

**ANNUAL REPORT 2009**



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## **Vereniging AEGON**

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This is a translation of the Dutch text of the 2009 Annual Report of Vereniging AEGON. In the event of a difference in interpretation the Dutch text prevails.

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## EXECUTIVE COMMITTEE AND MEMBERS

		Year of resignation	
		Scheduled	Final
<b>Executive Committee</b>	<b>Members</b>		
W.M. van den Goorbergh, <i>chairman</i>	J.M. Boll	-	2012
J.W.B. Westerborgen, <i>vice-chairman</i>	A.F. Bosma	-	2011
P.J. Idenburg	H.J.E. Bruins Slot	2010	2018
H.P.M. Knapen	H.A. Doek	2012	2017
J.J. Nooitgedagt (as of April 22, 2009)	W.M. van den Goorbergh	2011	2018
H.P. Spruijt	P.J. Idenburg	-	2012
J.B.M. Streppel (until April 22, 2009)	H.P.M. Knapen	2012	2016
A.R. Wynaendts	P.P. Kohnstamm	-	2010
	Mrs. P.C. Krikke	2012	2016
	Mrs. M.E. van Lier Lels (as of April 9, 2009)	2013	2021
	Mrs. P.C. Lodders-Elfferich	-	2010
	H. Muller	-	2012
	Mrs. E.J. Mulock Houwer	2010	2011
	J.J. Nooitgedagt (as of April 22, 2009)	n/a	2021
	H.M. Pinedo	-	2013
	R. Spiekerman van Weezenburg	-	2010
<b>Secretary</b>	H.P. Spruijt	2013	2017
T.H.M. Schijf	J.B.M. Streppel (until April 22, 2009)		
	J.W.B. Westerborgen	-	2012
	A.R. Wynaendts	n/a	2020



### Members as of December 31, 2008

**J.M. Boll** (1942) has been a member of the Vereniging since 1996. He was a member of the Executive Committee from 1998 until 2008. Mr Boll is a member of the Council of State.

**A.F. Bosma** (1941) has been a member of the Vereniging since 1983. Mr Bosma is an insurance intermediary and managing director of MeerPolis B.V. Mr Bosma is the former national chairman of the NBvA (Dutch Association of Independent Financial and Insurance Advisers).

**H.J.E. Bruins Slot** (1948) has been a member of the Vereniging since 1998. Mr Bruins Slot was chairman of the Netherlands Public Broadcasting System. His previous positions include that of secretary-general of the Ministry of Education, Culture and Science and mayor of the Municipality of Apeldoorn.

**H.A. Doek** (1947) has been a member of the Vereniging since 2008. Mr Doek is a member of the Senate of Dutch Parliament. Furthermore Mr Doek holds several executive and supervisory positions.

**W.M. van den Goorbergh** (1948) has been a member of the Vereniging since 2003 and joined the Executive Committee in 2004. In 2008, he was appointed chairman of the Executive Committee. Until 2002, he was vice-chairman of the Executive Board of Rabobank Nederland. At present he holds several executive and supervisory positions. Thus he is chairman of the Supervisory Board of DELA and Welten. Furthermore he is a member of the Supervisory Board of N.V. Bank Nederlandse Gemeenten, NIBC Bank N.V. and MediQ N.V. Mr van den Goorbergh is a member of the Supervisory Authority of the Radboud University Nijmegen and the UMC St. Radboud and is chairman of the Nexus Instituut.

**P.J. Idenburg** (1942) became a member of the Vereniging in 1989 and joined the Executive Committee in 1996. Mr Idenburg is executive coach. His previous positions include that of deputy director-general at the Ministry of

Economic Affairs, member of the Group Board of Van Leer Packaging Worldwide and professor at the Twente University and the Delft University of Technology.

**H.P.M. Knapen** (1951) has been a member of the Vereniging since 2004 and joined the Executive Committee in 2008. Mr Knapen was a member of the Executive Board of PCM Uitgevers B.V. He is currently a member of the Scientific Council for Government policy and extraordinary professor at the Radboud University Nijmegen. Furthermore, he holds several executive and supervisory positions.

**P.P. Kohnstamm** (1940) has been a member of the Vereniging since 1990. Mr Kohnstamm was member of the Executive Committee from 1992 until 2008 and he was chairman since 1998. He is a consultant and holds several executive and supervisory positions. Previously he was a member of the Executive Board of Wilma Vastgoed B.V. and professor of Real Estate Science at the University of Amsterdam.

**Mrs. P.C. Krikke** (1961) has been a member of the Vereniging since 2004. Mrs Krikke is mayor of the Municipality of Arnhem and holds several executive and supervisory positions.

