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Dear Aegon shareholder,

Aegon finished 2009 positively. The fourth quarter showed a net profit of EUR 393 million whereas the same quarter in 2008 showed a loss of well over EUR 1 billion. Over 2009 as a whole the net profit was EUR 204 million. The underlying profit for the final quarter (before tax and incidental write-offs) amounted to EUR 427 million – a big improvement from a year before. So, the final quarter did well, but over 2009 as a whole the underlying operating results fell by 26 percent to EUR 1.16 billion.

In 2009 there will not be a dividend payout. The credit crisis seems to have bottomed out, and now that the dust is settling it has become apparent that Aegon was hit by the crisis but not as hard as other Dutch insuring companies. In 2008 the Dutch state came to their rescue and bought Aegon shares worth EUR 3 billion. In 2009 one third of these were bought back by Aegon, financed with the proceeds of an issue of shares. By the end of 2009 the number of outstanding shares had risen by 12 percent compared with 2008.

State funding can be paid back

In 2009 Aegon pushed back the annual costs by EUR 250 million, well up on the EUR 150 million target. By the end of the year the capital buffer that Aegon maintains in order to meet the AA rating requirements set by S&P amounted to EUR 3.7 billion. This amount could be used for paying back the remaining EUR 2 billion of state support. The VEB is of the opinion that Aegon should do so as quickly as possible, when prudent. Of course support is needed in this matter from public bodies on a national as well as a European level.

The gliding flight that the Aegon share has made since 2000 seems to have come to an end now. The speed at which investments are written off as a result of the credit crisis has been reduced. Sensitivity to the whims of stock markets has decreased considerably and Aegon says this will continue in 2010. Operationally Aegon is doing well under the current circumstances. This justifies resuming paying out dividends again, to start with a dividend for 2010.

If Aegon is to pay out dividends in the coming years, it will have to pay 8.5 percent interest on the state securities. Aegon can buy the remaining state support shares back at a price that can amount to 150 percent of the issue price of EUR 4. Moreover, after three years, when Aegon shareholders have given their approval, the company can convert them into normal shares. The Dutch state has the right to hand the shares back at the issue price of EUR 4 each. Whatever the scenario, the current shareholders will have to pay the costs. Aegon should make a stand on settling the state support at as favourable conditions as possible.

Clear targets

CEO Alexander Wynaendts unveiled his ambitious 5 year strategy in June 2008. Aegon was to become less dependent on the United States, which in June 2008 was worth 60 percent of all the investments. This had to be cut down to less than 50 percent. Growth in other regions, especially in emerging markets, was targeted instead. Aegon's presence in India, Brazil and Japan was also to be expanded, but in 2008 this did not yield that many results due to the credit crisis. However, several measures were taken to push back risks and to guarantee the AA rating.

For investors it is interesting to know where Aegon now stands regarding their targets: more than half of the invested capital drawn from outside US by 2012, improvement of Aegon's return on invested capital by 100 basis points in the US by 2010 and in the Netherlands by 2012 and reaching top 5 ranking in all existing markets in Central and Eastern Europe. Achieving an annual underlying profit growth of 10 percent as well as raising the return on invested capital to 15 percent seems quite far away.

Aegon's Supervisory Board still has two supervisors who have been appointed by the government. These supervisors can exercise their right of veto on specific decisions. In this way they have a greater say than is allowed by law. Of course this is the result of the capital injection by the state that Aegon was forced to accept, but the VEB clearly objects to this situation.

Aegon is still waiting for an answer to its 'viability plan'. It has not been approved of by the European Commission yet. However, the VEB assumes that in 2010 Aegon will again be able to pay back part of or perhaps even all of the state support.

The VEB recommends you to exercise your voting rights and you are requested to take the above issues into consideration when you cast your votes.

On behalf of the Vereniging VEB NCVB



Jan Maarten Slagter, managing director

If you would like to respond to this letter, please email info@veb.net

Note: On submitting this letter on 10 March 2010, neither the annual report for 2009 nor the agenda for the shareholders' meeting was yet available. In case of any inconsistencies between the English and the Dutch version of this letter, the Dutch version will be the guiding one.