

Implementing the strategy

Reallocate capital

AEGON's objective is to allocate more capital towards those markets that offer higher returns and strong prospects for growth.

- AEGON intends to allocate more capital to higher-growth markets in Central & Eastern Europe, Asia, Spain and Latin America. This will have the effect of reducing the relative weight of the US businesses within AEGON in the years ahead.
- Within the company's main markets – the United States, the Netherlands and the United Kingdom – AEGON will sharpen its focus on opportunities for growth within specific market segments.
- AEGON is taking measures to improve the company's risk-return profile. The company has conducted a thorough review of its businesses to ensure they meet requirements in terms of cash flow, return on capital and earnings growth. In addition, the company is working to ensure that it continues to provide products that correspond to the life cycle needs of AEGON's customers.

Steps AEGON is taking

- Shifting focus from spread to fee-based products, particularly in the company's US businesses. As part of this, AEGON's institutional spread-based business was placed in run-off in 2009. AEGON is also taking steps to de-emphasize fixed annuities and expand its US pension business.
- Exploring strategic options for Transamerica Re, AEGON's life reinsurance unit, including a possible divestment. AEGON believes Transamerica Re offers only a limited long-term strategic fit with AEGON's core life insurance, pension and asset management businesses.

- Sale in April 2010 of AEGON's funeral insurance business in the Netherlands.
- 2010 saw the first full year of operations of AEGON's partnerships in Brazil and Japan and further growth of business in China and India.

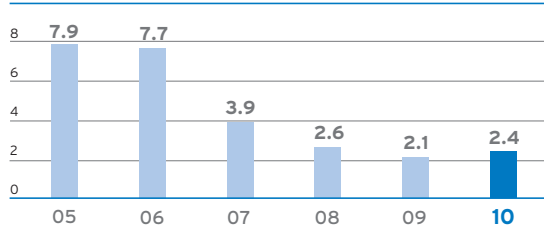
Improving risk-return profile

Improving the company's risk-return profile is a key part of AEGON's long-term strategy. Steps taken in recent years have lessened the company's exposure to fluctuations in world financial markets. These steps have included:

- Reducing AEGON's exposure to equity markets.
- Reducing credit exposure through the run-off of the company's institutional spread-based business in the United States and de-emphasizing fixed annuities.
- Increasing equity hedging programs in the Netherlands, and in the Americas for variable annuities. Approximately 80% of AEGON's guaranteed minimum income benefit variable annuities back-book in the United States is delta equity hedged. AEGON's aim is 100% by the end of 2012.

Equity exposure of AEGON's general account

In EUR billion



Rebalance capital across geographies

