THE HAGUE, JULY 22, 2011

REGISTRATION DOCUMENT

as filed with the Netherlands Authority for the Financial Markets on July 22, 2011

AEGON N.V.

(registered at The Hague, The Netherlands)

and

AEGON FUNDING COMPANY LLC.

(registered at Wilmington, Delaware)

REGISTRATION DOCUMENT PURSUANT TO ARTICLES 4, 7 AND 9 OF COMMISSION REGULATION (EC) NO 809/2004 (THE "EU PROSPECTUS REGULATION") FOR AEGON N.V. AND AEGON FUNDING COMPANY LLC.

FORWARD-LOOKING STATEMENTS

The statements contained in this Registration Document that are not historical facts are forward-looking statements. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to our company. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties.

Presentation of certain information

AEGON N.V. is referred to in this Registration Document as “AEGON,” “we”, “us” or “the Company” and AEGON N.V. together with its member companies are together referred to as the “AEGON Group”. For such purposes, “member companies” means, in relation to AEGON N.V., those companies that are required to be consolidated in accordance with legislative requirements of the Netherlands relating to consolidating accounts. References to “Vereniging AEGON” are to Vereniging AEGON and AEGON Funding Company LLC. is referred to in this Registration Document as “AFC”.

In this Registration Document, references to “EUR” and “Euro” are to the lawful currency of the member states of the European Monetary Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union. References to “$,” “USD,” “US$” and “US dollars” are to the lawful currency of the United States of America, references to “GBP,” “pound sterling” and the “UK pound” are to the lawful currency of the United Kingdom, references to “CAD” and “Canadian dollars” are to the lawful currency of Canada and references to “CNY” are to the lawful currency of the People’s Republic of China.

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AEGON Funding Company LLC (AFC) is an indirect wholly owned subsidiary of AEGON N.V. If AFC issues any debt securities, AEGON N.V. will fully and unconditionally guarantee the due and punctual payment of the principal of, any premium and any interest on those debt securities, when and as these payments become due and payable, whether at maturity, upon redemption or declaration of acceleration, or otherwise. All risk factors regarding AEGON N.V. equally apply to AFC.

1.1 Risks relating to AEGON's business

Risks related to the global financial markets and general economic conditions

Disruptions in the global financial markets and general economic conditions have affected and continue to affect, and could have material adverse effects on, AEGON's business, results of operations and financial condition.

AEGON's results of operations and financial condition may be materially affected from time to time by general economic conditions, such as levels of employment, consumer lending or inflation in the countries in which AEGON operates. Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009 and throughout 2010, although the strength of recovery has varied by region and by country. Bank lending has been reduced from the levels seen before the financial crisis began and the housing markets in Europe and North America remain depressed. In addition to the other risks described in this section, these conditions have resulted and may continue to result in a reduction in demand for AEGON's products as well as impairments and reductions in the value of the assets in AEGON's general account, separate account, and company pension schemes, among other assets. AEGON may also experience a higher incidence of claims and lapses or surrenders of policies. AEGON's policyholders may choose to defer or stop paying insurance premiums. AEGON cannot predict definitively whether or when such actions, which could impact its business, results of operations, cash flows and financial condition, may occur.

In view of ongoing uncertainty with respect to the financial and economic environment, on December 1, 2008, AEGON's core capital was increased through a special transaction with Vereniging AEGON and the Dutch State. As part of this arrangement, the Dutch State nominated two representatives to AEGON's Supervisory Board. Up to and including December 31, 2010, AEGON had repurchased half of the initial EUR 3 billion of convertible core capital provided by the Dutch State through Vereniging AEGON. On March 15, 2011, AEGON repurchased another part of the convertible core capital securities.

Governmental action in the Netherlands, the United States, the European Union and elsewhere to address the financial crisis could further impact AEGON's business. AEGON cannot predict with any certainty the effect that actions by the European Central Bank, the Federal Reserve or other governmental actions may have on the financial markets or on AEGON's business, results of operations, cash flows and financial condition.

