

United Kingdom

Delivering our strategic agenda

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Analyst & Investor Conference

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Key messages

- 2011 laid the foundations for change
 - ▶ Successful cost reduction program reducing operating cost by 25%
 - ▶ Historic issues through our customer redress program provisioned
 - ▶ Non core assets disposed (Guardian business sold for ~80% of embedded value)
- 2012-2015 Building our future
 - ▶ Returning to profit in Q1 2012
 - ▶ Delivering growth through our platform
 - ▶ Customer focus – core to our success
 - ▶ Securing and diversifying distribution



Clear targets to support overall Group targets

Achieve a
return on capital* of

8-10%

by 2015

Reduce operating expenses
by

25%

by end 2011

More than double fee-based
earnings to

~75%

of underlying earnings by 2015

Increase annual operational
free cash flow to

**GBP 200-250
million**

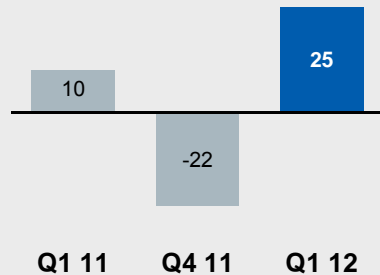
by 2015

- Improvement from cost reduction, new business growth and financial market growth
- Existing ROC depressed by pre-2002 business
- New business generates ROC >12% by 2014
- Significant upside potential earnings following restructuring
- Future growth on new low cost platform
- Compelling and distinctive offer to drive sales
- Removal of one-off project costs
- Lower cost model and lower new business strain post RDR will drive improvement in cash flows
- Focus on fee-based unit-linked business

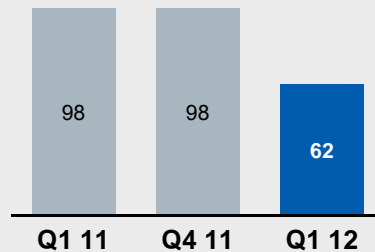
Q1 2012 results reflecting impact of changes made in 2011

- Underlying earnings before tax increased to GBP 25 million driven by a strong improvement in pension earnings as last year included exceptional charges and expenses
- Total operating expenses declined by 37% to GBP 62 million, following the successful implementation of the cost reduction program
- New life sales decreased mainly as a result of anticipated decrease in sales of pensions following reductions in commission levels to maintain margin

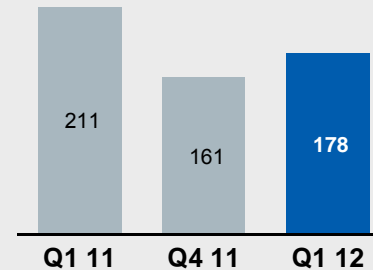
Underlying earnings before tax (GBP million)



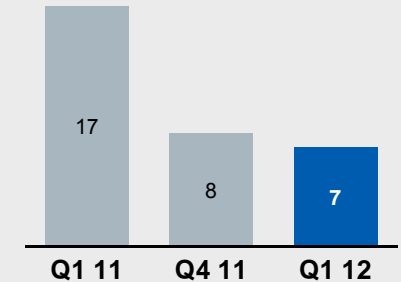
Operating expenses (GBP million)



New life sales (GBP million)



Gross deposits (GBP million)



Adaptive strategy to...

Changing environment

Retail Distribution Review

- Altering distribution models
- Improving persistency
- Bringing pricing transparency

