

Equally important has been our focus on capturing the operational and cost efficiencies necessary to create a more streamlined organization, better positioned to deliver added value to customers, business partners and of course, our shareholders. In this regard, we continued to reduce costs in our main operating units during the course of 2010, consolidated a number of our operations in the United States, and are implementing a broad restructuring program in the United Kingdom to achieve a 25% cost reduction by the end of 2011.

At the same, we have continued to invest in our businesses, both within AEGON's established markets and in those regions that offer higher growth and returns over the longer-term - Central & Eastern Europe, Latin America and Asia. These investments, particularly in our newer markets, support our strategic objective to achieve a better geographical balance for AEGON, in terms of capital allocation and earnings generation. Recognizing the promising demographic and market developments throughout Asia, we have established a new organizational structure to support our ambitions in China, India and Japan. Under the new structure headquartered in Hong Kong, AEGON's businesses in Asia will be managed as one regional division, allowing us to leverage product and distribution expertise, capture efficiencies, and pursue organic growth across the Asian continent.

All of these actions to reallocate capital, increase returns, reduce costs and better leverage our global resources are aimed at enabling AEGON to achieve sustainable earnings growth, with an improved risk-return profile, and generate sustainable cash flows and dividends to our shareholders going forward.

Looking ahead with confidence

Among the most important achievements over the past year has been our progress towards completing full repayment to the Dutch State by the end of June 2011. Following the early repayment of EUR 1 billion last year, we repaid an additional EUR 500 million in August 2010, and in February 2011, we raised EUR 900 million of equity in the market to support this key priority. The remaining amount needed to complete repayment will be generated from internal resources - retained earnings and proceeds from potential disposals. The decision to raise additional equity in the market further supports our key objective of maintaining a strong capital buffer and a strong balance sheet for AEGON.

The crisis has reminded us that this is necessary and prudent given the continued uncertainties of the general market environment.

Along with AEGON's full-year 2010 results we also announced specific medium-term targets in terms of increased underlying earnings, cash flow generation and return on equity. Each of these ambitious targets supports our aim to ensure sustainable and growing dividend payments to shareholders - further evidence that AEGON has turned the corner of the financial crisis and is determined to deliver the long-term value that shareholders have every reason to expect.

Serving the growing need

AEGON is committed to assisting our many current and future customers around the world secure their financial futures. This is both our mission and our promise. More than at any time in recent history, individuals and families understand their need to take responsibility for their financial security and make the decisions that will provide them the peace of mind hoped for throughout a longer retirement. This requires that wherever AEGON operates, we provide simple, easy-to-understand products and services that serve the full range of customer needs and circumstances.

AEGON is a company with broad capabilities and resources. We are grateful to our many employees around the world whose hard work and dedication have enabled AEGON to emerge stronger from the financial crisis and better able to respond to our customers with quality, need specific products and services. We are more determined than ever to put our competitive advantages to work for the long-term benefit of those who have placed their trust in AEGON.

Thank you for your continued confidence.



Alex Wynaendts

Chief Executive Officer and Chairman of the Executive Board of AEGON N.V.