In Europe, countries such as Portugal, Ireland, Italy, Greece and Spain have been particularly affected by the recent financial and economic conditions, raising concerns about the ongoing viability of the euro currency and the European Monetary Union. The European Union, the European Central Bank and the International Monetary Fund have prepared rescue packages for some of the affected countries. AEGON cannot predict with any certainty whether these packages or other rescue plans will be successful, the effect that they may have on the future viability of the euro currency or the European Monetary Union, or the effect that they may have on AEGON's business, results of operations, cash flows and financial condition.

Credit risk

Defaults in AEGON's debt securities, private placements and mortgage loan portfolios held in AEGON's general account or failure of certain counterparties may adversely affect profitability and shareholders' equity.

Credit risk is the risk of loss resulting from the default by, or failure to meet contractual obligations of issuers and counterparties. As premiums and deposits are received, these funds are invested to pay for future policyholder obligations. For general account products, AEGON typically bears the risk for investment performance equaling the return of principal and interest. AEGON is exposed to credit risk on its general account fixed-income portfolio (debt securities, mortgages and private placements), over – the-counter ("OTC") derivatives and reinsurance contracts. In addition, financial institutions acting as a counterparty on derivatives may not perform their obligations. Default by issuers and counterparties on their financial obligations may be due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security they provide may prove inadequate to cover their obligations at the time of the default.

AEGON's investment portfolio contains investments in Dutch government bonds, US Treasury, agency and state bonds, as well as other government issued securities. Recently, there has been uncertainty regarding the ability of certain European nations and US states and municipalities to satisfy their financial obligations. In the recent weak economic environment AEGON incurred significant investment impairments on its investment assets due to defaults and overall declines in the capital markets. Further excessive defaults or other reductions in the value of these securities and loans could have a material adverse effect on AEGON's business, results of operations and financial condition.

Equity market risk

A decline in equity markets may adversely affect AEGON's profitability and shareholders' equity, sales of savings and investment products and the amount of assets under management.

Fluctuations in the equity markets have affected AEGON's profitability, capital position and sales of equity related products in the past and continue to do so. Exposure to equity markets exists in both assets and liabilities. Asset exposure exists through direct equity investment where AEGON bears all or most of the volatility in returns and investment performance risk. Equity market exposure is also present in insurance and investment contracts for account of policyholders where funds are invested in equities (such as variable annuities, unit-linked products and mutual funds). Although most of the risk remains with the policyholder, lower investment returns can reduce the asset management fee that AEGON earns on the asset balance in these products and prolonged investment under-performance may cause existing customers to withdraw funds and potential customers not to grant investment mandates. In addition, some of AEGON's insurance and investment contract business has minimum return or accumulation guarantees, which requires AEGON to establish reserves to fund these future guaranteed benefits when equity market returns do not meet or exceed these guarantee levels. AEGON's reported results under IFRS are also at risk if returns are not sufficient to allow amortization of deferred policyholder acquisition costs ("DPAC"), which could impact the reported net income as well as shareholders' equity. Volatile or poor market conditions may also significantly reduce the demand for some of AEGON's savings and investment products, which could lead to lower sales and net income. Deteriorating general economic conditions may again result in significant decreases in the value of AEGON's equity investments. The equity market conditions experienced in 2010 led to a recognized impairment loss on equity securities held in general account of EUR 7 million (2009: EUR 96 million; 2008: EUR 203 million).

Interest rate risk

Interest rate volatility or sustained low interest rate levels may adversely affect AEGON's profitability and shareholders' equity.

In periods of rapidly increasing interest rates, policy loans, surrenders and withdrawals may and usually do increase. Premiums in flexible premium policies may decrease as policyholders seek investments with higher perceived returns. This activity may result in cash payments by AEGON requiring the sale of invested assets at a time when the prices of those assets are affected adversely by the increase in market interest rates. This may result in realized investment losses. These cash payments to

policyholders also result in a decrease in total invested assets and net income. Early withdrawals may also require accelerated amortization of deferred policy acquisition costs, which in turn reduces net income.
During periods of sustained low interest rates, as AEGON has been facing in recent years, AEGON may not be able to preserve margins as a result of minimum interest rate guarantees and minimum guaranteed crediting rates provided in policies. Also, investment earnings may be lower because the interest earnings on new fixed-income investments are likely to have declined with the market interest rates. Life insurance and annuity products may be relatively more attractive to consumers, resulting in increased premium payments on products with flexible premium features and a higher percentage of insurance policies remaining in force year to year. Mortgages and redeemable bonds in the investment portfolio are more likely to be repaid as borrowers seek to re-finance at lower interest rates and AEGON may be required to reinvest the proceeds in securities bearing lower interest rates. Risk is heightened in the current market and economic environment in which certain securities may be unavailable. Accordingly, net income may decline as a result of a decrease in the spread between returns on the investment portfolio and the interest rates either credited to policyholders or assumed in reserves.

