

ANNUAL REPORT | 2010

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Vereniging AEGON

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Registered office in The Hague, the Netherlands

Trade Register, The Hague No. 40531114

This is a translation of the Dutch text of the 2010 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

Executive Committee	Members	Year of resignation	
		Scheduled	Final
W.M. van den Goorbergh, <i>chairman</i>	J.M. Boll	-	2012
J.W.B. Westerburgen, <i>vice-chairman</i>	A.F. Bosma (until April 27, 2011)	-	2011
H.J.E. Bruins Slot (as of December 27, 2010)	H.J.E. Bruins Slot	2014	2018
P.J. Idenburg	H.A. Doek	2012	2017
H.P.M. Knapen (until October 14, 2010)	W.M. van den Goorbergh	2011	2018
J.J. Nooitgedagt RA	Mrs. C.M. Hooymans (as of April 15, 2010)	2014	2022
H.P. Spruijt	P.J. Idenburg	-	2012
A.R. Wynaendts	H.P.M. Knapen (until October 14, 2010)		
	P.P. Kohnstamm (until April 15, 2010)		
	Mrs. P.C. Krikke	2012	2016
	Mrs. M.E. van Lier Lels	2013	2021
	Mrs. P.C. Lodders-Elfferich (until April 15, 2010)		
	H. Muller	-	2012
	Mrs. E.J. Mulock Houwer (until April 27, 2011)	-	2011
	J.J. Nooitgedagt	n/a	2021
	H.M. Pinedo	-	2013
Secretary	Mrs. E.M. Sent (as of April 15, 2010)	2014	2022
T.H.M. Schijf	R. Spiekerman van Weezenburg (until April 15, 2010)		
	H.P. Spruijt	2013	2017
	H.A. van der Til (as of April 15, 2010)	2014	2022
	J.W.B. Westerburgen	-	2012
	A.R. Wynaendts	n/a	2020

Members as of December 31, 2010

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), now called Adfiz.

H.J.E. Bruins Slot (1948) has been a member of the Vereniging since 1998 and joined the Executive Committee in 2010. 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. Mr Bruins Slot holds several executive and supervisory positions, in particular in the field of health care.

H.A. Doek (1947) has been a member of the Vereniging since 2008. Mr Doek is a member of the Upper House of the Dutch Parliament. Mr Doek also 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. He is chairman of the Supervisory Boards of DELA, NIBC Bank N.V. and Welten. He is also a member of the Supervisory Boards of N.V. Bank Nederlandse Gemeenten and Mediq N.V. Mr van den Goorbergh is a member of the Supervisory Authority of Radboud University Nijmegen and UMC St. Radboud and is chairman of the Nexus Instituut.

Mrs C.M. Hooymans (1951) became a member of the Vereniging in 2010. Since 2002 she has been a member of the Executive Board of TNO in Delft. Before that she was a member of the Plant Sciences board of Wageningen University and Research Centre, general director of the Institute for applied research at Plant and Environment B.V., managing director of 'Rijkskwaliteitsinstituut voor Land- en Tuinbouwproducten' (State Quality Institute for Agricultural and Horticultural Products) and director of research of Plant Research International, all in Wageningen. She is a deputy State member of the Social Economic Council of the Netherlands (SER), a member of the board of the Catholic University Nijmegen Foundation, a member of the Board of Directors of the Meridian Institute for Policy Research in Washington and a member of the Supervisory Boards of 'Rabobank Vallei en Rijn' and Koninklijke KPN N.V.

P.J. Idenburg (1942) has been a member of the Vereniging since 1989 and joined the Executive Committee in 1996. Mr Idenburg is an 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 Twente University and Delft University of Technology.

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) has been a member of the Vereniging since 2009. Since 2005 she has held various supervisory and executive positions. She is a member of the Supervisory Boards of Koninklijke KPN N.V., USG People N.V., TKH Group N.V., Maersk B.V., Reed Elsevier N.V. and Ecorys Nederland B.V. She is also a member of the Council for Environment and Infrastructure, 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 the director of Operations of the Schiphol Group.



