

Goodwill impairment charges are recorded on a US GAAP basis while goodwill is charged to equity on a Dutch accounting basis at the time of acquisition. The required annual goodwill impairment test under SFAS 142 was performed in the fourth quarter of 2003 and resulted in an additional goodwill impairment charge of EUR 219 million, mainly in the Transamerica non-insurance reporting unit (2002: EUR 1,965 million). This impairment charge was reported as a 2003 US GAAP operating expense.

The following is a summary of differences between Dutch accounting principles and US GAAP which have an impact on reported shareholders' equity or net income.

REAL ESTATE

Under Dutch accounting principles real estate is shown at market value, which is the selling-value under normal market circumstances. New property is valued at construction cost including interest during the construction period, or at purchase price. Unrealized and realized gains and losses on real estate investments as well as results, expenses and currency exchange rate differences from hedging transactions are recognized in the revaluation account, taking into account the related (deferred) taxes.

Under US GAAP real estate is carried at historical cost less accumulated depreciation and is adjusted for any impairment in value. Depreciation is provided over the estimated economic life of the property. Realized gains or losses and all other operating income and expenses are reported in the income statement.

The adjustment shown in the reconciliation in the shareholders' equity column represents the reduction from market value to the historical cost less depreciation.

The adjustment shown in the reconciliation in the net income column represents the annual depreciation charge. The differences in results on disposals arising from the difference in book value between Dutch accounting principles and US GAAP are shown in the line realized gains and losses on shares and real estate, as is the reversal of the indirect income.

BONDS AND PRIVATE PLACEMENTS - VALUATION

Under Dutch accounting principles bonds and private placements are shown at amortized cost less provisions for uncollectable amounts, representing the cash value at the balance sheet date of future interest and principal repayment components based on the effective interest rate on the date of acquisition.

Under US GAAP debt securities are classified in three categories and accounted for as follows:

- debt securities that the company has the intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost;
- debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at market value, with unrealized gains and losses included in earnings;
- debt securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale securities and reported at market value, with unrealized gains and losses reported in shareholders' equity.

AEGON has classified the vast majority of its debt securities as available-for-sale securities and the remainder as trading securities. Under US GAAP, when evidence indicates there is a decline in a debt security's value, which is other than temporary, the security is written down to fair value and the difference is charged to that year's earnings.

The adjustment shown in the reconciliation in the shareholders' equity column represents the difference between the amortized cost basis less write-downs for uncollectable amounts and the market value.

BONDS AND PRIVATE PLACEMENTS - REALIZED GAINS AND LOSSES

Under Dutch accounting principles realized gains and losses from transactions within the bonds and private placements portfolios, unless a loss is considered a default loss, are deferred and released to the income statements in annual installments over the estimated average remaining maturity term of the investments sold.

Under US GAAP realized gains and losses on sales of bonds and private placements are recorded in earnings in the period the sales occurred. Gains and losses, both realized and unrealized, on bonds and private placements classified as trading are included in net income.

The adjustment shown in the reconciliation in the shareholders' equity column represents the reclassification of the deferred results on the sale of bonds from liabilities to shareholders' equity.

The adjustment shown in the reconciliation in the net income column represents the difference between the release of the deferred results on a Dutch accounting principles basis and the realized results on a US GAAP basis.