If interest rates rise there may be unrealized losses on some of AEGON's assets that will be recorded as negative income under IFRS. This is inconsistent with the IFRS accounting on much of AEGON's liabilities, where corresponding unrealized gains when interest rates rise do not affect income in the shorter term. Over time, the short-term reduction in income due to rising interest rates would be offset by higher income in later years, all else being equal.

Base interest rates set by central banks and government treasuries remained at the historically low levels in response to the worldwide recession. Credit spreads remained at historically high levels in 2010.

The profitability of spread-based business depends in large part upon the ability to manage interest rate spreads, credit risk and other risks inherent in the investment portfolio. AEGON may not be able to successfully manage interest rate spreads, credit risk and other risks in the investment portfolio or the potential negative impact of those risks. Investment income from general account fixed income investments for the years 2008, 2009 and 2010 was EUR 6.7 billion, EUR 5.8 billion and EUR 6.0 billion, respectively. The value of the related general account fixed income investment portfolio at the end of the years 2008, 2009 and 2010 was EUR 125 billion, EUR 130 billion and EUR 138 billion, respectively.

Currency exchange rate risk

Fluctuations in currency exchange rates may affect AEGON's reported results of operations.

As an international group, AEGON is subject to foreign currency translation risk. Foreign currency exposure also exists when policies are denominated in currencies other than the issuer's functional currency. Currency risk in the investment portfolios backing insurance and investment liabilities are managed using asset liability matching principles. Assets allocated to equity are kept in local currencies to the extent shareholders' equity is required to satisfy regulatory and AEGON's self-imposed capital requirements. Therefore, currency exchange rate fluctuations may affect the level of AEGON's consolidated shareholders' equity as a result of translation of the equity of AEGON's subsidiaries into euro, AEGON's reporting currency. AEGON holds the remainder of its capital base (capital securities, subordinated and senior debt) in various currencies in amounts that are targeted to correspond to the book value of its operating units. This balancing is intended to mitigate currency translation impacts on equity and leverage ratios. AEGON may also hedge the expected dividends from its principal operating units that maintain their equity in currencies other than the euro. To the extent these expected dividends are not hedged or actual dividends vary from expected, AEGON's net income and shareholders' equity may fluctuate. As AEGON has significant business segments in the Americas and in the United Kingdom, the principal sources of exposure from currency fluctuations are from the differences between the US dollar and the euro and between the UK pound and the euro. AEGON may experience significant changes in net income and shareholders' equity because of these fluctuations.

The exchange rates between AEGON's primary operating currencies (US dollar, euro and UK pound) continued to fluctuate widely during 2010. The US dollar ranged by as much as 17% against the euro over the year, finishing around 7% up on the year. The UK pound fluctuated by around 9% against the euro ending the year with a 3% gain.

For the Americas segment, which primarily conducts its business in US dollars, total revenues and net income in 2010 amounted to EUR 14 billion and EUR 1,131 million, respectively. For the United Kingdom segment, which primarily conducts its business in UK pounds, total revenues and net income in 2010 amounted to EUR 10 billion and EUR 84 million, respectively. On a consolidated basis, these two segments represented 75% of the total revenues and 69% of the net income for the year 2010. Additionally, AEGON borrows in various currencies to hedge the currency exposure arising from its operations. On December 31, 2010 AEGON has borrowed or swapped amounts in proportion to the currency mix of capital in units, which was denominated approximately 60% in US dollars, 23% in euro, 12% in UK pounds and 5% in Canadian dollars.

Liquidity risk

Illiquidity of certain investment assets may prevent AEGON from selling investments at fair prices in a timely manner.