**Mrs M.E. van Lier Lels** (1959) became a member of the Vereniging in 2009. Since 2005 she holds several supervisory and executive positions. Thus she is a member of the Supervisory Board of Koninklijke KPN N.V., USG People N.V., TKH Group N.V., Maersk B.V. and Reed Elsevier N.V. Furthermore she is a member of the Audit Committee of the Court of Audit, a member of the Advisory Council of the Ministry of Transport, Public Works and Water Management, a member of the Advisory Council for Scientific and Technology Policy, a member of the Netherlands Bureau for Economic Policy Analysis CPB and chairman of the Supervisory Council of the Netherlands Society for Nature and Environment. Until 2005 she was director Operations of the Schiphol Group.

**Mrs. P.C. Lodders-Elfferich** (1940) has been a member of the Vereniging since 2002. Until early 2006, Mrs Lodders was chairman of the NOV (Dutch Association for Volunteer Effort) and also chairman of ICCO (Interchurch Organisation for Development Cooperation). Furthermore she is the chairman of the Visitatiecommissie Emancipatie, a member of the Supervisory Board of Fontys Hogescholen, and holds several other executive positions.

**H. Muller** (1942) has been a member of the Vereniging since 2005. Mr Muller has retired. Previously, he was a board member and treasurer of FNV (Federation of Dutch Trade Unions). Mr Muller is a member of the Supervisory Board of SNS REAAL Groep N.V. and of ASN Beleggingsfondsen N.V. and also holds several other executive and supervisory positions.

**Mrs. E.J. Mulock Houwer** (1941) has been a member of the Vereniging since 2002. Mrs Mulock Houwer was director-general at the Ministry of Justice and before that director-general Social security and Labour market policy at the Ministry of Social Security. She is a member of the Board of Residentie Orchestra and a member of the Supervisory Board of Hogeschool INHOLLAND and the Amphia Hospital.

**J.J. Nooitgedagt** (1953) became a member of the Vereniging and its Executive Committee in 2009. Mr Nooitgedagt is a member of the Executive Board of AEGON N.V. Until 2009 he was chairman of the Executive Board of Ernst & Young Netherlands and Belgium.

**H.M. Pinedo** (1943) has been a member of the Vereniging since 2001. He is councillor of the VUmc and vice-chairman of the Board of ZonMw. Furthermore, he holds several executive and supervisory positions. Previously he was professor of Medical Oncology at the VUmc and managing director of the VUmc Cancer Centre in Amsterdam, and head of the Medical Oncology department of VUmc.

**R. Spiekerman van Weezenburg** (1940) has been a member of the Vereniging since 1995. Mr Spiekerman van Weezenburg was Major General of the Royal Netherlands Marines and Commander of the Royal Netherlands Marine Corps. Until September 2002, he was Chancellor of the Netherlands Orders of Knighthood. He holds two executive, museological, positions.

**H.P. Spruijt** (1949) became a member of the Vereniging in 2005 and joined the Executive Committee in 2008. Mr Spruijt was a member of the Executive Board of Reed Elsevier N.V. He is chairman of the Supervisory Board of M&R de Monchy N.V., of Koninklijke BDU Holding B.V. and member of the Supervisory Board of Koninklijke Brill N.V. and Het Financieele Dagblad Holding B.V. Mr Spruijt is chairman of the International Publishers Association (IPA) at Geneva.

**J.W.B. Westerburgen** (1942) was elected as a member of the Vereniging in 2001 and he joined the Executive Committee in 2003. He was appointed vice-chairman in 2004. Until his retirement in 2001 he was Joint Secretary and chief taxation of Unilever N.V. and Unilever Plc. He is a member of the Supervisory Board of ASML Holding N.V. and Unibail-Rodamco S.E.

**A.R. Wynaendts** (1960) has been a member of the Vereniging and its Executive Committee since 2008. Mr Wynaendts is chairman of the Executive Board of AEGON N.V.

## OBJECTIVE AND HISTORY

### Objective

Vereniging AEGON ('the Vereniging') as shareholder represents in a balanced manner the direct and indirect interests of AEGON N.V. and its group companies, insured parties, employees, shareholders and other relations of these companies. The Vereniging does so by holding AEGON N.V. securities and exercising the associated rights, including the voting rights. The Vereniging's income consists of the revenues from these securities.

### History

Vereniging AEGON is an association under Dutch law. Until 1983, it was known as Vereniging AGO. It was established in 1978 as the legal successor of AGO Onderlinge Levensverzekering-maatschappij, which was demutualised as a result of a legal restructuring of the AGO insurance group. Under the restructuring, Vereniging AGO became the sole shareholder in AGO Holding N.V. At the time of the merger between AGO and Ennia in 1983, the Vereniging transferred its holding of the entire share capital in AGO Holding N.V. to the listed company Ennia N.V. (whose name was changed to AEGON N.V.) in exchange for new AEGON N.V. common and preferred shares. Vereniging AGO was also renamed Vereniging AEGON. Under the terms of the 1983 Merger Agreement, the Vereniging acquired a substantial minority interest in the common shares as well as all the preferred shares, thus acquiring a majority of the voting rights in AEGON N.V. Under the Agreement, in the event of a dilution of its voting rights, the Vereniging also received the right to acquire new preferred shares in order to maintain its majority position as desired by the parties involved in the merger; the so-called option rights scheme.