H. Muller (1942) has been a member of the Vereniging since 2005. Now retired, Mr Muller 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., a member of the board of 'Stichting Beheer SNS Reaal' 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 of 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 Boards of Hogeschool INHOLLAND and Amphia Hospital.

J.J. Nooitgedagt (1953) has been a member of the Vereniging and its Executive Committee since 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 to the Board of Directors of VUmc. He also 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 the VUmc. On request he does medical examinations (second opinions) for KLM Health Services. He has initiated a public health screening for breast cancer on the island of Curaçao.

Mrs E.M. Sent (1967) became a member of the Vereniging in 2010. Since 2004 she has been a professor of Economic Theory and Economic Policy at Radboud University Nijmegen. Before that, she was a Research Fellow of the Netherlands Institute for Advanced Study (NIAS) in Wassenaar and an Assistant/Associate Professor at the University of Notre Dame in Indiana, USA. She is also a member of the Council for Social Development, a member of the Supervisory Council of 'Plan Nederland', a member of the Advisory Council of 'De Groene Zaak', a member

of the Editorial Council of 'Academische Boeken-gids', Me Judice and FM Quarterly and editor and member of the Board of Trustees of the Journal of Institutional Economics.

H.P. Spruijt (1949) has been a member of the Vereniging since 2005 and joined the Executive Committee in 2008. Mr Spruijt was a member of the Executive Board of Reed Elsevier N.V. Until December 2010, he was chairman of the International Publishers Association (IPA) in Geneva. He is chairman of the Supervisory Boards of M&R de Monchy N.V., Koninklijke Jumbo B.V. (board games), Koninklijke BDU Holding B.V. and a member of the Supervisory Boards of Koninklijke Brill N.V. and V-Ventures B.V.

H.A. van der Til (1956) became member of the Vereniging in 2010. He is a Major General in the Marine Corps and, since January 2010, he has been the director for Operational Readiness on the staff of the Commander of the Armed Forces at the Ministry of Defence in The Hague. Before that, he held several operational and staff management positions at home and abroad in the Marine Corps, the Command of the Naval Military Forces in Den Helder and the Ministry of Defence in The Hague.

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 of the tax department at Unilever N.V. and Unilever Plc. He is a member of the Supervisory Board of ASML Holding N.V.

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

As shareholder, Vereniging AEGON ('the Vereniging') represents, in a balanced manner, the direct and indirect interests of AEGON N.V. and its group companies, as well as these 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 to AGO Onderlinge Levensverzekering-maatschappij, which was demutualised as a result of the statutory restructuring of the AGO insurance group. Under the terms of 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, Vereniging AGO 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 of 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 would also receive the right to acquire new preferred shares in order to maintain its majority position as desired by the parties involved in the merger; this is referred to as the 'option rights scheme'.

The Vereniging concluded 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 EUR 9.76 per share. The Vereniging used part of the proceeds to reduce its debt and agreed a new credit facility with a consortium of banks for the remainder. The

Vereniging pledged 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 (EUR 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 amending the Vereniging's Articles of Association. The relationship with AEGON N.V. was changed as follows:

- The 440,000,000 preferred shares with a nominal value of EUR 0.12 held by the Vereniging were converted into 211,680,000 new class A preferred shares with a nominal value of EUR 0.25, and the paid-up capital on the preferred shares was increased by EUR 120,000 to EUR 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 rights scheme as discussed below) were adjusted accordingly to 25/12 votes per preferred share.
- The Vereniging and AEGON N.V. entered into a preferred shares voting rights agreement, pursuant to which the Vereniging has voluntary waived its right to cast 25/12 vote per class A or class B preferred share. Instead, the Vereniging agreed to exercise only one vote 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, at 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 rights scheme under the 1983 Merger Agreement. Under the amended option rights scheme, 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 (EUR 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 the dilution of voting rights caused by AEGON N.V.'s issuance of stock dividends and new common shares, and treasury share sales.