Liquidity risk is inherent in much of AEGON's business. Each asset purchased and liability sold has liquidity characteristics that are unique. Some liabilities are surrenderable while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, have low liquidity. AEGON continued to build its reserves of cash and liquid assets in 2010. In depressed markets AEGON may be unable to sell or buy significant volumes of assets at quoted prices.For example, over the past few years, the market for residential mortgage-backed securities has experienced a significant decrease in liquidity. In addition, any securities AEGON issues of significant volume may be issued at higher financing costs if liquidity conditions are impaired as they have been in recent years. Although AEGON manages its liquidity position for extreme events, including greatly reduced liquidity in capital markets, if these conditions were to persist for an extended period of time, AEGON may need to sell assets below quoted prices to meet its insurance obligations during periods of impaired liquidity.
In 2010, approximately 40% of AEGON's general account investments were not highly liquid.

Underwriting risk

Differences between actual claims experience and underwriting and reserve assumptions may require liabilities to be increased.

AEGON's earnings depend significantly upon the extent to which actual claims experience is consistent with the assumptions used in setting the prices for its products and establishing the technical liabilities for expected claims. To the extent that actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, AEGON's income would be reduced. Furthermore, if the less favorable claims experience were expected to be a sustained trend AEGON may be required to increase liabilities for other related products, which could reduce its income. In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force have been recorded as assets on the balance sheet and are being amortized into income over time. If the assumptions relating to the future profitability of these policies (such as future claims, investment income and expenses) are not realized, the amortization of these costs could be accelerated and may even require write-offs due to an expectation of unrecoverability. This could have a material adverse effect on AEGON's reported results of operations and financial condition.

Sources of underwriting risk include policy lapses, policy claims (such as mortality and morbidity) and expenses. In general, AEGON is at risk if policy lapses increase as sometimes AEGON is unable to fully recover up front expenses in selling a product despite the presence of commission recoveries or surrender charges and fees. AEGON sells certain types of policies that are at risk if mortality or morbidity increases, such as term life insurance and accident insurance. AEGON also sells certain other types of policies that are at risk if mortality decreases (longevity risk) such as annuity products. For example, certain current products as well as products sold in previous years based on standard longevity assumptions have become less profitable or unprofitable as longevity assumptions increase which may result in AEGON incurring losses. If the trend towards increased longevity persists, AEGON's annuity products may continue to experience adverse effects because the period of time over which benefit payments are made becomes longer as life expectancies increase. AEGON is also at risk if expenses are higher than assumed by AEGON's management.

Other risks

Valuation of AEGON's investments, allowances and impairments is subjective and discrepant valuations may adversely affect AEGON's results of operations and financial condition.

The valuation of many of AEGON's financial instruments is based on methodologies, estimations and assumptions that are subject to different interpretations and could result in changes to investment valuations that may have a material adverse effect on AEGON's results of operations and financial condition. In addition, the determination of the amount of allowances and impairments taken on AEGON's investments is subjective and could materially impact AEGON's results of operations or financial position.

AEGON may be required to increase its statutory reserves and/or hold higher amounts of statutory capital for certain of its products which will decrease AEGON's returns on these products unless AEGON increases its prices.

New financial services regulation, such as the European Commission's Solvency II directive, which is expected to become effective as early as January 1, 2013, is expected to impose, among other things, substantially greater quantitative and qualitative capital requirements on some of AEGON's businesses and at the group level as well as supervisory and disclosure requirements and may impact the structure, business strategies, and profitability of AEGON's insurance subsidiaries and of the group. Some of AEGON's competitors who are headquartered outside the European Economic Area may not be subject to Solvency II requirements and may thereby be better able to compete against AEGON, particularly in its businesses in the United States and Asia.

The National Association of Insurance Commissioners' ("NAIC") Model Regulation entitled "Valuation of Life Insurance Policies," commonly known as "Regulation XXX," requires insurers in the United States to establish additional statutory reserves for term life insurance policies with long-term premium guarantees. In addition, "The Application of the Valuation of Life Insurance Policies Regulation", commonly known as "Regulation AXXX" requires insurers to establish additional statutory reserves for certain universal life insurance policies with secondary guarantees. Virtually all of AEGON's newly issued term and universal life insurance products in the United States are now affected by Regulations XXX and AXXX, respectively.