The Vereniging agreed a Recapitalisation Agreement with AEGON N.V. in September 2002. This agreement formed the basis for the Vereniging's sale of 350,000,000 AEGON N.V. common shares at a net price of € 9.76 per share. The Vereniging used part of the proceeds to reduce its debt and agreed on a new credit facility with a consortium of banks for the remainder. The Vereniging granted all of its AEGON N.V. common shares and the revenues from the AEGON N.V. preferred shares as security

for this facility. The Vereniging paid the remaining portion of the proceeds (€ 2,064,000,000) as a premium on its AEGON N.V. preferred shares in an effort to raise their value to that of the common shares.

As a result of these transactions, the Vereniging's ownership interest in AEGON N.V.'s common shares decreased from approximately 37% to approximately 12% and its beneficial ownership interest in AEGON N.V.'s voting shares decreased to approximately 33%. Thus the voting rights of the Vereniging decreased from approximately 52% to approximately 33%.

The Recapitalisation Agreement included provisions for the continuation of the option rights scheme at this lower level of voting rights. The Vereniging also indicated that it was prepared, subject to the implementation of certain changes in corporate governance at AEGON N.V., to further reduce its voting rights in the near future to approximately 23.6%, a figure that corresponds to the capital paid in by the Vereniging.

This reduction in the voting rights was formalised on May 26, 2003 by amendment of the Articles of Association of the Vereniging. The relationship with AEGON N.V. was changed as follows:

- The 440,000,000 preferred shares with a nominal value of € 0.12 held by the Vereniging were converted into 211,680,000 new class A preferred shares with a nominal value of € 0.25 and the paid-in capital on the preferred shares was increased by € 120,000 to € 52,920,000. The voting rights pertaining to the new preferred shares (the class A preferred shares as well as the class B preferred shares which may be issued to the Vereniging under the option agreement as discussed below) were adjusted accordingly to 25/12 vote per preferred share.
- The Vereniging and AEGON N.V. entered into a preferred shares voting rights agreement, pursuant to which the Vereniging has voluntarily waived its right to cast 25/12 vote per class A or class B preferred share. Instead, the Vereniging 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 proposal for a



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 the Supervisory Board of AEGON N.V. If, in its sole discretion, the Vereniging determines that a special cause has occurred, the Vereniging will notify the General Meeting of Shareholders of AEGON N.V. and retain its right to exercise the full voting power of 25/12 per preferred share for a maximum period of six months.

- The Vereniging and AEGON N.V. amended the option arrangements under the 1983 Merger Agreement. Under the amended option arrangements the Vereniging, in case of an issuance of shares by AEGON N.V., shall be entitled to claim such number of class B preferred shares as shall enable the Vereniging to prevent or correct dilution below its actual percentage of total voting rights. Class B preferred shares will then be issued at par value (€ 0,25), unless a higher issue price is agreed on.

In the years 2003 to 2009 the Vereniging exercised its option rights to acquire class B preferred shares at par value to correct dilution of voting rights caused by AEGON N.V.'s issuance of stock dividends and new common shares, and treasury share sales.

#### **Credit facility consortium of banks**

The aforementioned in 2002 contracted credit facility consisting of a Repo Facility and a Back-up Facility was renewed in 2005 with a maturity date of September 15, 2010. The credit limit was reduced to a maximum of € 1,650,000,000.

#### **Senior Loan State of the Netherlands**

On December 1, 2008 the Vereniging entered into an agreement with the State of the Netherlands and AEGON N.V. in order to provide AEGON N.V. with € 3,000,000,000 additional core capital. The State for this purpose granted a Senior Loan to Vereniging AEGON of € 3,000,000,000, that was used to acquire 750 million Convertible Core Capital Securities at a rate of € 4 each. Vereniging AEGON participates in this structure within the context of objects under its Articles of Association, which are to serve the interests of AEGON N.V. in a balanced manner.

With regard to this financing structure Vereniging AEGON is not exposed to any financial risk. All revenues and expenses of these financial instruments accrue to and are borne by AEGON N.V.

#### **Development of secondary objective**

In 2007, Vereniging AEGON started to orientate on the development of potential secondary objectives for the long-term, within the framework of the present statutory objectives. The focus was on issues concerning ageing of the population and ageing in a healthy way.

In 2008, the study of the Vereniging focused on possibilities for improvement of ageing in a vigorous and healthy way. On November 11, 2008, the study resulted in the start-up of Leyden Academy on Vitality and Ageing (LAVA). LAVA, as an initiative of the Vereniging, is a co-operation with Leiden University Medical Centre and is presided by R.G.J. Westendorp, professor at the Department of Gerontology and Geriatrics of Leiden University.

LAVA aims to contribute to vigorous and healthy ageing and wishes to concentrate on medical and social-medical aspects of ageing of the population. LAVA tries to achieve its goals by offering part-time education for managers in healthcare, by offering a fulltime international master degree for talented young physicians, and by initiating and encouraging research and the conversion thereof for the medical and social-medical practice.

