based in the Netherlands, would not have been subject to corporate income tax and that would, because of this, be eligible for a refund of dividend withholding tax withheld at their expense.
- Individuals if the shares do not belong to the assets of a business enterprise or do not belong to a substantial interest.

In case such an individual would have been a resident of the Netherlands, the dividend as such would not be subject to individual income tax. Instead, the individual would be taxed on a deemed income, calculated at 4% of his average net equity, whereas the dividend tax withheld would have been credited in full against the individual income tax due. Residents of the United States that qualify for, and comply with the procedures for claiming benefits under, the income tax convention between the Netherlands and the United States (the "US/NL Income Tax Treaty") may, under various specified conditions, be eligible for a reduction of the dividend withholding tax rate from 15% to 5% if the beneficial owner is a company which holds directly at least 10% of AEGON's voting power. The US/NL Income Tax Treaty provides, subject to certain conditions, for a complete exemption from, or refund of, Dutch dividend withholding tax for dividends received by exempt pension trusts and exempt organizations, as defined therein.

Subject to compliance with the procedures for claiming benefits, a holder of common shares will generally qualify for benefits under the US/NL Income Tax Treaty, if the holder:

- Is the beneficial owner of the dividends paid on AEGON's common shares.
- Is resident in the United States according to the US/NL Income Tax Treaty.
- Is not restricted in claiming the benefits of the US/NL Income Tax Treaty under article 26 of the US/NL Income Tax Treaty ("limitation on benefits").
- Does not carry on business in the Netherlands through a permanent establishment of which AEGON's common shares form part of the business property.
- Does not perform independent personal services from a fixed base in the Netherlands to which the holding of AEGON's common shares pertains; and is an individual, an exempt pension trust or exempt organization as defined in the US/NL Income Tax Treaty, an estate or trust whose income is subject to US taxation as the income of a resident, either in its hands or in the hands of its beneficiaries, or a corporation that is not excluded from treaty benefits under the limitation on benefits provision of the US/NL Income Tax Treaty.

Gift and inheritance taxes

No liability for gift or inheritance taxes will arise in the Netherlands with respect to an acquisition of AEGON's common shares by way of a gift by, or on the death of, a Non-Resident Shareholder, unless a gift of AEGON's common shares was made by an individual who at the time of the gift was a Non-Resident Shareholder, such individual dies within 180 days after the date of the gift while (at the time of his death) being resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift and inheritance tax, an individual who holds Dutch nationality will, inter alia, be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Furthermore, in exceptional circumstances the deceased or the donor will be deemed to be a resident in the Netherlands for purposes of Dutch gift and inheritance taxes if the heirs jointly, or the recipient of the gift, as the case may be, elect the deceased or the donor, as the case may be, to be treated as a resident of the Netherlands for purposes of Dutch gift and inheritance taxes.

Other Taxes and Duties

No Dutch capital contribution tax, registration tax, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by the investors in respect of or in connection with the subscription, issue, placement, allotment or delivery of AEGON's common shares.

Value Added Tax

No Dutch value added tax will arise in respect of payments in consideration for the acquisition or the disposition of AEGON's common shares, or in respect of payments by us under AEGON's common shares.

II TAXATION IN THE UNITED STATES

This section describes certain US Federal income tax consequences to beneficial holders of common shares that are held as capital assets. This section does not address all US Federal income tax matters that may be relevant to a particular holder. Each investor should consult their tax advisor with respect to the tax consequences of an investment in the common shares. This section does not address tax considerations for holders of common shares subject to special tax rules including, without limitation, the following:

- Financial institutions
- Insurance companies
- Dealers or traders in securities or currencies
- Tax-exempt entities
- Regulated investment companies

- Persons that will hold the common shares as part of a “hedging” or “conversion” transaction or as a position in a “straddle” or as part of a “synthetic security” or other integrated transaction for US Federal income tax purposes.
- Holders that own (or are deemed to own for US Federal income tax purposes) 10% or more of the voting shares of AEGON.
- Partnerships or pass-through entities or persons who hold common shares through partnerships or other pass-through entities; and
- Holders that have a “functional currency” other than the US dollar.