Pension Reform

- Auto enrolment
- Greater workplace support needed

Technology

- Customer demand for self-service
- Adviser need for low cost operating model

AEGON UK strategy

Focus on markets where we are already strong

Core Markets

Capital Efficiency

Simplify

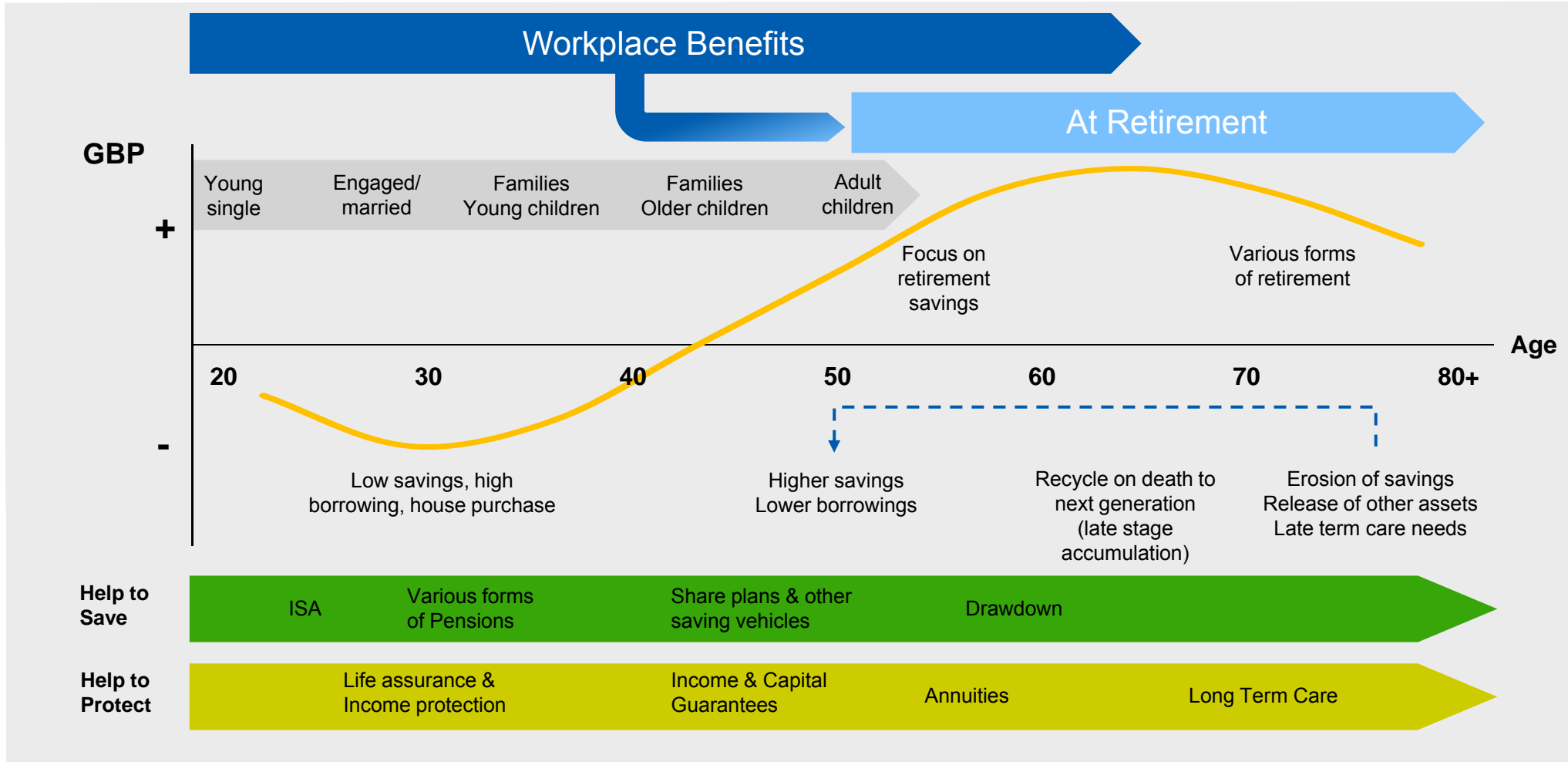
Customer Focus

Diversity Distribution

Delivered by

- At Retirement launch
- Corporate platform
- Focus on efficient commission structure (corporate)
- New business strain reduced post RDR
- E-enablement
- Re-engineer business to remove duplication & improve efficiency
- Simple products to meet customer need
- Clear transparent pricing
- Secure IFA distribution through long term deals
- Develop & test other channels

Platform delivers whole life solutions to meet customer needs



Evolution creates opportunity and AEGON is positioned to capitalize

Workplace Savings

- Shift from GBP 800 billion of DB assets driving growth in Corporate pension market
- 60% of employers believe:
 - ▶ Employees are not saving enough
 - ▶ Employers should offer more education and assistance
- 1.3 million employers impacted by auto enrolment

