

NOTES TO THE BALANCE SHEETS OF AEGON N.V.

Amounts in EUR millions

ACCOUNTING PRINCIPLES

Unless otherwise stated, balance sheet items are valued in accordance with the accounting principles described in the notes to the consolidated balance sheets.

1 SHARES IN GROUP COMPANIES	2003	2002
Balance at January 1	12,464	11,850
Capital contribution and acquisitions	–	3,756
Divestitures	(119)	(1,149)
Net income for the financial year	1,811	1,511
Revaluations	(1,904)	(3,504)
BALANCE AT DECEMBER 31	12,252	12,464

The group companies are stated at their net asset value.

2 LOANS TO GROUP COMPANIES	2003	2002
Balance at January 1	5,361	6,490
Additional loans	1,439	941
Repayments or payments received	(1,039)	(1,019)
Other changes	(1,029)	(1,051)
BALANCE AT DECEMBER 31	4,732	5,361

3 OTHER LOANS	2003	2002
Balance at January 1	352	435
Repayments or payments received	(151)	(83)
BALANCE AT DECEMBER 31	201	352

4 SHARE CAPITAL	Common shares	Preferred shares A	Preferred shares B	Total
Authorized	360	125	125	610
Unissued	178	72	122	372
ISSUED AND OUTSTANDING	182	53	3	238

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

AEGON N.V. and Vereniging AEGON have amended the option arrangements under the 1983 Merger Agreement. Under the amended option arrangements Vereniging AEGON, in case of an issuance of new shares by AEGON N.V., has the right to have issued to it as many class B preferred shares as shall enable Vereniging AEGON to prevent or correct dilution to below its actual percentage of total voting shares. Class B preferred shares will then be issued at par value (EUR 0.25), unless a higher issue price is agreed. On September 19, 2003, and December 29, 2003, Vereniging AEGON exercised its option rights following the dilution caused by the stock dividend issuances of AEGON N.V. and acquired 10,220,000 respectively 880,000 class B preferred shares at par value to correct this dilution.

AEGON N.V. and Vereniging AEGON have entered into a preferred shares voting rights agreement, pursuant to which Vereniging AEGON has voluntarily waived its right to cast 25/12 vote per class A or class B preferred share. Instead, Vereniging AEGON has agreed to exercise one vote only per preferred share, except in the event of a 'special cause', such as the acquisition of a 15% interest in AEGON N.V., a tender offer for AEGON N.V. shares or a proposed business combination by any person or group of persons whether individually or as a group, other than in a transaction approved by the Executive Board and Supervisory Board. If, in its sole discretion, Vereniging AEGON determines that a 'special cause' has occurred, Vereniging AEGON will notify the General Meeting of Shareholders and retain its right to exercise the full voting power of 25/12 vote per preferred share for a limited period of six months.

In both 2001 and 2002 AEGON N.V. entered into Total Return Swaps (TRSs) with Vereniging AEGON in order to hedge the stock option plan for the respective years. The TRSs give AEGON N.V. the right to the capital gains on AEGON N.V. shares (11.3 million for the 2001 TRS and 7.8 million for the 2002 TRS) at the termination date and to the dividends on these shares during the contract period. The capital gains are calculated based on an exercise price of EUR 32.04 for the 2001 TRS and EUR 26.70 for the 2002 TRS. Any losses compared to the exercise price will be paid by AEGON N.V. to Vereniging AEGON upon termination. AEGON N.V. in return will pay interest