Further, this section does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of common shares. This section also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the Federal income tax laws of the US Federal government.

This section is based on the US Internal Revenue Code of 1986, as amended, US Treasury regulations and judicial and administrative interpretations, in each case as in effect and available on the date of this Annual Report. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

For the purposes of this section, a “US holder” is a beneficial owner of common shares that is, for US Federal income tax purposes:

- A citizen or individual resident of the United States;
- A corporation created or organized in or under the laws of the United States or any state of the United States (including the District of Columbia);
- An estate, the income of which is subject to US Federal income taxation regardless of its source; or
- A trust, if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of the substantial decisions of such trust.

A non-US holder is a beneficial owner of common shares that is not a US holder.

TAX CONSEQUENCES TO US HOLDERS

DISTRIBUTIONS

The gross amount of any distribution (including any amounts withheld in respect of Dutch withholding tax) actually or constructively received by a US holder with respect to common shares will be taxable to the US holder as a dividend to the extent of AEGON’s current and accumulated earnings and profits as determined under US Federal income tax principles. Such dividends will not qualify for the dividends received deduction otherwise allowable to corporations. Distributions in excess of current and accumulated earnings and profits are treated under US tax law as non-taxable return of capital to the extent of the US holder’s adjusted tax basis in the common shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the US holder as capital gain from the sale or exchange of property. However, AEGON does not maintain calculations of its earnings and profits under US Federal income tax principles. Therefore, US holders of AEGON shares will generally be taxed on all distributions as dividends, even if some portion of the distributions might otherwise be treated as a non-taxable return of capital or as capital gain if the amount of US earnings and profits was known. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution.

Certain “qualified dividend income” received by individual US holders is taxed at a maximum income tax rate of 15%. Only dividends received from US corporations or from a “qualified foreign corporation” and on shares held by an individual US holder for a minimum holding period (generally, 61 days during the 121-day period beginning 60 days before the ex-dividend date) can qualify for this reduced rate. AEGON is eligible for benefits under the comprehensive income tax treaty between the Netherlands and the US; therefore, AEGON should be considered a “qualified foreign corporation” for this purpose. Accordingly, dividends paid by AEGON to individual US holders on shares held for the minimum holding period may qualify for a reduced income tax rate. Under recently enacted legislation the reduced rates applicable to “qualified dividend income” are currently scheduled to expire on December 31, 2012, unless further extended by Congress. Each US holder should consult their tax advisor regarding the reduced rate.

Distributions paid in currency other than US dollars (a “foreign currency”), including the amount of any withholding tax thereon, must be included in the gross income of a US holder in an amount equal to the US dollar value of the foreign currency calculated by reference to the exchange rate in effect on the date of receipt. This is the case regardless of whether the foreign currency is converted into US dollars. If the foreign currency is converted into US dollars on the date of receipt, a US holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend. If the foreign currency received in the distribution is not converted into US dollars on the date of receipt, a US holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss.

Dividends received by a US holder with respect to common shares will be treated as foreign source income for foreign tax credit limitation purposes. Subject to certain conditions and limitations, any Dutch income tax withheld on dividends may be deducted from taxable income or credited against a US holder’s Federal income tax liability. The limitation on foreign taxes eligible for the US foreign tax credit is calculated separately with respect to “passive category income” and “general category income”. Dividends distributed by AEGON generally will constitute “passive category income”, or, in the case of certain US holders, “financial services income”, which is treated as general category income. Each US holder should consult their tax advisor regarding the availability of the foreign tax credit under their particular circumstances.

The amount of the qualified dividend income paid by AEGON to a US holder that is subject to the reduced dividend income tax rate and that is taken into account for purposes of calculating the US holder’s US foreign tax credit limitation must be reduced by the “rate differential portion” of such dividend (which, assuming a US holder is in the highest income tax bracket, would generally require a reduction of the dividend amount by approximately 57.14%). Each US holder should consult their tax advisor regarding the implications of the rules relating to qualified dividend income on the calculation of US foreign tax credits under their particular circumstances.