Enabling the employee to take control of their retirement solution

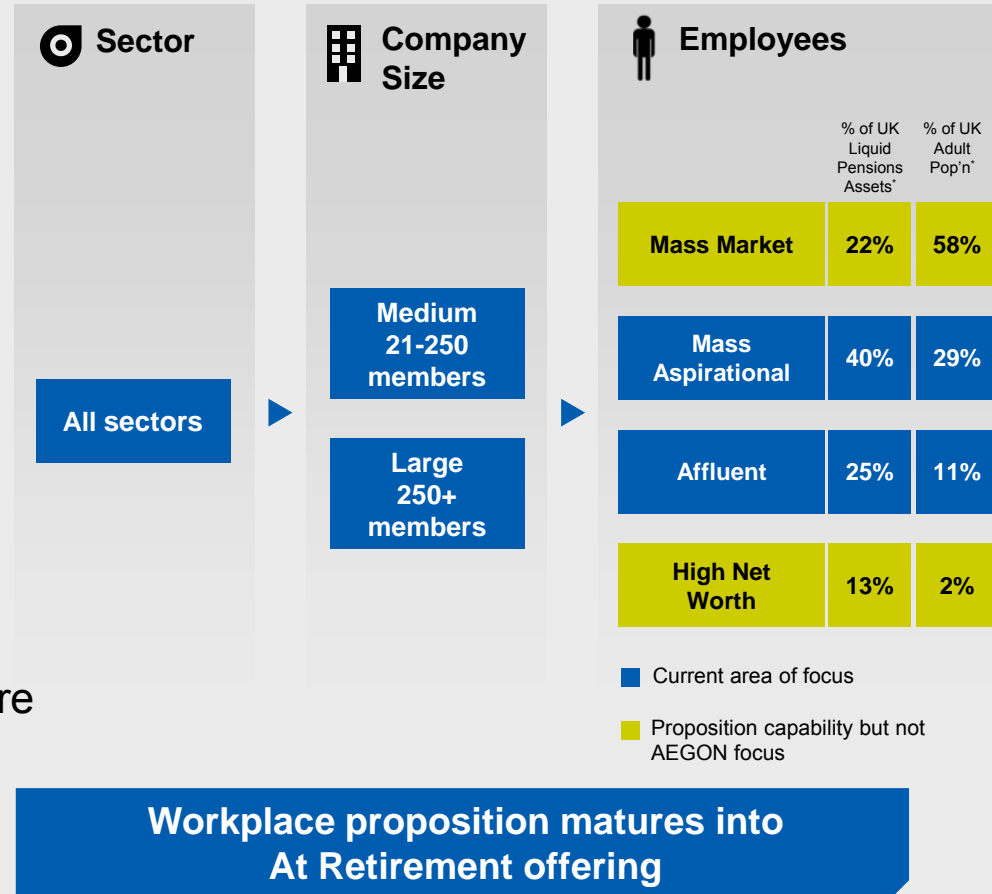
At Retirement

- UK Population aged over 65
2010 - 17%
2035 - 23%
- Need income during extended retirement
- Want security, certainty, help and support

'At Retirement' is a GBP 16 billion single premium market and growing

How we will meet customer needs in the Workplace market?

- Our aim is to secure our heartland before expanding to other markets
- Targeting employers who want to provide:
 - ▶ Help for their employees to provide for themselves
 - ▶ Choice and flexibility to employees
 - ▶ Significant employer contribution encouraging take up
 - ▶ A quality arrangement supported by advice
 - ▶ Online, self directed solutions
- Well positioned in Workplace market to capture opportunities, demonstrated by our recent 'Advantage' campaign



We will succeed in Workplace savings because of our ...