Credit facility from a consortium of banks

The aforementioned credit facility, which was contracted in 2002 and which consists 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 EUR 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 EUR 3,000,000,000 in additional core capital. For this purpose, the State granted Vereniging AEGON a Senior Loan of EUR 3,000,000,000, which was used to acquire 750 million Convertible Core Capital Securities at a rate of EUR 4 each.

Vereniging AEGON participates in this structure within the context of the objects set out in 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. On November 30, 2009, AEGON N.V. repaid the State of the Netherlands EUR 1,000,000,000 on behalf of Vereniging AEGON. Thus, as at December 31, 2009, the debt owed by Vereniging AEGON to the State of the Netherlands amounted to EUR 2,000,000,000, and, correspondingly, the Vereniging held 500 million Convertible Core Capital Securities AEGON N.V. with the same aggregate value.

Development of the secondary objective

In 2007, Vereniging AEGON started to focus 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 the 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 the Leyden Academy on Vitality and Ageing (LAVA).

LAVA, as an initiative of the Vereniging, is a cooperation with Leiden University Medical Centre and is presided over 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 socio-medical aspects of ageing of the population. LAVA tries to achieve its goals by offering part-time education for managers in the field of healthcare, by offering a full-time international masters degree programme for talented young physicians, and by initiating and encouraging research and the conversion thereof for the medical and socio-medical practice.

The Board of Directors of LAVA B.V. consists of Mr R.G.J. Westendorp (chairman) and Mrs M.A.E. van der Waal. The Supervisory Board consists of Messrs W.M. van den Goorbergh (chairman), P.J. Idenburg and J.W.B. Westerburgen.

The Leyden Academy on Vitality and Ageing is the main activity of the private limited liability company of the same name, in which Vereniging AEGON is the sole shareholder. In 2008, Vereniging AEGON provided LAVA B.V. with EUR 1,000,000 in paid-up share capital. In 2009, the Vereniging again provided LAVA B.V. with EUR 1,000,000, this time in the form of share premium on the existing paid-up share capital. The Vereniging considers it important that, in addition to its primary objective and in the spirit of its roots as a caretaker of mutual solidarity, it contributes to society in this manner.

REPORT OF THE EXECUTIVE COMMITTEE

Developments in 2010

Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives in 2010 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 29, 2010.

AEGON N.V. did not distribute a final dividend for the year 2009, nor did it remit an interim dividend in 2010. However, a preferred dividend for the year 2009 was received in 2010.

Relationship between the Vereniging and AEGON N.V.

On December 31, 2010, the Vereniging held a total of 171,974,055 common shares, 211,680,000 class A preferred shares and 69,030,000 class B preferred shares.

In addition, as of December 31, 2010 Vereniging AEGON held 375,000,000 Convertible Core Capital Securities (which carry no voting rights), issued by AEGON N.V. to the Vereniging at an issue price of EUR 4 each.

The Vereniging's voting rights in normal circumstances amount to approximately 22.76%, based on the number of outstanding and voting shares (excluding common shares held in treasury by AEGON N.V.), as at December 31, 2010 (as at December 31, 2009 also 22.76%). 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 of December 31, 2010 (as at December 31, 2009 also approximately 33%).

On March 1, 2011 AEGON N.V. issued 173.6 million new common shares to institutional investors. On March 15, 2011 Vereniging AEGON exercised its option rights and acquired the necessary class B preferred shares to correct the dilution of its voting rights at the general meeting of shareholders in the event of a 'special cause'.

Members and Executive Committee

As of December 31, 2010, the General Meeting of Members of the Vereniging consisted of eighteen members, sixteen of whom have no ties to AEGON N.V. They are neither current nor former employees of AEGON N.V. or its associated companies, nor current or former members of the Supervisory Board or 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, do not have and never have had ties 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 Knapen stepped down as a member of the Executive Committee and as a member of the Vereniging. Mr Bruins Slot succeeded him in his capacity as a member of the Executive Committee.

Members Mrs Lodders-Elfferich and Messrs Kohnstamm and Spiekerman van Weezenburg all stepped down. Mrs Hooymans, Mrs Sent and Mr Van der Til were elected as members.