In general, upon making a distribution to shareholders, AEGON is required to remit all Dutch dividend withholding taxes to the Dutch tax authorities. The full amount of the taxes so withheld should (subject to certain limitations and conditions) be eligible for the US holder’s foreign tax deduction or credit as described above. Investors are urged to consult their tax advisors regarding the general creditability or deductibility of Dutch withholding taxes.

AEGON generally affords shareholders an option to receive dividend distributions in cash or in stock. A distribution of additional common shares to US holders with respect to their common shares that is made pursuant to such an election will generally be taxable in the same manner as a cash dividend under the rules described above.

Sale or Other Disposition of Shares

Upon the sale or exchange of common shares, a US holder will generally recognize gain or loss for US Federal income tax purposes on the difference between the US dollar value of the amount realized from such sale or exchange and the tax basis in those common shares. This gain or loss will be a capital gain or loss and will generally be treated as from sources within the United States. Investors should consult their tax advisors with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that have held the common shares for more than one year) and capital losses (the deductibility of which is subject to limitations).

If a US holder receives foreign currency upon a sale or exchange of common shares, gain or loss, if any, recognized on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into US dollars on the date received by the US holder, the US holder generally should not be required to recognize any gain or loss on such conversion.

Passive Foreign Investment Company Considerations

Based on the nature of AEGON's gross income, the average value of AEGON's gross assets, and the active conduct of AEGON's insurance business, AEGON does not believe that it could be classified as a Passive Foreign Investment Company ("PFIC"). If AEGON were treated as a PFIC in any year during which a US holder owns common shares, certain adverse tax consequences could apply. Investors should consult their tax advisors with respect to any PFIC considerations.

Tax Consequences to Non-US Holders

A non-US holder generally will not be subject to US Federal income tax on dividends received on common shares or on any gain realized on the sale or exchange of common shares unless the gain is connected with a trade or business that the non-US holder conducts in the United States or unless the non-US holder is an individual, such holder was present in the United States for at least 183 days during the year in which such holder disposes of the common shares, and certain other conditions are satisfied. Non-US holders should consult their tax advisors with respect to the US Federal income tax consequences of dividends received on, and any gain realized from the sale or exchange of, the common shares.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments on the common shares and to proceeds of a sale or redemption of the common shares to US holders made within the United States. AEGON, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if a US holder fails to furnish the US holder's taxpayer identification number, fails to certify that such US holder is not subject to backup withholding, or fails to otherwise comply with the applicable requirements of the backup withholding rules. Certain US holders are not subject to the backup withholding and information reporting requirements.

Non-US holders that provide the required tax certifications of exempt or foreign status will generally be exempt from US information reporting requirements and backup withholding. However, sales proceeds a non-US holder receives on a sale of common shares through a broker may be subject to information reporting and backup withholding if the non-US holder is not eligible for an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US holder or a non-US holder generally may be claimed as a credit against such holder's US Federal income tax liability provided that the required information is furnished to the US Internal Revenue Service. Investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. Non-US holders should consult their tax advisors concerning the applicability of the information reporting and backup withholding rules.

Recently enacted legislation may require individual US holders to report to the IRS certain information with respect to their beneficial ownership of certain foreign financial assets, such as the common shares, if the aggregate value of such assets exceeds USD 50,000 and the assets are not held through a US financial institution. US holders who fail to report required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of the information reporting rules to their particular circumstances

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Ernst & Young Accountants has served as AEGON's independent public accountant for each of the fiscal years in the three-year period ended December 31, 2011, for which audited financial statements appear in this Annual Report.

The following table presents the aggregate fees for professional services and other services rendered by Ernst & Young Accountants to AEGON in 2011, 2010 and 2009.