The Board of Directors of LAVA B.V. consists of Messrs. R.G.J. Westendorp (chairman) and J.J. Meij. The Supervisory Board consists of Messrs. W.M. van den Goorbergh (chairman), P.J. Idenburg, H.P.M. Knapen and J.W.B. Westerburchen. As from April 1, 2010 Mrs M.A.E. van der Waal will succeed Mr J.J. Meij as member of the Board of Directors.

The Leyden Academy on Vitality and Ageing is the main activity of the private company with limited liability of the same name, of which Vereniging AEGON is the sole shareholder. In 2008, Vereniging AEGON provided LAVA B.V. with € 1,000,000 by means of paid-up share capital. The Vereniging considers it important that, next to its primary objective and in the spirit of its roots as caretaker of mutual solidarity, it contributes to society in this manner.



## REPORT OF THE EXECUTIVE COMMITTEE

### Developments in 2009

#### Exercising voting and dividend rights

As in previous years, the Vereniging, in 2009, met its objectives by holding shares in AEGON N.V. and exercising the associated rights, in particular the voting rights.

In accordance with the resolution of the Annual General Meeting of Members of the Vereniging, the voting rights were exercised at the Annual General Meeting of Shareholders of AEGON N.V., held on April 22, 2009.

AEGON N.V. did not distribute a final dividend for the year 2008, nor did it remit an interim dividend 2009. However, for the year 2008, preferred dividend was received in 2009.

#### Relationship between the Vereniging and AEGON N.V.

On December 31, 2008, the Vereniging held a total of 171,974,055 common shares, 211,680,000 class A preferred shares and 35,170,000 class B preferred shares.

On August 13, 2009 AEGON N.V. added € 1,000,000,000 to its core capital by selling treasury shares and issuing new common shares. As a result the voting rights of Vereniging AEGON in the event of a "special cause" dropped from approximately 33.77% to 30.87%. To correct this dilution, the Vereniging exercised its option right and acquired 33,860,000 class B preferred shares at a total net price of € 8,465,000.

Consequently, the Vereniging holds a total of 171,974,055 common shares, 211,680,000 class A preferred shares and 69,030,000 class B preferred shares as at December 31, 2009.

In addition to these shares the Vereniging holds 500,000,000 Convertible Core Capital Securities (which carry no voting rights) as at December 31, 2009, issued by AEGON N.V. to Vereniging AEGON at an issue price of € 4 each.

The Vereniging's voting rights in normal circumstances amount to approximately 22.76% (was 23.73%), based on the number of outstanding and voting shares (excluding common shares held in treasury by AEGON N.V.),

as at December 31, 2009. In the event of a 'special cause', the Vereniging's voting rights would increase for a maximum period of six months to the full number of votes, approximately 33 % as at December 31, 2009 (at December 31, 2008 33.77%).

#### Members and Executive Committee

As at December 31, 2009, the General Meeting of Members of the Vereniging consisted of nineteen members. Seventeen of these are not related to AEGON N.V. They are neither employees nor former employees of AEGON N.V. or its associated companies, nor current or former members of the Supervisory Board or the Executive Board of AEGON N.V. The two other members are members of the Executive Board of AEGON N.V.

The Executive Committee of Vereniging AEGON comprises seven members, five of whom, including the chairman and the vice-chairman, are not and never have been related to the AEGON Group. The other two members are also members of the Executive Board of AEGON N.V. During the year under review, Mr Streppel stepped down as member of the Executive Committee and as member of the Vereniging. He was succeeded in these capacities by Mr Nootgedagt. Mrs Van Lier Lels was elected member.

#### Remuneration

The members of the Executive Committee receive a fixed fee for their activities. The other members receive a fixed fee and an attendance fee. The General Meeting of Members adopts all fees. In 2009, the chairman of the Executive Committee received a fee of € 28,500 and the vice-chairman received a fee of € 23,000. The fee for the other members of the Executive Committee was € 20,000 each. In 2009, members received a fee of € 7,000 per year and € 1,000 per meeting attended. For their activities as members of its Supervisory Board, LAVA B.V. paid Mr Van den Goorbergh (chairman) a fixed fee of € 7,000, and Messrs Idenburg, Knapen and Westerburgen a fixed fee of € 5,000 each.

**Senior Loan State of the Netherlands**

On November 30, 2009, AEGON N.V. repaid € 1,000,000,000 to the State of the Netherlands on behalf of Vereniging AEGON. Thus, on December 31, 2009, the liability of Vereniging AEGON to the State of the Netherlands amounts to € 2,000,000,000 and correspondingly, Vereniging AEGON holds 500 million Convertible Core Capital Securities with the same aggregate value.

**Refinancing**

On February 9, 2010, Vereniging AEGON concluded a new credit facility with a consortium of banks for a period of 3 years. This facility can be extended for one year until 2014. The facility has a maximum of € 1,250,000,000. The new facility replaces the Repo and Back-up facility from 2005. The original maturity date of the Repo and Back-up facility was September 15, 2010.