In response to the NAIC regulations, AEGON has implemented reinsurance and capital management actions to mitigate their impact. However, AEGON may not be able to implement actions to mitigate the impact of Regulation XXX and AXXX on future sales of term or universal life insurance products, potentially resulting in an adverse impact on these products and AEGON's market position in the life insurance market. Additionally, any change to or repeal of Regulation XXX or AXXX could also reduce the effectiveness of AEGON's reinsurance and capital management actions, adversely affecting its life insurance operations.

For certain of AEGON's products, market performance impacts the level of statutory reserves and statutory capital AEGON is required to hold, which may have an adverse effect on returns on capital associated with these products. Capacity for reserve funding available in the marketplace is currently limited as a result of market conditions generally. AEGON's ability to efficiently manage capital and economic reserve levels may be impacted, thereby affecting profitability and return on capital.

In addition, AEGON may not be able to comply fully with, or obtain appropriate exemptions from, the wide variety of laws and regulations applicable to insurance companies and insurance holding companies. Failure to comply with or to obtain appropriate exemptions under any applicable laws could result in restrictions on AEGON's ability to do business in one or more of the jurisdictions in which it operate and could result in fines and other sanctions, which may have a material adverse effect on AEGON's business, financial position or results of operations.

There may be heightened oversight of insurers by regulatory authorities in the jurisdictions in which AEGON's subsidiaries are domiciled and operate. AEGON cannot predict specific proposals that might be adopted, or what impact, if any, such proposals or, if enacted, such laws, could have on AEGON's business, results of operations, or financial condition. The European Union is adopting Solvency II as discussed above, the NAIC or state regulators may adopt revisions to applicable risk based capital formulas, local regulators in other jurisdictions in which AEGON's subsidiaries operate may increase their capital requirements, or rating agencies may incorporate higher capital thresholds into their quantitative analyses, thus requiring additional capital for AEGON's insurance subsidiaries.

In addition, certain jurisdictions, such as the European Union, are questioning the use of gender-based distinctions in the insurance industry. This may limit or impede AEGON's ability to continue to make certain gender-based distinctions in the pricing of financial products such as life insurance, annuities and certain other types of products AEGON sells. On March 1, 2011 the European Court of Justice (ECJ) delivered a judgment in the Test Achats case which relates to the ability of an insurance company to use gender as a rating factor when pricing risk. The ECJ has ruled that using gender as a rating factor when pricing risk is invalid. However, the ECJ has granted a transitional period for relief for implementation. The effect of this is that, as from December 21, 2012, it will be unlawful to use gender-related factors for determining premiums and benefits under insurance policies. This verdict may have a material adverse effect on AEGON's business, financial position and results of operations.

A downgrade in AEGON's ratings may increase policy surrenders and withdrawals, adversely affect relationships with distributors and negatively affect its results.

Claims paying ability and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade (or the potential for such a downgrade) of AEGON or any of its rated insurance subsidiaries may, among other things, materially increase the number of policy surrenders and withdrawals by policyholders of cash values from their policies. These withdrawals may require the sale of invested assets, including illiquid assets, at a price that may result in realized investment losses. These cash payments to policyholders would result in a decrease in total invested assets and a decrease in net income. Among other things, early withdrawals may also cause AEGON to accelerate amortization of deferred policy acquisition costs (DPAC), reducing net income.

AEGON has experienced downgrades and negative changes to its outlook in the past and may experience downgrades and negative changes in the future. For example, during 2010, Fitch lowered the senior debt rating for AEGON N.V. to A– with a stable outlook. Fitch also lowered the insurance financial strength rating for AEGON USA to AA– with a stable outlook. Standard and Poor's lowered the insurance financial strength rating for AEGON Scottish Equitable to A+ with a negative outlook. A downgrade or potential downgrade, including changes in outlook, could result in higher funding and financing costs in the capital markets and affect the availability of funding to us in the capital markets. In addition, a downgrade may adversely affect relationships with broker-dealers, banks, agents, wholesalers and other distributors of AEGON's products and services, which may negatively impact new sales and adversely affect AEGON's ability to compete. This would have a material adverse effect on AEGON's business, results of operations and financial condition.

AEGON cannot predict what actions rating agencies may take, or what actions AEGON may take in response to the actions of rating agencies, which could adversely affect AEGON's business. As with other companies in the financial services industry, AEGON's ratings could be downgraded at any time and without notice by any rating agency.