FEES ERNST & YOUNG

Amounts in EUR million	2011	2010	2009
Audit Fees	22	24	24
Audit Related Fees	6	2	2
Tax Fees	—	—	—
All Other Fees	1	—	—
TOTAL	29	26	26

- Audit fees consist of fees billed for the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor to be able to form an opinion on AEGON's consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.
- Audit-related fees consist of fees billed for audit-related services including assurance and related services that are reasonably related to the performance of the audit or review of AEGON's financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, assurance services to report on internal controls for third parties (e.g. SAS 70 audits), due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.
- Tax fees include fees billed for tax compliance.
- All other fees include fees billed for permissible non-audit services that AEGON believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

AEGON's Audit Committee is responsible, among other matters, for the oversight of the external auditor. The Audit Committee has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by AEGON's independent auditors (the "Pre-approval Policy").

Under the Pre-approval Policy, proposed services either

- May be pre-approved by the Audit Committee without consideration of specific case-by-case services ("general pre-approval"); or
- Require the specific pre-approval of the Audit Committee ("specific pre-approval"). Appendices to the Pre-approval Policy (that are adopted each year) set out the audit, audit-related, tax and other services that have received the general pre-approval of the Audit Committee. All other audit, audit-related, tax and other services must receive specific pre-approval from the Audit Committee.

During 2011, all services provided to AEGON by Ernst & Young Accountants were pre-approved by the Audit Committee in accordance with the Pre-approval Policy.

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

ISSUER PURCHASES OF EQUITY SECURITIES	Total number of shares purchased ¹	Average price paid per share in EUR	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs at end of month
January 1 - 31, 2011	10,197	5.24	—	—
February 1 - 28, 2011	9,883	5.87	—	—
March 1 - 31, 2011	8,542	5.00	—	—
April 1 - 30, 2011	7,961	5.54	—	—
May 1 - 31, 2011	12,635	4.88	—	—
June 1 - 30, 2011	9,356	4.17	—	—
July 1 - 31, 2011	10,315	4.21	—	—
August 1 - 31, 2011	16,927	3.49	—	—
September 1 - 30, 2011	13,212	2.91	—	—
October 1 - 31, 2011	13,631	3.65	—	—
November 1 - 30, 2011	13,814	2.95	—	—
December 1 - 31, 2011	12,994	3.04	—	—
TOTAL	139,467		—	—

¹ The shares have been purchased as part of a share purchase program, to neutralize the dilution effect of issued stock dividends and to hedge AEGON's obligations under its employee stock appreciation plans and other agent related incentive programs. Excluding AEGON shares purchased by index funds controlled by AEGON. Such purchases are made to the extent necessary to maintain a basket of securities within the relevant fund reflecting the underlying index.

GLOSSARY

Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. In most cases this includes at least the transfer of risks and rewards related to the acquired business or assets / liabilities.

Actuarial funding enables a life insurance company to reduce the size of the unit reserves it holds for unit linked business to reflect some or all of the unit-linked charges it expects to receive in the future from the units nominally allocated. Actuarial funding is used on those contracts that have surrender penalties and the company will hold a minimum of the surrender value at all times.

Actuarial gains and losses relate to the accounting for post-employment benefit plans. They comprise the effects of experience adjustments and changes in assumptions used to determine the cost of a plan.

Alt-A mortgages relates to a type of US residential mortgage which are securitized home equity loans. Typical Alt-A borrower has a credit score high enough to obtain an: "A" standing. Alt-A mortgages are primarily backed by loans with fixed interest rates for the entire term of the loan.

Amortized cost is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset Backed Securities (ABS) are securities whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets.

Assets held by long-term employee benefit funds are part of plan assets. These are assets (other than non-transferable financial instruments issued by the reporting entity) that:

- Are held by an entity that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and
- Are available to be used only to pay or fund employee benefits and are not available to the reporting entity's own creditors.

Bifurcation is the measurement and presentation of embedded derivatives separate from the host contracts, as if they were stand-alone derivative financial instruments.