Support for employers

- Customisable for specific groups of employees
- Scheme on-boarding
- Employee targeted marketing support
- Advice/guidance for employees
- Training support
- Management information capability
- Implementation and adoption support for online services

Support for employees

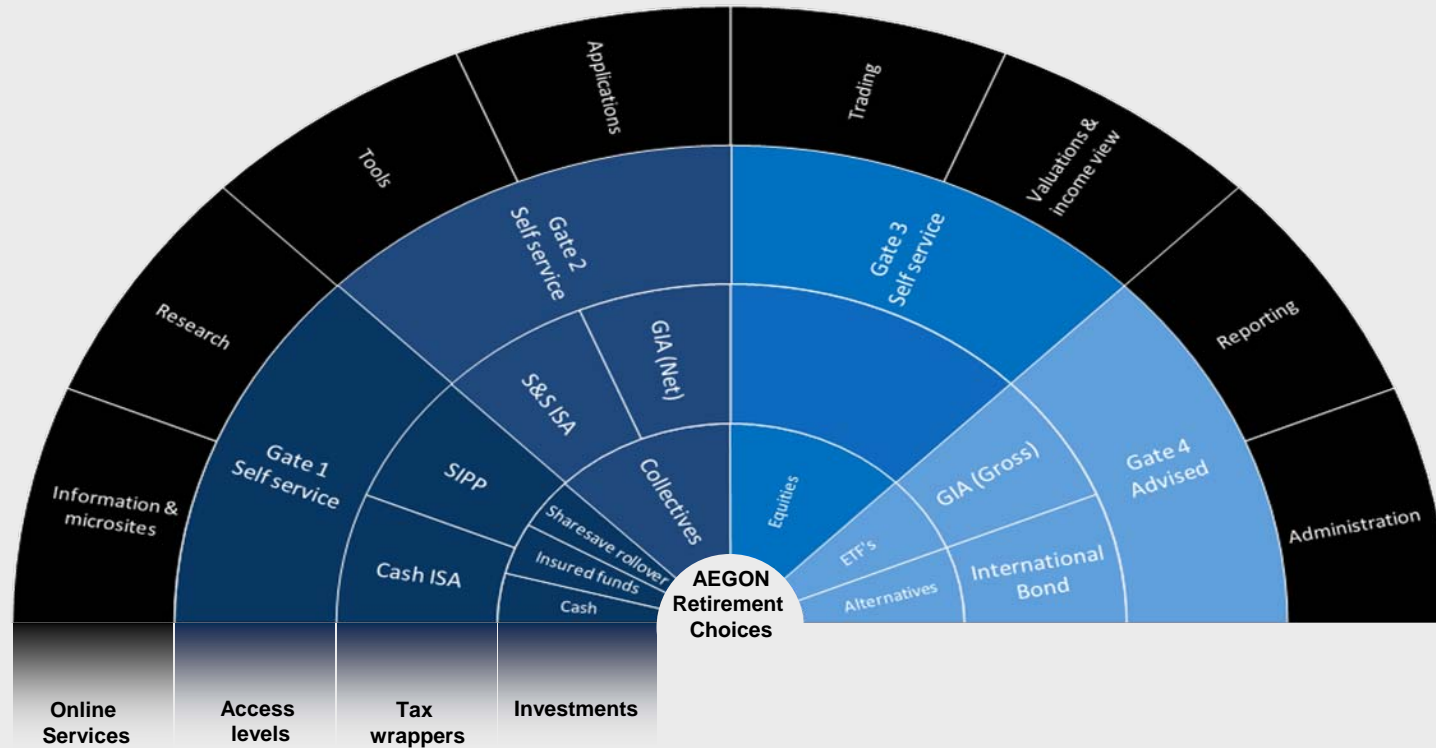
- Self service capability
- Guided investments
- Flexibility of saving
- Online view

Additional capability

- Link to At Retirement
- Link with NEST to provide flexible solution
- Annuity portal to meet open market requirements
- Increased investment capability
- Flexible client journeys
- Self Service capability

The products and services supplied on the platform...

