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Strategy for achieving top-line growth

Multi-channel distribution is the catalyst that drives revenue growth. In the United States, as part of our strategy, we use a multi-channel distribution network to generate profitable growth within an acceptable risk profile. Strengthening and expanding AEGON's relationships with these distributors is key to this strategy. We look to help our partners grow their businesses through our broad product range and quality service to customers. We also support our revenue drivers through an organizational structure that separates product distribution and manufacturing. This lets sales professionals focus on what they do best – recruiting new distributor relationships, broadening existing relationships and generating sales.

At the same time, our manufacturing centers have maintained high levels of service and reduced operating expenses. Multi-branding is another component of our strategy. In many instances, we offer comparable products to varying distribution channels, using different brand names. With this strategy, we can penetrate certain markets and geographical regions better than we could with a single brand.

AEGON Direct Marketing Services – looking at the business and opportunity for growth

AEGON Direct Marketing Services (ADMS) is an important part of AEGON's business – both in the United States and internationally. With more than 20 million customers, ADMS is one of the largest providers of life insurance, supplemental health and fee-based products through sponsored relationships and other direct-to-consumer initiatives. Most of the customers reached through ADMS are not served by any of our other distribution channels. Our goal is to develop lifetime customers by actively managing customer relationships and working internally to build cross-marketing opportunities.

Less than five years ago, ADMS began exporting its proven business model to a growing overseas market. Using direct mail and telemarketing, ADMS leverages its overseas business partners' brands when selling to its customers. Telemarketing and other business services are typically outsourced locally to maintain a low cost of entry into a new market. ADMS now operates in seven countries in Europe and Asia.

Along with international expansion, ADMS is also responding proactively to regulatory barriers in the United States by opening new market segments in the United States, cross-selling additional products utilizing customer service centers, and expanding their product mix. We believe there will be opportunities to gain market share from competitors who lack the scale and resources to compete successfully in a more regulated US environment.

The importance of bank distribution to AEGON USA

The bank distribution channel is very important to AEGON USA. Our investment here goes back 20 years, where we have been one of the leading fixed annuity providers utilizing relationships with 15 of the largest banks and the majority of the top 50 financial institutions. In 2003, life sales through banks more than doubled. Working closely with our partners, AEGON USA can customize products and support to help banks expand their relationship with their customers.

Today, as banks expand their non-traditional product lines, many prefer to work with a company that can offer a complete range of insurance and investment products. We are one of the few organizations with the experience, wholesaling strength and product depth to accomplish this. Each one of our business units can add value to the banking relationship by providing their own unique financial product solutions. As a single-source solution, we offer banks the benefits of local relationship management, backed by the full resources of the AEGON organization.

Agency-sold life sales momentum

Transamerica Insurance & Investment Group's (TIIG) agency force has been a key contributor to the sales momentum of our agency-sold life business. With more than 100,000 independent agents, TIIG is an established, respected and geographically dispersed marketing organization. Our product depth and