**Secondary objective**

During 2009, the Leyden Academy was further developed. The Executive Course for managers in healthcare for the elderly started in September and the procedure to accredit the Master Course is in process. On November, 11 the first anniversary of the Leyden Academy was celebrated with a scientific expert meeting and a public function on the subject of life expectancy based on a Four Countries study.

As also was the case in 2008, in 2009 the Vereniging provided LAVA B.V. with € 1,000,000. This time by means of premium on the already paid up share capital.

As of November 2009, LAVA acts as managing director and takes care of the secretary's office of Stichting ILC Zorg voor Later. This foundation stimulates scientific research and discussion on issues and developments concerning ageing of the population and ageing in a healthy way.

**Financial Statements 2009**

Under the accounting policies, the AEGON N.V. common shares held by the Vereniging are carried at market value, the preferred shares and Convertible Core Capital Securities are being carried at purchase price and face value respectively.

The value of the shareholding, excluding the Convertible Core Capital Securities, amounted to € 2,914,820,000 as at December 31, 2009 (December 31, 2008: € 2,903,775,000). Unrealised gains and losses for the financial year are recognised in the statement of income and expenditure. Consequently, an unrealised profit of € 2,580,000 was recognised in the statement of income and expenditure for the financial year 2009.

The result for 2009 was a profit of € 51,526,000 (2008: a deficit of € 1,137,606,000). The result for 2008 was significantly affected by movements in the market value of the common shares.

The Executive Committee recommends that the General Meeting of Members adopts the 2009 financial statements and endorses the Executive Committee's management in 2009.

The Hague, March 30, 2010

**On behalf of the Executive Committee,**

W.M. van den Goorbergh, chairman

Amounts in thousands of Euros

**BALANCE SHEET AT DECEMBER 31**

(after appropriation of the result)

<b>Fixed assets</b>	<b>2009</b>	<b>2008</b>
<i>Financial fixed assets</i>		
Participation quoted stock	780,762	778,182
Participation unquoted stock	2,134,058	2,125,593
Convertible Core Capital Securities AEGON N.V.*	2,000,000	3,000,000
Participating interest in Leyden Academy on Vitality and Ageing B.V.	989	862
	<b>4,915,809</b>	<b>5,904,637</b>
<b>Current assets</b>		
Prepayments and accrued income	90,795	125,461
Liquid assets	17	57
	<b>90,812</b>	<b>125,518</b>
<b>Total Assets</b>	<b>5,006,621</b>	<b>6,030,155</b>
<b>Capital and reserves</b>	<b>1,908,188</b>	<b>1,856,662</b>
<b>Long-term liabilities</b>		
Credit facility consortium of banks	1,073,248	1,118,134
Senior Loan State of the Netherlands*	2,000,000	3,000,000
	<b>3,073,248</b>	<b>4,118,134</b>
<b>Current liabilities</b>	25,185	55,359
<b>Total Liabilities</b>	<b>5,006,621</b>	<b>6,030,155</b>

\* The 'Convertible Core Capital Securities' issued by AEGON N.V. have been accounted for as assets and the corresponding 'Senior Loan' granted by the State of the Netherlands ("the State") as a liability. These financial instruments are related to the strengthening of the core capital of AEGON N.V. Vereniging AEGON, in respect of these financial instruments, is not exposed to any risk, as all economic risks and rewards accrue to and are borne by AEGON N.V. and the State. Because of the unique nature of the transaction and to provide insight into the structure and the legal position of Vereniging AEGON, both financial instruments are carried at face value in the balance sheet of Vereniging AEGON.

Amounts in thousands of Euros

## STATEMENT OF INCOME AND EXPENDITURE

	2009	2008
<b>Income*</b>		
Dividend on common shares	-	106,624
Dividend on preferred shares	90,428	122,221
Interest Convertible Core Capital Securities	273,313	-
Unrealised profits on common shares	2,580	-
<b>Total Income</b>	<b>366,321</b>	<b>228,845</b>
<b>Expenses*</b>		
Unrealised losses on common shares	-	1,300,984
Interest Senior Loan State of the Netherlands	273,313	-
Financial expenses	39,674	64,475
Expenses	935	854
<b>Total Expenses</b>	<b>313,922</b>	<b>1,366,313</b>
<b>Result participating interest</b>	<b>(873)</b>	<b>(138)</b>
<b>Result</b>	<b>51,526</b>	<b>(1,137,606)</b>

\* Vereniging AEGON is not exposed to any financial risk in respect of the 'Convertible Core Capital Securities' issued by AEGON N.V. and the 'Senior Loan' granted by the State. As all economic risks and rewards of these financial instruments accrue to and are borne by AEGON N.V. and the State, related income and expenses are accounted for in the statement of income and expenditure not only because of the unique nature of the transaction but also to provide insight into the structure and legal position of Vereniging AEGON. In consideration of this special nature, recognition will take place when payments by AEGON N.V. to the State are actually effected.