...Workplace shares the same technology with At Retirement with clear connectivity between the two

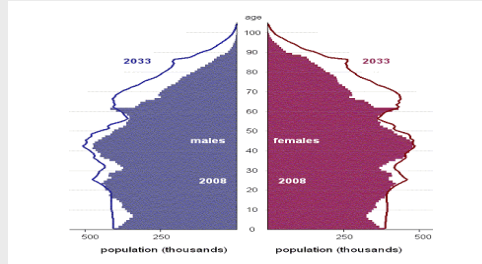


At Retirement is an attractive market with opportunities

Getting older

Source: ONS

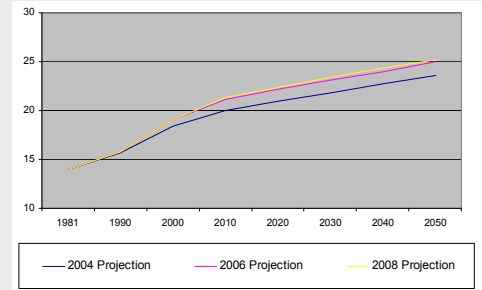
UK population to exceed 65 million by 2018



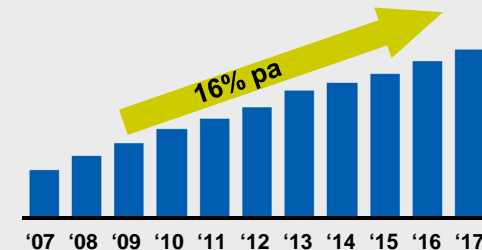
Living longer

Source: GAD

Projected life expectancy for 65 year old male



Projected life expectancy for 65 year old male



Source: AEGON estimates, Watson Wyatt

In, At or Near Retirement

- Have money and need income during extended retirement years
- Want security, certainty, help and support
- Large and growing market GBP 16 billion of retirement assets maturing annually

At Retirement focus

Primary offering

Pension consolidation

Income from fund

Payout annuity

Supported by

ISA wrapper*

Guarantees

Mutual funds

* ISA = individual savings account

Positive press coverage and industry commentary on our At Retirement offering



IFAonline.co.uk
Digital Publisher of the Year 2010

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Where am I? Home - Better Business - Technology

Platform review: Why Aegon is making plenty of noise...

Author: Mark Loosemore
Professional Adviser | 08 Dec 2011 | 08:00
Categories: Technology
Topics: Mark Loosemore | IRESS | Aegon

Last month, Aegon launched its wrap platform, ARC (Aegon Retirement Choices), to much acclaim. Here, Mark Loosemore of IRESS gives his verdict...

Aegon is a late entrant into the wrap market and is therefore playing catch up with some of its bigger rivals. To address this, it has come...

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More from professional adviser



FT ADVISER James Bateman

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Aegon to allow advisers to 'devolve' power on platform

Should advisers so choose, clients can take control of minor decisions including Isa purchase and pension top-ups.

By Michael Trudeau | Published Mar 09, 2012 | 2 comments

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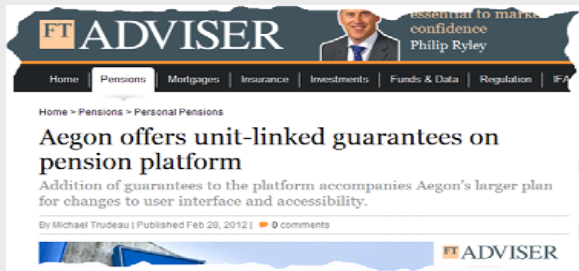
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Macari joining Aegon UK as head of platform consultancy

8 March 2012 | By Sam Macdonald



FT ADVISER essential to market confidence Philip Ryley

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Aegon offers unit-linked guarantees on pension platform

Addition of guarantees to the platform accompanies Aegon's larger plan for changes to user interface and accessibility.

By Michael Trudeau | Published Feb 28, 2012 | 0 comments

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Coyle to head Aegon Retirement Choices sales

2 February 2012 | By Sam Macdonald

Aegon UK has appointed Axa Wealth business development director Martin Coyle as head of platform sales.



FT ADVISER essential to market confidence Philip Ryley

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Home > IFA Industry > Technology for IFAs

Aegon promises straight-through processing on Arc

Aegon UK has pledged to include straight-through processing to make it easier for advisers to use its at-retirement platform.