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 establishes all fee amounts.

In 2010, the chairman of the Executive Committee received a fee of EUR 28,500 and the vice-chairman received a fee of EUR 23,000. The fee for the other members of the Executive Committee was EUR 20,000 each. In 2010, the members received a fee of EUR 7,000 per year and EUR 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 EUR 7,000, Messrs Idenburg and Westerburgen a fixed fee of EUR 5,000 each, and Mr Knapen EUR 3,750.

Senior Loan State of the Netherlands

As of December 31, 2009, the debt that Vereniging AEGON owes to the State of the Netherlands amounted to EUR 2,000,000,000 and, correspondingly, Vereniging AEGON held 500 million Convertible Core Capital Securities with the same aggregate value.

On August 30, 2010 AEGON N.V. repaid the State of the Netherlands EUR 500,000,000 on behalf of Vereniging AEGON. Thus, as of December 31, 2010 the debt owed by Vereniging AEGON to the State of the Netherlands amounted to EUR 1,500,000,000. Correspondingly, the Vereniging holds 375 million Convertible Core Capital Securities AEGON N.V. with the same aggregate value.

On March 15, 2011, AEGON N.V. used the EUR 903,000,000 in proceeds from its equity rights issue to repurchase 187.5 million Convertible Core Capital Securities AEGON N.V. On behalf of Vereniging AEGON, AEGON N.V. applied the proceeds thereof towards repayment of EUR 750,000,000 of the Senior Loan owed to the State of the Netherlands.

Refinancing

On February 9, 2010, Vereniging AEGON concluded a new credit facility with a consortium of banks for a period of 3 years to replace the Repo and Back-up facility that was maximised at EUR 1,650,000,000 and the original maturity date of which was September 15, 2010. The new facility has a maximum of EUR 1,250,000,000. This facility expires on February 9, 2013 but can be extended for one year.

Secondary objective

During 2010, the Leyden Academy was further developed. On April 1, 2010, Mrs Van der Waal succeeded Mr Meij as managing director. The first Executive Course for managers in healthcare for the elderly started in September 2009 and was successfully concluded in June 2010. The Master's Course 'Vitality and Ageing', which has been accredited, started in September 2010. On October 1, 2010, the Leyden Academy published the study 'Dutch life expectancy from an international perspective'.

Vereniging AEGON is also involved in '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. The Leyden Academy acts as the foundation's managing director and its Secretary.

In 2010, as in the two previous years, the Vereniging provided LAVA B.V. with a grant of EUR 1,000,000. This was effected by means of share premium on the existing paid-up share capital. In 2010 the 'Stichting Opleidingsfonds voor Vitaliteit en Veroudering' was established. The objective of this foundation is the stimulation of scientific education and research programmes in the field of vitality, ageing and geriatrics, as well as the support, financially or otherwise, of undergraduates pursuing vocational courses in this field.

Financial Statements 2010

Under the accounting policies, the AEGON N.V. common shares held by the Vereniging are carried at market value, while the preferred shares and Convertible Core Capital Securities are carried at purchase price and face value, respectively. The value of the shareholding, excluding the Convertible Core Capital Securities, amounted to EUR 2,921,011,000 as at December 31, 2010 (December 31, 2009: EUR 2,914,820,000). Unrealised gains and losses for the financial year are recognised in the statement of income and expenditure. Consequently, an unrealised profit of EUR 6,191,000 was recognised in the statement of income and expenditure for the financial year 2010.

The result for 2010 was a profit of EUR 15,743,000 (2009: a profit of EUR 51,526,000). The result for 2010 was significantly affected by a decrease of dividend on the preferred shares.

The Executive Committee recommends that the General Meeting of Members adopts the 2010 financial statements and endorses the Executive Committee's management in 2010.