Amounts in thousands of Euros

**CASH FLOW STATEMENT**

	<b>2009</b>	<b>2008</b>
<b>Cash flow from operating and investing activities</b>		
Dividend received on common shares	-	106,624
Dividend received on preferred shares	122,221	111,544
Payment on AEGON N.V. preferred shares	(8,465)	-
Paid-up share capital Leyden Academy on Vitality and Ageing B.V.	-	(1,000)
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,000)	-
Interest received	-	122
Financial expenses paid	(67,319)	(8,157)
Expenses paid	(641)	(769)
	<b>44,796</b>	<b>208,364</b>
<b>Cash flow from financing activities</b>		
Repayment of credit facilities	(44,886)	(209,337)
Deposits Leyden Academy on Vitality and Ageing B.V.	50	800
	<b>(44,836)</b>	<b>(208,537)</b>
<b>Movement in liquid assets</b>	<b>(40)</b>	<b>(173)</b>

The cash flow statement has been prepared using the direct method. A credit facility has been accounted for under cash flow from financing activities. The principal sum of this credit facility is set periodically, among other things depending on the value of the security. For further information please refer to the chapter called **“Credit facility consortium of banks”** on page 19.

## NOTES TO THE FINANCIAL STATEMENTS

### **Introduction**

To the extent that the Supervisory Board of AEGON N.V. does not use the profit of the year for strengthening capital or creating reserves, an annual dividend is paid on the average paid-in capital of 281 million preferred shares in AEGON N.V. at a rate which is equal to the European Central Bank refinancing rate on the first business day of the year on the Euronext Amsterdam stock exchange plus 1.75 percentage points. The dividend on the preferred shares for the current year was set at 4.25% (last year 5.75%).

As at December 31, 2009, the Vereniging owned 172 million AEGON N.V. common shares.

The Vereniging has financial fixed assets, excluding the Convertible Core Capital Securities AEGON N.V., of approximately € 2.9 billion (based on the closing price of the AEGON N.V. common shares on the Euronext Amsterdam stock exchange on December 31, 2009 of € 4.540) and outstanding debts of € 1.1 billion, for which bank facilities have been arranged until September 15, 2010.

On February 9, 2010, Vereniging AEGON and a consortium of banks have, for a period of 3 years, concluded a new credit facility to a maximum of € 1.25 billion. The duration can be extended with one year. On February 11, 2010, Vereniging AEGON redeemed the existing facility making use of the new facility.

Amounts in thousands of Euros unless stated otherwise

## NOTES TO THE BALANCE SHEET

### Accounting policies

Unless otherwise stated, balance sheet items are carried at face value.

### Participation quoted stock

This item is the holding of common shares AEGON N.V. The common shares are valued at market value. Realised and unrealised gains and losses are accounted for in the statement of income and expenditure. If a dividend is taken in shares, an amount equal to the proceeds is added to the participation and accounted for through the statement of income and expenditure. An equal number of shares are immediately sold and the difference between the proceeds and the average cost of the shares is accounted for in the statement of income and expenditure.

The market value of the common shares as at December 31, 2009 was € 780,762,000 (€ 4.540 per share). At December 31, 2008, the value was € 778,182,000 (€ 4.525 per share). The cost of the common shares as at December 31, 2009 was € 2,437,324,000 (€ 14.17 per share).

Movements in common shares:

	<b>2009</b>		<b>2008</b>	
	Number	Value	Number	Value
Balance as at January 1	171,974,055	778,182	171,974,055	2,079,166
Revaluation, realised and unrealised	-	2,580	-	(1,300,984)
<b>Balance as at December 31</b>	<b>171,974,055</b>	<b>780,762</b>	<b>171,974,055</b>	<b>778,182</b>



**Participation unquoted stock**

This item is the holding of preferred shares AEGON N.V. The preferred shares are carried at purchase price. The expected dividend on the preferred shares, on an annual basis, is equal to the European Central Bank refinancing rate on the first trading day on the Euronext Amsterdam stock exchange of the year to which the dividend relates plus 1.75 percentage points. For 2009, a dividend of 4.25% is expected (2008: 5.75%). The expected dividend is included in accrued income.

Movements in preferred shares:

	2009		2008	
	Number	Value	Number	Value
Balance as at January 1	246,850,000	2,125,593	246,850,000	2,125,593
Purchases	33,860,000	8,465	-	-
<b>Balance as at December 31</b>	<b>280,710,000</b>	<b>2,134,058</b>	<b>246,850,000</b>	<b>2,125,593</b>

The latter balance concerns:

	2009		2008	
	Number	Value	Number	Value
Class A preferred shares	211,680,000	2,116,800	211,680,000	2,116,800
Class B preferred shares	69,030,000	17,258	35,170,000	8,793
<b>Balance as at December 31</b>	<b>280,710,000</b>	<b>2,134,058</b>	<b>246,850,000</b>	<b>2,125,593</b>

The preferred shares A and B have been paid in at par value; on top of that, a premium has been paid in on the preferred shares A. However, both preferred shares A and preferred shares B have equal rights.