By Marc Shoffman | Published Jan 12, 2012 | 0 comments

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New Model Adviser Powered by citywire

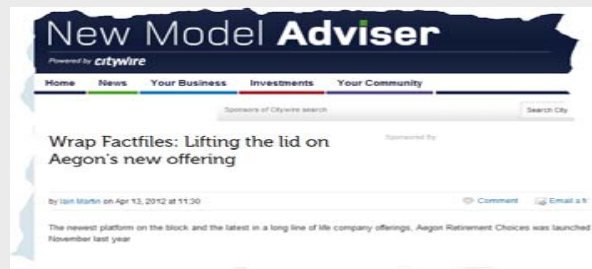
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Aegon teams up with Nest to run dual schemes

By William Roberts on Mar 15, 2012 at 10:34

Life company Aegon has agreed at deal with National



New Model Adviser Powered by citywire

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Wrap Factfiles: Lifting the lid on Aegon's new offering

By Iain Martin on Apr 13, 2012 at 11:20

The newest platform on the block and the latest in a long line of life company offerings, Aegon Retirement Choices was launched in November last year



FT ADVISER James Bateman

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Aegon calls for hold on changes to Sipps

The FSA should prioritise delivery of the retail distribution review and delay proposed changes to disclosure regarding Sipps, Aegon has said.

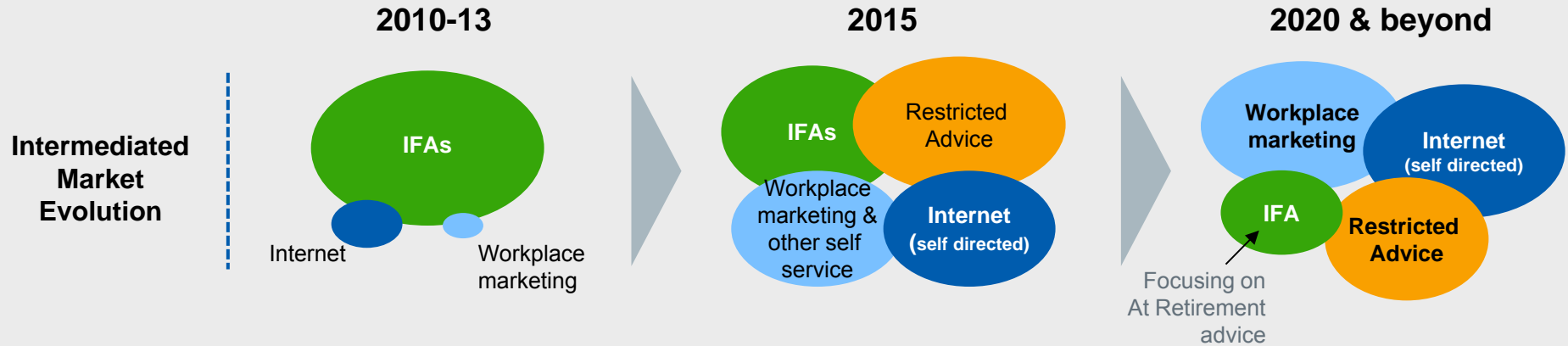
By Marc Shoffman | Published May 09, 2012 | 0 comments

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The evolving market will change business models

AEGON needs to secure intermediary relationships during the transition to a post RDR landscape.



Drivers

- RDR
- Pension Reform
- Economic environment
- New technology & social media

Expected outcomes

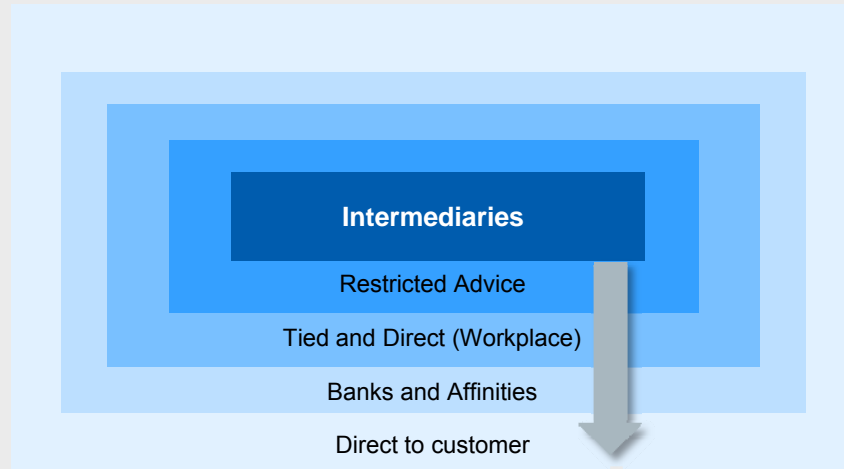
- IFA sector shrinks (20-30%) & focuses on wealthy
- New channels & models emerge – particularly workplace & direct
- Increasing use of platforms & review of back office technology – use of social media
- Deconstructing adviser services – transparent fees & participate in more of value chain

