

**ANNUAL REPORT 2008**



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## **Vereniging AEGON**

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This is a translation of the Dutch text of the 2008 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

	Members	Year of resignation	
		Scheduled	Final
<b>Executive Committee</b>			
W.M. van den Goorbergh, <i>chairman</i> (as of April 17, 2008)	J.M. Boll	-	2012
P.P. Kohnstamm, <i>chairman</i> (until April 17, 2008)	A.F. Bosma	-	2011
J.W.B. Westerburgen, <i>vice-chairman</i> J.M. Boll (until April 17, 2008)	H.J.E. Bruins Slot	2010	2018
P.J. Idenburg	H.A. Doek (as of April 17, 2008)	2012	2017
H.P.M. Knapen (as of April 17, 2008)	W.M. van den Goorbergh	2011	2018
D.J. Shepard (until April 17, 2008)	P.J. Idenburg	2009	2012
H.P. Spruijt (as of April 17, 2008)	H.P.M. Knapen	2012	2016
J.B.M. Streppel	P.P. Kohnstamm	-	2010
A.R. Wynaendts (as of April 17, 2008)	Mrs. P.C. Krikke	2012	2016
	Mrs. P.C. Lodders-Elfferich	-	2010
	H. Muller	2009	2012
	Mrs. E.J. Mulock Houwer	2010	2011
	H.M. Pinedo	2009	2013
	D.J. Shepard (until April 17, 2008)	-	-
	R. Spiekerman van Weezenburg	-	2010
	H.P. Spruijt	2009	2017
<b>Secretary</b>	J.B.M. Streppel	n/a	2009
T.H.M. Schijf	J.W.B. Westerburgen	2009	2012
	A.R. Wynaendts (as of April 17, 2008)	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 included secretary-general of the Ministry of Education, Culture and Science and mayor of the Municipality of Apeldoorn.

**H.A. Doek** (1947) became a member of the Vereniging in 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 OPG Groep N.V. Mr van den Goorbergh is 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 since 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. 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) joined the Vereniging as a member in 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

**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. Further more 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 several 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.B.M. Streppel** (1949) has been a member of the Vereniging and its Executive Committee since 2000. Mr Streppel is a member of the Executive Board of AEGON N.V. and a member of the Supervisory Board of Koninklijke KPN N.V. and F. van Lanschot Bankiers N.V.

**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 of Unilever N.V. and Unilever Plc. He is a member of the Supervisory Board of ASML Holding N.V. and Unibail-Rodamco S.A.

**A.R. Wynaendts** (1960) became a member of the Vereniging and its Executive Committee in 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 nominal value of € 0.12 held by the Vereniging were converted into 211,680,000 new class A preferred shares with 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 2007 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 treasury share sales.



## REPORT OF THE EXECUTIVE COMMITTEE

### Developments in 2008

#### Exercising voting and dividend rights

As in previous years, the Vereniging, in 2008, 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, 2008.

In line with resolutions of the Executive Committee, the 2007 final dividend and 2008 interim dividend were received in cash.

#### 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.

In addition to these shares the Vereniging as of December 1, 2008 holds 750,000,000 Convertible Core Capital Securities, which have been issued by AEGON N.V. to Vereniging AEGON at an issue price of € 4 each. This transaction was executed in accordance with an agreement between the State of the Netherlands ("the State"), AEGON N.V. and the Vereniging, which aimed at increasing the core capital of AEGON N.V. by an additional € 3,000,000,000. For this purpose, the State granted the Vereniging a senior loan of € 3,000,000,000. Vereniging AEGON participates in this structure in accordance with the objects under its Articles of Association.

In respect of this structure Vereniging AEGON is not exposed to any financial risk. All revenues and expenses in respect of the agreement accrue to and are borne by AEGON N.V.

The Vereniging's voting rights in normal circumstances amount to approximately 23.73% (was 23.11%), based on the number of outstanding and voting shares (excluding common shares held in treasury by AEGON N.V.), as at December 31, 2008. 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 33.77% as at December 31, 2008.

#### Members and Executive Committee

At December 31, 2008, the General Meeting of Members of the Vereniging consisted of eighteen members. Sixteen 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 Shepard stepped down as member of the Executive Committee and as member of the Vereniging. He was succeeded in these capacities by Mr Wynaendts. Mr Van den Goorbergh was elected chairman of the Executive Committee as successor to Mr Kohnstamm, who stayed on as member of the Vereniging.

Mr Knapen was re-elected member and was appointed member of the Executive Committee. Mrs Krikke and Mrs Ladders-Elfferich were re-elected member. Mr Spruijt was appointed member of the Executive Committee. Mr Doek was elected member. Mrs Bensing was also elected as a member but she withdrew as a member in the course of the year for personal reasons.

#### 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 adopted all fees. In 2008, members received a fee of € 7,000 per year and € 1,000 per meeting attended. The chairman of the Executive Committee received a fee of € 28,500 and the vice-chairman received a fee of € 23,000 for 2008. The fee for the other members of the Executive Committee was € 20,000 each.