Changes in government regulations in the countries in which AEGON operates may affect profitability.

AEGON's insurance business is subject to comprehensive regulation and supervision in all countries in which it operates. The primary purpose of such regulation is to protect policyholders, not holders of securities. Changes in existing insurance laws and regulations may affect the way in which AEGON conduct business and the products offered. Additionally, the insurance laws or regulations adopted or amended from time to time may be more restrictive or may result in higher costs than current requirements. The recent financial markets dislocation has resulted in, and may continue to result in further, extensive changes to existing laws, regulations and regulatory frameworks applicable to AEGON's businesses in the countries in which AEGON operates.

For example, in July 2010, the US Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), which provides for comprehensive changes to the regulation of financial services in the United States by granting existing government agencies and newly created government agencies and bodies (e.g., the Financial Stability Oversight Council and the Federal Insurance Office) authority to promulgate new financial regulations applicable to systemically important non-bank financial institutions. These new regulations may subject AEGON to a number of requirements, including, among others, stress tests and stricter prudential standards, such as stricter requirements and limitations relating to liquidity, credit exposure and risk management. In addition, Dodd-Frank authorizes the Federal Insurance Office, which does not have general authority over the business of insurance, to make recommendations to the Financial Stability Oversight Council that certain insurers be subject to more stringent regulation. Further, Dodd-Frank requires the Federal Insurance Office to conduct a study on how to modernize and improve the system of insurance regulation in the United States. AEGON cannot predict the requirements of the Dodd-Frank regulations that will ultimately be adopted, how the regulations will affect the financial markets generally or how the regulations will affect AEGON's operations or financial condition.

For information relating to the European Commission's Solvency II directive, see above at: "Risk Factors—Other risks. AEGON may be required to increase its statutory reserves and/or hold higher amounts of statutory capital for certain of its products which will decrease AEGON's returns on these products unless AEGON increases its prices."

Changes in pension and employee benefit regulation, social security regulation, financial services regulation, taxation and the regulation of securities products and transactions may adversely affect AEGON's ability to sell new policies or claims exposure on existing policies. For example, in Hungary, the Parliament passed laws in 2011 that suspend money transfers to pension fund clients' accounts and redirect the contributions to the state budget, with the aim to reduce the budget deficit. The new laws also allow pension fund customers to step back to the public non-funded pay-as-you-go pension system. It is possible that similar policy measures may be taken in other countries in which AEGON operates in Central & Eastern Europe or elsewhere.

In general, changes in laws and regulations may materially increase AEGON's direct and indirect compliance and other expenses of doing business and have a material adverse effect on AEGON's business, results of operations or financial condition.

Litigation and regulatory investigations may adversely affect AEGON's business, results of operations and financial condition.

AEGON faces significant risks of litigation and regulatory investigations and actions in connection with activities as an insurer, securities issuer, employer, investment advisor, investor and taxpayer.
In recent years, the insurance industry has increasingly been the subject of litigation, investigation and regulatory activity by various governmental and enforcement authorities concerning common industry practices such as the disclosure of contingent commissions and the accounting treatment of finite reinsurance or other non-traditional insurance products.
AEGON cannot predict at this time the effect this current trend towards litigation and investigation will have on the insurance industry or AEGON's business. Lawsuits, including class actions and regulatory actions, may be difficult to assess or quantify, may seek recovery of very large and/or indeterminate amounts, including punitive and treble damages, and their existence and magnitude may remain unknown for substantial periods of time. AEGON UK, for example, set up reserves to compensate certain policyholders after self-reporting failures in its administrative procedures to the UK Financial Services Authority that occurred over the past two decades. In 2010, AEGON UK received a fine of EUR 3.3 million from the UK Financial Services Authority due to systems and controls failings, some of which have led to customer detriment. In the Netherlands, certain current and former customers, and groups representing customers, have initiated litigation and certain groups are encouraging others to bring lawsuits against AEGON and other insurers in respect of certain products including securities leasing products and unit-linked products (so called 'beleggingsverzekeringen' including the KoersPlan product). In the past AEGON defended and AEGON intends to continue defending itself vigorously when AEGON believes claims are without merit. AEGON has sought and intends to seek to settle certain claims including via policy modifications in appropriate circumstances such as the settlement AEGON announced in 2009 with Stichting Verliespolis and Stichting Woekerpolis. In addition, AEGON and other US industry participants have been named in lawsuits alleging, among other things, that asset-based fees charged for investment products offered on 401(k) platforms were higher than those generally available in the market. A substantial legal liability or a significant regulatory action could have a material adverse effect on AEGON's business, results of operations and financial condition.