Resultant actions

- Identification & segmentation of survivors & thrivers
- Adaptation of business model
- Diversification of channel

AEGON will secure and diversify our distribution today to build scale

Options for diversification



- Development over time to ensure credibility given limited brand awareness
- Platform delivery is key first step

Progress made

- Restricted panel deals of scale with Sesame Bankhall Group and Intrinsic
- Leveraging Positive Solutions and Origen
- Business model and proposition alignment with other key accounts
- Preliminary exploration of synergies with third parties
- Barclays Protection Deal

Our customers – how do we meet their needs?

Improving our Service Capability


- Greater understanding of customer needs
- E-enablement and workflow
- Proactive approach to servicing customer needs

Investing in Customer Segmentation

- Building relationships with profitable customers
- Building more robust processes to provide services that create value

Investing in customer Segmentation

- Getting closer to our customers through technology and opportunities created by regulatory change

- 
- Closure of the savings gap by growth of Increments from existing customers and capturing New Entrants
 - Give customers more control of their retirement planning
 - Serve the needs of our expanding Orphan base of customers
-

Changing culture to apply lessons learnt from the past



**AEGON UK DNA
reconstructed to
meet challenges
of our business**

How

- Deliver first time right
- Help others succeed
- Raise your game
- Act with courage
- Act in AEGON's best interest

By

- Leadership
- Clear vision of future
- Lean Six Sigma
- Improved internal controls
- Simplified processes



**Global initiatives
sharing best
practice across
country units**

By

- Capital efficiency across the group
- Maximizing income through the value chain using our own asset manager
- Working to meet customer needs through the AEGON Global Pension team
- Determining the Group technology strategy for distribution to deliver synergies through shared experience

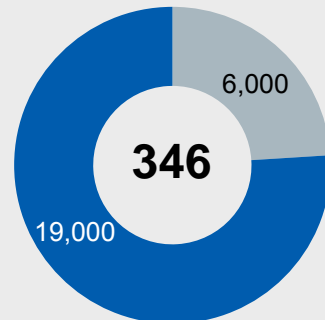
Why will we win?

- Clear focus on Workplace driving volumes to At Retirement
- One of the first to market with a corporate platform
- Securing and diversifying distribution
- Service capability improvement

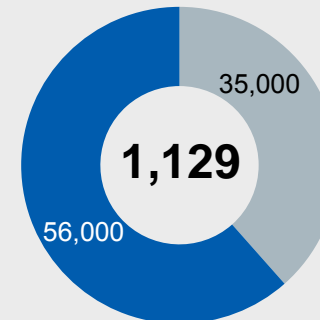
We already have a strong footprint in the Workplace market

AEGON UK currently manages over 25,000 corporate clients' money, covering ~750,000 individual policies and around GBP 13 billion of assets