For additional activities as a member of the Steering Committee Langer Gezond Leven, within the scope of a study of possible future secondary objectives for the Vereniging, Mr Westerburgen received a fixed fee of € 8,000. Mrs Ladders and Messrs Idenburg, Knapen and Pinedo received a fixed fee of € 5,000 each.

### Secondary objectives

In 2007 the Vereniging started to familiarize themselves with 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. Within this scope the Vereniging committed themselves to the Stichting ILC Zorg voor Later and financially supported this foundation. In 2007 the Vereniging contributed € 125,000 and in 2008 € 100,000. The Stichting ILC Zorg voor Later stimulates scientific research and discussions on the aforementioned topics. With the support of the Vereniging it can give more substance to these issues.

### Leyden Academy on Vitality and Ageing

In the course of 2008 the study of the Vereniging focused on possibilities for the 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 health care, by offering a full-time international master degree for talented young physicians, and by initiation and stimulation of research and the conversion thereof for the medical and social-medical practice.

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.

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. 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 en J.W.B. Westerburgen.

In 2008 Vereniging AEGON provided LAVA B.V. with € 1,000,000 by means of paid-up share capital.

### Financial Statements 2008

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 € 2,903,775,000 at December 31, 2008 (December 31, 2007: € 4,204,759,000). Unrealized gains and losses for the financial year are recognised in the statement of income and expenditure. Consequently, an unrealized loss of € 1,300,984,000 was recognised in the statement of income and expenditure for the financial year 2008.

The result for 2008 was a deficit of € 1,137,606,000 (2007: € 255,739,000). Both these results are significantly affected by movements in the market value of the common shares.

The Executive Committee recommends that the General Meeting of Members adopts the 2008 financial statements and endorses the Executive Committee's management in 2008.

The Hague, March 23, 2009

**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>2008</b>	<b>2007</b>
<b>Fixed assets</b>		
<i>Financial fixed assets</i>		
Participation quoted stock	778.182	2.079.166
Participation unquoted stock	2.125.593	2.125.593
Convertible Core Capital Securities AEGON N.V.*	3.000.000	-
Participating interest in Leyden Academy on Vitality and Ageing B.V.	862	-
	<b>5.904.637</b>	<b>4.204.759</b>
<b>Current assets</b>		
Prepayments and accrued income	125.461	118.741
Liquid assets	57	230
	<b>125.518</b>	<b>118.971</b>
<b>Total Assets</b>	<b>6.030.155</b>	<b>4.323.730</b>
<b>Capital and reserves</b>	1.856.662	2.994.268
<b>Long-term liabilities</b>		
Credit facility consortium of banks	1.118.134	1.327.472
Senior Loan State of the Netherlands@	3.000.000	-
	<b>4.118.134</b>	<b>1.327.472</b>
<b>Current liabilities</b>	55.359	1.990
<b>Total Liabilities</b>	<b>6.030.155</b>	<b>4.323.730</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

<b>Income*</b>	<b>2008</b>	<b>2007</b>
Dividend on common shares	106.624	104.904
Dividend on preferred shares	122.221	111.544
<b>Total Income</b>	<b>228.845</b>	<b>216.448</b>
 <b>Expenses</b>		
Unrealized losses on common shares	1.300.984	404.139
Financial expenses	64.475	67.177
Expenses	854	871
<b>Total Expenses</b>	<b>1.366.313</b>	<b>472.187</b>
<b>Result participating interest</b>	<b>-138</b>	<b>-</b>
<b>Result</b>	<b>- 1.137.606</b>	<b>- 255.739</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 to the State are actually effected. In 2008 no amounts were recognised in the statement of income and expenditure.

Amounts in thousands of euros

**CASH FLOW STATEMENT**

	<b>2008</b>	<b>2007</b>
<b>Cash flow from operating and investing activities</b>		
Dividend received on common shares	106.624	104.904
Dividend received on preferred shares	111.544	84.916
Payment on AEGON N.V. preferred shares	-	- 1.470
Paid up share capital Leyden Academy on Vitality and Ageing B.V.	- 1.000	-
Retained dividend tax	-	10.318
Interest received	122	225
Financial expenses paid	- 8.157	- 71.480
Expenses paid	- 769	- 876
	<b>208.364</b>	<b>126.537</b>
<b>Cash flow from financing activities</b>		
Repayment of credit facilities	- 209.337	-126.379
Deposits Leyden Academy on Vitality and Ageing B.V.	800	-
	<b>- 208.537</b>	<b>- 126.379</b>
<b>Movement in liquid assets</b>	<b>- 173</b>	<b>158</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 247 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 5.75% (last year 5.25%).

At December 31, 2008, 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, 2008 of € 4.525) and outstanding debts of € 1.1 billion, for which bank facilities have been arranged until September 15, 2010.

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. Realized and unrealized 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, 2008 was € 778,182,000 (€ 4.525 per share). At December 31, 2007, the value was € 2,079,166,000 (€ 12.09 per share). The cost of the common shares as at December 31, 2008 was € 2,437,324,000 (€ 14.17 per share).