Certain of the products AEGON sells are complex and involve significant investment risks that may be elected by AEGON's customers. AEGON has from time to time received claims from certain current and former customers, and groups representing customers, in respect of certain products, including in relation to certain employer owned life insurance products sold to banks and other corporations, and have in the past agreed to make payments, in some cases substantial, or adjustments to policy terms to settle those claims if AEGON believed it was appropriate to do so. While AEGON intends to defend itself vigorously against any claims that AEGON does not believe have merit, there can be no assurance that any claims brought against AEGON by its customers will not have a material adverse effect on AEGON's results of operations, cash flow, financial position and reputation.

As a result of the European Commission's approval of the core capital AEGON received from the Dutch State in 2008, AEGON is subject to certain requirements which may have a material adverse effect on its business, results of operations and financial condition.

In December 2008, AEGON issued EUR 3 billion of non-voting convertible core capital securities to Vereniging AEGON, funded by the Dutch State. As part of the process to conclude the European Commission's final review and approval of the plan regarding AEGON's status as a fundamentally sound and viable institution as submitted by the Dutch State to the European Commission, AEGON agreed with the Dutch Ministry of Finance to certain requirements on AEGON and its future actions. These requirements include behavioural constraints and structural measures. As stipulated in the EC decision, the behavourial constraints have expired with the full repurchase of the core capital securities from Vereniging AEGON and repayment of the senior loan by Vereniging AEGON to the Dutch State on June 15, 2011. The structural measures need to be executed in accordance with the conditions, agreed between the European Commision, the Dutch State and AEGON and will continue to be in force until completed.

The remaining structural measures are:

- Reduction of the total US general account assets of the consolidated AEGON USA balance sheet on a constant currency and amortized cost basis by USD 25 billion from 2007 (USD 130 billion) to end 2012 (USD 105 billion);
- Full delta hedging of US VA GMIB back book;
- Improvement, by December 2012, of the ratio of consolidated shareholders'equity (excluding revaluation reserve) to total equity base (including equity, hybrids and net senior debt) from 70% to at least 75%;
- Improvement of the loss absorption capacity of its capital base by Decmber 31, 2012. Senior debt, maturing before December 31, 2012, will be replaced by instruments that will qualify as at least Tier 2 capital under Solvency II and that will in any case contain certain provisions, specified in the EC decision;
- (Acceleration of) the run-off of the Institutional Markets Division (IMD).

The execution of these structural measures may have a material adverse effect on AEGON's business, results of operations and financial condition.

AEGON may be unable to manage its risks successfully through derivatives.

AEGON is exposed to currency fluctuations, changes in the fair value of its investments, the impact of interest rate, equity markets and credit spread changes and changes in mortality and longevity. AEGON uses common financial derivative instruments such as swaps, options, futures and forward contracts to hedge some of the exposures related to both investments backing insurance products and company borrowings. This is a more pronounced risk to AEGON in view of the stresses suffered by financial institutions and the volatility of credit and equity markets. AEGON may not be able to manage the risks associated with these activities successfully through the use of derivatives. In addition, a counterparty may fail to honor the terms of its derivatives contracts with AEGON. AEGON's inability to manage risks successfully through derivatives, a counterparty's failure to honor its obligations or the systemic risk that failure is transmitted from counterparty to counterparty could each have a material adverse effect on its business, results of operations and financial condition.

AEGON's ability to manage risks through derivatives may be negatively affected by Dodd-Frank and legislation initiatives of the European Commission, which provide for a new framework of regulation of OTC derivatives markets. These new regulations may require AEGON to clear certain types of transactions currently traded in the OTC derivative markets through a central clearing organization and may limit AEGON's ability to customize derivative transactions for its needs. As a result, AEGON may experience additional collateral requirements and costs associated with derivative transactions.

State statutes and regulators may limit the aggregate amount of dividends payable by subsidiaries of AEGON, thereby limiting AEGON's ability to make payments on debt obligations.