The Hague, April 13, 2011

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)

	2010	2009
Fixed assets		
<i>Financial fixed assets</i>		
Participation quoted stock	786,953	780,762
Participation unquoted stock	2,134,058	2,134,058
Convertible Core Capital Securities AEGON N.V.*	750,000	2,000,000
Participating interest in Leyden Academy on Vitality and Ageing B.V.	851	989
	3,671,862	4,915,809
Current assets		
Convertible Core Capital Securities AEGON N.V.*	750,000	-
Prepayments and accrued income	69,925	90,795
Liquid assets	440	17
	820,365	90,812
Total Assets	4,492,227	5,006,621
Capital and reserves	1,923,931	1,908,188
Long-term liabilities		
Credit facility consortium of banks	1,051,000	1,073,248
Senior Loan State of the Netherlands*	750,000	2,000,000
	1,801,000	3,073,248
Current liabilities		
Senior Loan State of the Netherlands*	750,000	-
Other liabilities	17,296	25,185
	767,296	25,185
Total Liabilities	4,492,227	5,006,621

* The 'Convertible Core Capital Securities' issued by AEGON N.V. have been recorded 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 is not exposed to any risk in respect of these financial instruments, 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 on the balance sheet of Vereniging AEGON.

Amounts in thousands of Euros

STATEMENT OF INCOME AND EXPENDITURE

	2010	2009
Income*		
Dividend on preferred shares	58,687	90,428
Interest Convertible Core Capital Securities	62,834	273,313
Unrealised profits on common shares	6,191	2,580
Total Income	127,712	366,321
Expenses*		
Interest Senior Loan State of the Netherlands	62,834	273,313
Financial expenses	47,257	39,674
Expenses	740	935
Total Expenses	110,831	313,922
Result participating interest	(1,138)	(873)
Result	15,743	51,526

* 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. For this reason, 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

	2010	2009
Cash flow from operating and investing activities		
Dividend received on preferred shares	90,428	122,221
Interest received	9	-
Payment on AEGON N.V. preferred shares	-	(8,465)
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,000)	(1,000)
Financial expenses paid	(65,361)	(67,319)
Expenses paid	(1,055)	(641)
	23,021	44,796
Cash flow from financing activities		
Repayment of credit facilities	(22,248)	(44,886)
Deposits Leyden Academy on Vitality and Ageing B.V.	(350)	50
	(22,598)	(44,836)
Movement in liquid assets	423	(40)

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, depending, amongst other things, on the value of the security. For further information please refer to page 20.

Amounts in thousands of Euros unless stated otherwise

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 2.75% (last year 4.25%).

As at December 31, 2010, Vereniging AEGON owned approximately 172 million AEGON N.V. common shares.

The Vereniging has financial fixed assets, excluding the Convertible Core Capital Securities AEGON N.V., of approximately EUR 2.92 billion (based on the closing price of the AEGON N.V. common shares on the Euronext Amsterdam stock exchange on December 31, 2010 of EUR 4.576) and outstanding debts of EUR 1.05 billion, for which bank facilities have been arranged until February 9, 2013.

On February 9, 2010, Vereniging AEGON and a consortium of banks concluded a new credit facility for a maximum of EUR 1.25 billion for a period of three years. The term can be extended by one year.

On February 11, 2010, Vereniging AEGON redeemed the earlier facility by making use of the new facility.

Amounts in thousands of Euros unless stated otherwise

NOTES TO THE BALANCE SHEET

Accounting policies

The valuation of balance sheet items and the determination of income and expenditure are based on historical cost. Unless stated otherwise in the relevant accounting policy of a specific balance sheet item, balance sheet items are valued at cost.

FIXED ASSETS

Financial fixed assets

Participation quoted stock

This item is the holding of common shares in 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, 2010 was EUR 786,953,000 (EUR 4.576 per share). As at December 31, 2009, the value was EUR 780,762,000 (EUR 4.540 per share). The cost of the common shares as at December 31, 2010 was EUR 2,437,324,000 (EUR 14.17 per share).