No. of new schemes in 2012



No. of new schemes in 2011

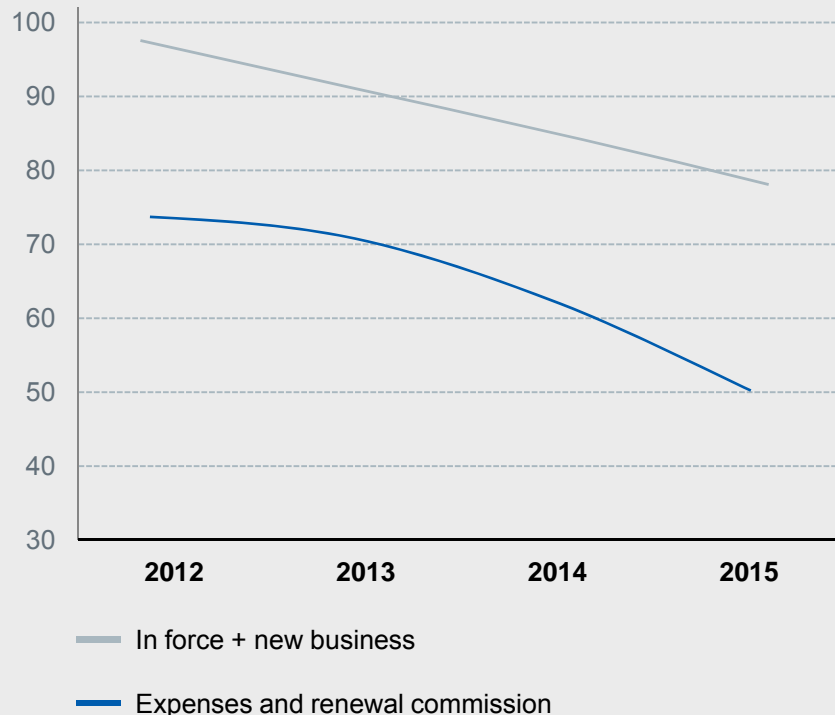


- policies
- new entrants

Proactive management of fee pressure

Annual management charge vs. cost

(basis points)



Opportunities

- Move to RDR leads to transparent “factory gate” prices
- Competition between providers for shrinking IFA market
- Move to platform driving margin pressure

Proactive management actions

- GBP 230 million cost enables margin maintenance 2012-2013
- Ongoing cost discipline 2014-2015
- Transition to low cost AEGON platform
- Scale through growth and auto enrolment

* Excludes annuities and protection business

* Excludes deferred acquisition costs and related items

Clear commitment and focus on execution of strategy

AEGON UK is committed to:

- Focusing on the needs of our customers in our core markets
- Building on the achievements of 2011 to deliver sustainable profits

In order to achieve this we must:

- Deliver our Workplace Savings platform in H2 2012
- Continue to develop our proposition to:
 - ▶ Meet the changing needs of our customers
 - ▶ Provide flexible and simple savings solutions
 - ▶ Simplify business and maintain cost discipline



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Disclaimer

Cautionary note regarding non-GAAP measures

This document includes a non-GAAP financial measure: underlying earnings before tax. The reconciliation of underlying earnings before tax to the most comparable IFRS measure is provided in Note 3 "Segment information" of AEGON's Condensed consolidated interim financial statements.

Local currencies and constant currency exchange rates

This document contains certain information about AEGON's results and financial condition in USD for the Americas and GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. Certain comparative information presented on a constant currency basis eliminates the effects of changes in currency exchange rates. None of this information is a substitute for or superior to financial information about us presented in EUR, which is the currency of AEGON's primary financial statements.

Forward-looking statements

- The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to AEGON. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. AEGON undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:
- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
 - The frequency and severity of defaults by issuers in AEGON's fixed income investment portfolios; and
 - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities AEGON holds;
 - The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that AEGON holds;
- Changes in the performance of AEGON's investment portfolio and decline in ratings of the company's counterparties;
- Consequences of a potential (partial) break-up of the euro;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity, persistence and other factors that may impact the profitability of AEGON's insurance products;
- Reinsurers to whom AEGON has ceded significant underwriting risks may fail to meet their obligations;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels; changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting AEGON's operations, ability to hire and retain key personnel, the products the company sells, and the attractiveness of certain products to its consumers;
- Changes in the policies of central banks and/or governments.;
- Regulatory changes relating to the insurance industry in the jurisdictions in which AEGON operates;
- Changes in customer behavior and public opinion in general related to, among other things, the type of products also AEGON sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Lowering of one or more of AEGON's debt ratings issued by recognized rating organizations and the adverse impact such action may have on the company's ability to raise capital and on its liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of AEGON's insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability of its insurance subsidiaries and liquidity;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital AEGON is required to maintain;
- Litigation or regulatory action that could require AEGON to pay significant damages or change the way the company does business;
- As AEGON's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt the company's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for AEGON's products;
- Changes in accounting regulations and policies may affect AEGON's reported results and shareholder's equity;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including AEGON's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt AEGON's business; and
- AEGON's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives.

Further details of potential risks and uncertainties affecting the company are described in the company's filings with NYSE Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.