Binomial option pricing model uses a binomial lattice that represents possible paths that might be followed by the underlying asset's price over the life of the option, for a given number of time steps between valuation date and option expiration. Each node in the lattice represents a possible price of the underlying asset, at a particular point in time. The valuation process is iterative; it starts at each final node and then works backwards through the lattice to the first node, which is the valuation date, where the calculated result is the value of the option.

Business combination is the bringing together of separate entities or operations of entities into one reporting entity. This can be realized through a purchase transaction or by means of a merger. A business combination involving entities (or operations of entities) under common control is a business combination in which all of the combining entities (or operations of entities) ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory.

Capitalization is the recognition of a cost as part of the cost of an asset on the statement of financial position.

Cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cedant is the policyholder under a reinsurance contract.

Claims settlement expenses are costs incurred in settling a claim. These costs include internal administration and payout costs, but also such items as attorney's fees and investigation expenses.

Collateral is an asset pledged by a borrower to secure a loan and is subject to seizure in the case of default.

Collateralized Debt Obligation (CDO) is a type of asset-backed security which provides investors exposure to the credit risk of a pool of fixed income assets.

Collateralized Loan Obligation (CLO) is a type of CDO which is backed primarily by leveraged loans.

Commercial Mortgage Backed Securities (CMBS) is a type of mortgage-backed security that is secured by the loan on a commercial property.

Compound financial instruments are financial instruments that, from the issuer's perspective, contain both a liability and an equity element.

Constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Currency exchange rate risk is a market risk, namely the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Deferred tax assets are amounts of income taxes recoverable in future periods in respect of deductible temporary differences; the carryforward of unused tax losses; and the carryforward of unused tax credits.

Deferred tax liabilities are amounts of income taxes payable in future periods in respect of taxable temporary differences.

Defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Deferred Policy Acquisition Cost (DPAC) are the variable costs related to the acquisition or renewal of insurance contracts and investment contracts with discretionary participation features.

Deposit accounting method includes amounts charged and paid to customers directly into the financial liability and not through the income statement as premium income and claims.

Derecognition is the removal of a previously recognized asset or financial liability from an entity's statement of financial position.

Derivatives are financial instruments whose value changes in response to an underlying variable, that require little or no net initial investment and are settled at a future date.

Discretionary participation feature is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer; and
- That are contractually based on:
 - The performance of a specified pool of contracts or a specified type of contract;
 - Realized and / or unrealized investment returns on a specified pool of assets held by the issuer; or
 - The profit or loss of the company, fund or other entity that issues the contract.

Effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

Embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a derivative.

Equity instruments are financial instruments issued by the Group that are classified as equity if they evidence a residual interest in the assets of the Group after deducting all of its liabilities.

Equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Equity volatility is the relative rate at which the price of equity changes.

Exchange differences are differences resulting from translating a given number of units of one currency into another currency at different exchange rates.

Finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset.

Financial asset is any asset that is:

- Cash;
- An equity instrument of another entity;
- A contractual right to receive cash or another financial asset from another entity or to exchange financial instruments with another party under conditions that are potentially favorable; or
- A contract that will or may be settled in the entity's own equity instruments; and is:
 - A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments; and is
 - A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial risks are risks of a possible future change in one or more of the following variables: a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable, that the variable is not specific to a party to the contract.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Foreign currency is a currency other than the functional currency of an entity within the Group.

Foreign operation is an entity that is a subsidiary, associate, joint venture or branch of a reporting entity within the Group, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Functional currency is the currency of the primary economic environment in which an entity within the Group operates.

General account investments are investments of which the financial risks are not borne by the policyholder.

Goodwill is the amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognized as an asset in a business combination.

Guaranteed benefits are payments or other benefits to which a particular policyholder or investor has an unconditional right that is not subject to the contractual discretion of the issuer.

Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of a financial instrument.

Insurance asset is an insurer's contractual right under an insurance contract.

Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance liability is an insurer's contractual obligation under an insurance contract.

Insurance risk is a risk, other than financial risk, transferred from the holder of a contract to the issuer.

Interest rate risk is a market risk, namely the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.