Movements in common shares:

	2010		2009	
	Number	Value	Number	Value
Balance as at January 1	171,974,055	780,762	171,974,055	778,182
Revaluation, realised and unrealised	-	6,191	-	2,580
Balance as at December 31	171,974,055	786,953	171,974,055	780,762

Participation unquoted stock

This item is the holding of preferred shares in 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 2010, a dividend of 2.75% is expected (2009: 4.25%). The expected dividend is included in accrued income.

Movements in preferred shares:

	2010		2009	
	Number	Value	Number	Value
Balance as at January 1	280,710,000	2,134,058	246,850,000	2,125,593
Purchases	-	-	33,860,000	8,465
Balance as at December 31	280,710,000	2,134,058	280,710,000	2,134,058

The latter balance concerns:

	2010		2009	
	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	69,030,000	17,258
Balance as at December 31	280,710,000	2,134,058	280,710,000	2,134,058

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 confer equal rights.

Convertible Core Capital Securities AEGON N.V.

This item refers to 187.5 million convertible (registered) securities that AEGON N.V. issued to Vereniging AEGON at the issue price of EUR 4 each.

Movements in Convertible Core Capital Securities:

	Number	2010 Value	Number	2009 Value
Balance as at January 1	500,000,000	2,000,000	750,000,000	3,000,000
Repurchased and refunded	125,000,000	(500,000)	250,000,000	(1,000,000)
To be repurchased March 15, 2011	187,500,000	(750,000)	-	-
Balance as at December 31	187,500,000	750,000	500,000,000	2,000,000

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 its 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 actually acts as an agent.

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 terms of the Senior Loan granted by the State, and since Vereniging AEGON will have no obligations to the State if 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 on 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. will be obliged to pay interest on the convertible securities if 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.

Because AEGON N.V. repurchased 187.5 million convertible securities on March 15, 2011, the repurchase amount of EUR 750 million is accounted for under current assets.

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.

	2010	2009
Balance as at January 1	989	862
Paid up share premium	1,000	1,000
Result participating interest	(1,138)	(873)
Balance as at December 31	851	989

In 2008, Leyden Academy on Vitality and Ageing B.V. commenced its activities, 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, and the Master's Course started in September 2010.

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

	2010	2009
To be repurchased convertible securities by AEGON N.V.	750,000	-

This item refers to the EUR 187.5 million in Convertible Core Capital Securities AEGON N.V. that were repurchased on March 15, 2011.

Prepayments and accrued income

	2010	2009
Expected preferred dividend	58,687	90,428
Accrued and prepaid interest swaps	-	367
Prepaid upfront fee	11,238	-
	69,925	90,795

To obtain the new credit facility Vereniging AEGON paid an upfront fee of EUR 16,235,000. This fee will be recognised pro rata in the statement of income and expenditure over the course of the three-year term. A sum of EUR 5,287,000 has a term of more than one year.

Liquid assets

Of the sum of EUR 440,000 an amount of EUR 21,000 can only be used to pay interest, costs and/or debts that result from the credit facility.

Capital and reserves

	2010	2009
Balance as at January 1	1,908,188	1,856,662
Result financial year	15,743	51,526
Balance as at December 31	1,923,931	1,908,188

Long-term liabilities

Withdrawn interest-bearing loans and debts are accounted for at amortised cost.

	2010	2009
Credit facility consortium of banks	1,051,000	1,073,248

The Vereniging has arranged a credit facility with a consortium of banks led by Royal Bank of Scotland plc. This credit facility consists of a 'Facility A' (with a maximum of EUR 1,050,000,000) and a 'Facility B' (with a maximum of EUR 200,000,000). Both facilities expire on February 9, 2013 (but may be extended until February 8, 2014). The interest rate agreed upon for these facilities is based on Euribor rates, with an interest surcharge that depends on the solvency (credit rating) of AEGON N.V.

To obtain the new credit facility, Vereniging AEGON paid an upfront fee that will be recognised pro rata in the statement of income and expenditure over the three-year term. This fee has been separately accounted for under current assets and has not been deducted from the debt.

All assets, including the securities on behalf of the Senior Loan State of the Netherlands, and the revenues from the AEGON N.V. preferred shares, have been pledged as collateral for the credit facility. The free cash flow, apart from the preferred dividend, must be used to redeem the credit facility.