Movements in common shares:

	2008		2007	
	Number	Value	Number	Value
Balance as at January 1	171.974.055	2.097.166	171.974.055	2.483.305
Revaluation, realized and unrealized	-	- 1.300.984	-	- 404.139
<b>Balance as at December 31</b>	<b>171.974.055</b>	<b>778.182</b>	<b>171.974.055</b>	<b>2.079.166</b>

**Participation unquoted stock AEGON N.V.**

This item concerns 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 2008, a dividend of 5.75% is expected (2007: 5.25%). The expected dividend is included in accrued income.

Movements in preferred shares:

	2008		2007	
	Number	Value	Number	Value
Balance as at January 1	246.850.000	2.125.593	240.970.000	2.124.123
Purchases	-	-	5.880.000	1.470
<b>Balance as at December 31</b>	<b>246.850.000</b>	<b>2.125.593</b>	<b>246.850.000</b>	<b>2.125.593</b>

The latter balance concerns:

	2008		2007	
	Number	Value	Number	Value
Class A preferred shares	211.680.000	2.116.800	211.680.000	2.116.800
Class B preferred shares	35.170.000	8.793	35.170.000	8.793
<b>Balance as at December 31</b>	<b>246.850.000</b>	<b>2.125.593</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 750 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:

	Number	2008 Value
Balance as at January 1	-	-
Purchases	750.000.000	3.000.000
<b>Balance as at December 31</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>2008</b>
Balance as at January 1	-
Paid up share capital	1.000
Result participating interest	- 138
<b>Balance as at December 31</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 objects, involving subjects such as the ageing of the population and maintaining one's vitality when growing older.

**Prepayments and accrued income**

	<b>2008</b>	<b>2007</b>
Expected preferred dividend	122.221	111.544
Accrued and prepaid interest swaps	3.240	7.197
	<b>125.461</b>	<b>118.741</b>

**Capital and reserves**

	<b>2008</b>	<b>2007</b>
Balance as at January 1	2.994.268	3.250.007
Result financial year	-1.137.606	-255.739
<b>Balance as at December 31</b>	<b>1.856.662</b>	<b>2.994.268</b>

**Long-term liabilities**

Credit facility consortium of banks

2008	2007
1.118.134	1.327.472

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 (Back-up 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 € 1,350,000,000. The Vereniging also has a Back-up 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 2008, 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, 2008, an interest rate contract had been taken up for a total of € 1,200,000,000 (notional amount), with a negative market value of € 111,000 (December 31, 2007: positive € 94,000). The interest rate obligation under this contract is included in prepaid interest swaps and accrued interest swaps.

**Senior Loan from the State of the Netherlands**

2008	2007
3.000.000	-

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, amongst others, that the terms and conditions applicable to the redemption and payment of interest are identical to those that apply to redemption of 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  
Fee consortium of banks  
Other liabilities

**Total**

	<b>2008</b>	<b>2007</b>
Deposits Leyden Academy on Vitality and Ageing B.V.	800	-
Accrued interest swap	52.030	-
Accrued interest	700	535
Fee consortium of banks	1.691	1.404
Other liabilities	138	51
<b>Total</b>	<b>55.359</b>	<b>1.990</b>

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

Dividend 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 2008 this percentage was 5.75% (2007: 5.25%). The dividend is attributed to the year to which the dividend relates.

### Unrealized losses on common shares

The unrealized losses on common shares relate to the decrease of the market value of the AEGON N.V. common shares during the year.

### Financial expenses

The financial expenses were as follows:

	2008	2007
Interest paid	56.775	59.290
Commissions paid to financial institutions	7.832	8.112
Other interest revenue	- 132	- 225
	<b>64.475</b>	<b>67.177</b>

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

Vereniging AEGON is not exposed to any financial risk as far as 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 to the State are actually effected.

**Expenses**

Expenses include € 161,000 (2007: € 160,000) 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.

In the context of guiding the start-up and supervision of the activities of Leyden Academy on Vitality and Ageing B.V. the members of the Executive Committee received additional remuneration to the extent of €13,000 in the aggregate, and to members of the Vereniging an additional remuneration of € 15,000 in the aggregate. The remaining costs related to the secondary objectives amounted to € 105,000, which includes a contribution to Stichting ILC Zorg voor Later of € 100,000.

Travelling expenses and cost of accommodation to visit foreign AEGON branches amounted to € 44,000. Consultancy fees amounted to € 100,000. These almost fully consisted of external cost for starting up Leyden Academy on Vitality and Ageing B.V. and for the negotiation of contracts for the Senior Loan granted by the State.

For further information on AEGON N.V., reference is made to the AEGON N.V. financial statements for 2008.

The Hague, March 23, 2009

**The Executive Committee**

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

## AUDITOR'S REPORT

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

We have audited the financial statements 2008 of Vereniging AEGON, The Hague, which comprise the balance sheet as at December 31, 2008, the profit and loss account for the year then ended and the notes.

#### *Management's responsibility*

The Executive Committee of Vereniging AEGON is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report 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 management, 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, 2008 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 Executive Committee report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, March 23, 2009

**for Ernst & Young Accountants LLP**

H. Hollander