**Convertible Core Capital Securities AEGON N.V.**

This item refers to 500 million convertible (registered) securities that AEGON N.V. issued to Vereniging AEGON at the issue price of € 4 each.

Movements in Convertible Core Capital Securities:

	2009		2008	
	Number	Value	Number	Value
Balance as at January 1	750,000,000	3,000,000	-	-
Purchases	-	-	750,000,000	3,000,000
Re-purchases and refunded	250,000,000	(1,000,000)	-	-
<b>Balance as at December 31</b>	<b>500,000,000</b>	<b>2,000,000</b>	<b>750,000,000</b>	<b>3,000,000</b>

The convertible securities relate to the strengthening of the core capital of AEGON N.V. by the State. Vereniging AEGON participates in the transaction within the context of objects under its Articles of Association, which are to serve the direct and indirect interests of AEGON N.V. in a balanced manner. Vereniging AEGON in actual fact acts as agent.

Hence, the Vereniging is not exposed to any risk, since the State is entitled to all redemptions and payments of interest on the convertible securities according to the Senior Loan granted by the State, and Vereniging AEGON has no obligations to the State in case AEGON N.V. fails to pay redemptions and/or interest.

Direct settlement between AEGON N.V. and the State will also take place in the event of the exchange of convertible securities for common shares in AEGON N.V. Accordingly, all economic risks and rewards of this financial instrument accrue to and are borne by AEGON N.V. and the State. Vereniging AEGON is not allowed to transfer the convertible securities to any other party without the prior consent of AEGON N.V. and the State.

Because of the unique nature of the transaction and in order to provide enhanced insight into the structure and legal position of Vereniging AEGON, the convertible securities are carried at face value in the balance sheet of Vereniging AEGON. In this respect, the Vereniging departs from Dutch GAAP in the interest of enhanced insight.

The convertible securities have a perpetual term. AEGON N.V. is obliged to pay interest on the convertible securities in case AEGON N.V. distributes dividend on common shares. AEGON N.V. has the right to redeem the convertible securities and is entitled, as from 2011, to exchange the convertible securities for common shares AEGON N.V. at an exchange rate of 1:1.

**Participating interest in Leyden Academy on Vitality and Ageing B.V.**

The participating interest (100%) in Leyden Academy on Vitality and Ageing B.V., with registered seat at Leiden, is recognised in accordance with the equity method.

	<b>2009</b>	<b>2008</b>
Balance as at January 1	862	-
Paid up share capital	-	1,000
Paid up share premium	1,000	-
Result participating interest	(873)	(138)
<b>Balance as at December 31</b>	<b>989</b>	<b>862</b>

Leyden Academy on Vitality and Ageing B.V. commenced its activities in 2008, which tie in with the Vereniging's secondary objective, involving subjects such as the ageing of the population and maintaining one's vitality when growing older. In September 2009 it started the Executive Course.

<b>Prepayments and accrued income</b>	<b>2009</b>	<b>2008</b>
Expected preferred dividend	90,428	122,221
Accrued and prepaid interest swaps	367	3,240
	<b>90,795</b>	<b>125,461</b>

<b>Capital and reserves</b>	<b>2009</b>	<b>2008</b>
Balance as at January 1	1,856,662	2,994,268
Result financial year	51,526	(1,137,606)
<b>Balance as at December 31</b>	<b>1,908,188</b>	<b>1,856,662</b>

<b>Long-term liabilities</b>	<b>2009</b>	<b>2008</b>
<b>Credit facility consortium of banks</b>	<b>1,073,248</b>	<b>1,118,134</b>

The Vereniging has arranged a credit facility with a consortium of banks led by ABN Amro Bank N.V. This credit facility consists of an Equity Repurchase Facility (Repo Facility) and a Revolving Repo Backup Facility. Both facilities mature on September 15, 2010. Under the Repo Facility, the Vereniging is able to enter into Repo transactions secured by AEGON N.V. common shares with the banking consortium up to € 1,250,000,000. The Vereniging also has a Backup Facility which can be applied for if the contractual coverage of AEGON N.V. common shares is no longer sufficient. The interest rate agreed upon for these facilities is based on Euribor rates with an interest surcharge.

All the AEGON N.V. common shares and the income from the AEGON N.V. preferred shares have been given as collateral for the credit facility. At the end of the financial year 2009, all common shares in AEGON N.V. served as security for the Repo Facility.

The Vereniging has arranged a derivative contract, in order to cover interest rate risks. At December 31, 2009, an interest rate contract had been taken up for a total of € 1,100,000,000 (notional amount), with a negative market value of € 190,000 (December 31, 2008: negative € 111,000). The interest rate obligation under this contract is included in prepaid interest swaps and accrued interest swaps.