	2010	2009
Senior Loan State of the Netherlands	750,000	2,000,000

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 other things, that the terms and conditions applicable to the redemption and payment of interest are identical to those that apply to the redemption and payment of interest on convertible securities, and that under no circumstances will any redemption or payment of interest be due to the State in addition to 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. Vereniging AEGON pledged the convertible notes to the State as security for its obligations to the State.

On March 15, 2011, AEGON N.V. repurchased 187.5 million Convertible Core Capital Securities. As a consequence, the corresponding part of the Senior Loan State of the Netherlands amounting to EUR 750 million is accounted for under current liabilities.

Current Liabilities**Senior Loan State of the Netherlands**

	2010	2009
To be redeemed March 15, 2011 by AEGON N.V.	750,000	-

This item refers to the part of the Senior Loan State of the Netherlands that, owing to the repurchase of the EUR 187.5 million in Convertible Core Capital Securities AEGON N.V., must be repaid.

Other liabilities

	2010	2009
Deposits Leyden Academy on Vitality and Ageing B.V.	500	850
Accrued interest swap	-	22,447
Accrued interest	16,370	39
Fees consortium of banks	310	1,417
Other liabilities	116	432
Total	17,296	25,185

Contingent assets and liabilities

The annual fee payable to AEGON N.V. in respect of the Support Services Agreement amounts to EUR 236,000 per year as from 2010.

Events after balance sheet date

AEGON N.V. on March 1, 2011 successfully issued new common shares. To prevent the dilution of voting rights in the general meeting of shareholders in the event of a 'special cause' Vereniging AEGON exercised its option rights and acquired the necessary class B preferred shares on March 15, 2011.

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.

INCOME

Dividend on common shares

Dividends on common shares are dividends received in the financial year. In the 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 2010, this percentage was 2.75% (2009: 4.25%). 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.

EXPENDITURE

Interest Senior Loan State of the Netherlands

	2010	2009
Interest Senior Loan State of the Netherlands	62,834	273,313

Financial expenses

The financial expenses were as follows:

	2010	2009
Interest paid	39,492	30,963
Commissions paid to financial institutions	2,777	8,711
Upfront fee credit facility	4,997	-
Other interest revenue	(9)	-
	47,257	39,674

To obtain the new credit facility, a one-time upfront fee had to be paid to the consortium of banks. This fee will be recognised pro rata in the statement of income and expenditure over the three-year term.

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, the related income and expenses are accounted for in the statement of income and expenditure, both 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 EUR 151,000 (2009: EUR 155,000) incurred by the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Section 2:383(1) of the Dutch Civil Code (Burgerlijk Wetboek). The lower amount was caused by the early resignation of Mr H.P.M. Knapen.

The cost related to the secondary objective amounting to EUR 75,000 reflects the contribution to the Alzheimercentrum VUmc Amsterdam.

The cost related to the Support Service Agreement AEGON N.V. increased by EUR 87,000 as a result of the estimated time AEGON N.V. employees have spent on Vereniging AEGON.

For further information on AEGON N.V., reference is made to the AEGON N.V. financial statements for 2010.

The Hague, April 13, 2011

The Executive Committee

W.M. van den Goorbergh, *chairman*
 J.W.B. Westerborgen, *vice-chairman*
 H.J.E. Bruins Slot
 P.J. Idenburg
 J.J. Nooitgedagt
 H.P. Spruijt
 A.R. Wynaendts

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2010 of Vereniging AEGON, The Hague, which comprise the balance sheet as at December 31, 2010, the statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Executive Committee's responsibility

The Executive Committee of Vereniging AEGON is responsible for the preparation and fair presentation of these financial statements and for the preparation of the report of the Executive Committee, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Committee is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of Vereniging AEGON, 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 with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Vereniging AEGON as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Executive Committee, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Executive Committee, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, April 13, 2011

Ernst & Young Accountants LLP

Signed by H. Hollander