	<b>2009</b>	<b>2008</b>
<b>Senior Loan State of the Netherlands</b>	<b>2,000,000</b>	<b>3,000,000</b>

In order to strengthen the core capital of AEGON N.V., the State has granted a Senior Loan to Vereniging AEGON to finance the convertible securities. The terms and conditions of the Senior Loan reflect those of the convertible securities. Reference is made to the notes to the "Convertible Core Capital Securities". In respect of the Senior Loan this implies, among other things, that the terms and conditions applicable to the redemption and payment of interest are identical to those that apply to redemption and payment of interest on convertible securities, and that under no circumstances any redemption or payment of interest will be due to the State beyond those redemptions or payments of interest collected from AEGON N.V. on the convertible securities. Hence, AEGON N.V. is obliged to make all payments directly to the State. The Senior Loan, like the convertible securities, is carried at face value. In this respect, the Vereniging departs from Dutch GAAP in the interest of enhanced insight.

In the context of the Senior Loan agreement, the Vereniging is obliged to exercise its voting rights (and, if necessary, its special voting rights) at the General Meeting of Shareholders of AEGON N.V. in such a way as to fully meet its obligations under the agreements with the State and AEGON N.V.

The loan has a perpetual term. Vereniging AEGON is entitled to redeem the loan by transferring the convertible securities to the State. To secure its obligations towards the State, Vereniging AEGON pledged the convertible notes to the State.

**Current liabilities**

Deposits Leyden Academy on Vitality and Ageing B.V.  
 Accrued interest swap  
 Accrued interest  
 Fees consortium of banks  
 Other liabilities

	2009	2008
	850	800
	22,447	52,030
	39	700
	1,417	1,691
	432	138
<b>Total</b>	<b>25,185</b>	<b>55,359</b>

**Contingent assets and liabilities**

The annual fee payable to AEGON N.V. in respect of the Support Services Agreement amounts to € 198,000 per year as from 2010.

Pursuant to its earlier commitment, the Vereniging owes Alzheimercentrum VUmc Amsterdam € 75,000 in 2010.

Amounts in thousands of Euros unless stated otherwise

## NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

Income and expenditure attributable to the financial year are included in the statement of income and expenditure.

### Dividend on common shares

Dividends on common shares are dividends received in the financial year. In case of a stock dividend, the proceeds from these shares are taken to the statement of income and expenditure on the date of distribution.

### Dividend on preferred shares

The dividend on preferred shares consists of the European Central Bank refinancing rate on the first trading day of the year on the Euronext Amsterdam stock exchange plus 1.75 percentage points. For 2009, this percentage was 4.25% (2008: 5.75%). The dividend is attributed to the year to which the dividend relates.

### Unrealised profits on common shares

The unrealised profits on common shares relate to the increase of the market value of the AEGON N.V. common shares during the year.

### Financial expenses

The financial expenses were as follows:

	2009	2008
Interest Senior Loan State of the Netherlands	273,313	-
Interest paid	30,963	56,775
Commissions paid to financial institutions	8,711	7,832
Other interest revenue	-	(132)
	<b>312,987</b>	<b>64,475</b>

**Convertible Core Capital Securities AEGON N.V. and Senior Loan granted by the State**

Vereniging AEGON is not exposed to any financial risk in respect of the 'Convertible Core Capital Securities' issued by AEGON N.V. and the 'Senior Loan' granted by the State. As all economic risks and rewards of these financial instruments accrue to and are borne by AEGON N.V. and the State, related income and expenses are accounted for in the statement of income and expenditure because of the unique nature of the transaction and to provide enhanced insight into the structure and legal position of Vereniging AEGON. In this respect, the Vereniging departs from Dutch GAAP in the interest of enhanced insight. In consideration of this special nature, recognition will take place when payments by AEGON N.V. to the State are actually effected.

**Expenses**

Expenses include € 155,000 (2008: € 161,000) charged to the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Article 383(1), Book 2 of the Netherlands Civil Code.

The cost related to the secondary objective amounted to € 150,000. This includes a contribution to Stichting ILC Zorg voor Later of € 75,000, and a contribution to the Alzheimercentrum VUmc Amsterdam of € 75,000.

Consultancy fees amounted to € 224,000. These almost fully consisted of the estimated external cost of € 200,000 for consultancy fees concerning the refinancing of Vereniging AEGON.

For further information on AEGON N.V., reference is made to the AEGON N.V. financial statements for 2009.

The Hague, March 30, 2010

**The Executive Committee**

W.M. van den Goorbergh, chairman  
J.W.B. Westerburgen, vice-chairman  
P.J. Idenburg  
H.P.M. Knapen  
J.J. Nooitgedagt  
H.P. Spruijt  
A.R. Wynaendts



## AUDITOR'S REPORT

### **Report on the financial statements**

We have audited the financial statements 2009 of Vereniging AEGON, The Hague, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

#### *Management's responsibility*

The Executive Committee is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Report of the Executive Committee, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Executive Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Vereniging AEGON as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Executive Committee is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, March 30, 2010

### **Ernst & Young Accountants LLP**

Signed by H. Hollander