AEGON's ability to make payments on debt obligations and pay certain operating expenses is dependent upon the receipt of dividends from subsidiaries. Certain of these subsidiaries have regulatory restrictions that can limit the payment of dividends. In addition, local regulators, acting to represent the interests of local policyholders, are taking an increasingly restrictive stance with respect to permitting dividend payments, which may affect AEGON's ability to satisfy its debt obligations or pay its operating expenses.

Changes in accounting policies may affect AEGON's reported results and shareholders' equity.

Since 2005, AEGON's financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and adopted by the European Union. Any future change in these accounting principles may have a significant impact on AEGON's reported results, financial condition and shareholders' equity. This includes the level and volatility of reported results and shareholders' equity.

Tax law changes may adversely affect AEGON's profitability, as well as the sale and ownership of AEGON's products.

Insurance products enjoy certain tax advantages, particularly in the United States and the Netherlands, which permit the tax deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products under certain conditions and within limits. Taxes on this inside build-up of earnings may not be payable at all and, if payable, generally are due only when the earnings are actually paid.

The US Congress has, from time to time, considered possible legislation that could make AEGON's products less attractive to consumers, including legislation that would reduce or eliminate the deferral of taxation on the accretion of value within certain annuities and life insurance products. In addition, the US Congress passed legislation in 2001 that provided for reductions in the estate tax and the possibility of permanent repeal of the estate tax continues to be discussed. This could have an impact on insurance products and sales in the United States.

The US Government, as well as state and local governments, also considers from time to time tax law changes that could increase the amount of taxes that AEGON pays. For example, the US Treasury Department and the Internal Revenue Service may propose new regulations regarding the methodology to determine the dividends received deduction ("DRD") related to variable life insurance and variable annuity contracts. The DRD reduces the amount of dividend income subject to tax and is a significant component of the difference between AEGON's effective tax rate and the federal statutory tax rate of 35%. A change in the DRD, including the possible elimination of this deduction, could reduce AEGON's consolidated net income.
Any changes in United States or Dutch tax law affecting AEGON's products could have a material adverse effect on AEGON's business, results of operations and financial condition.

Competitive factors may adversely affect AEGON's market share.

Competition in AEGON's business segments is based on service, product features, price, commission structure, financial strength, claims paying ability, ratings and name recognition. AEGON faces intense competition from a large number of other insurers, as well as non-insurance financial services companies such as banks, broker-dealers and asset managers, for individual customers, employers, other group customers, agents and other distributors of insurance and investment products. Consolidation in the global financial services industry can enhance the competitive position of some of AEGON's competitors by broadening the range of their products and services, increasing their distribution channels and their access to capital. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the internet, may result in increasing competition as well as pressure on margins for certain types of products. These competitive pressures could result in increased pricing pressures on a number of products and services, particularly as competitors seek to win market share. This may harm AEGON's ability to maintain or increase profitability.

The adverse market and economic conditions that began in the second half of 2007 and significantly worsened in 2008 and into 2009, with recovery beginning in late 2009 and in 2010, can be expected to result in changes in the competitive landscape. For example, the financial distress experienced by certain financial services industry participants as a result of weak economic conditions and newly imposed regulation may lead to acquisition opportunities. AEGON's ability or that of its competitors to pursue such opportunities may be limited due to lower earnings, reserve increases or a lack of access to debt capital markets and other sources of financing and limitations placed on companies that received state support by the European Commission. Such conditions may also lead to changes by AEGON or its competitors in product offerings and product pricing that could affect AEGON's and their relative sales volumes, market shares and profitability. Additionally, the competitive landscape in which AEGON operates may be further affected by government sponsored programs or actions taken in response to the severe dislocations in financial markets which occurred in 2008 and 2009.

In Spain, AEGON currently has partnerships with a number of Spanish savings banks to distribute a combination of life insurance and pension products. Savings banks in Spain are currently undergoing a period of consolidation as a result of ongoing economic uncertainty. If banks with which AEGON has partnerships consolidate with other banks or otherwise alter their operations, AEGON may experience significant adverse effects on its partnerships with those banks as well as its competitive position in the Spanish life insurance and pensions market.

The default of a major market participant could disrupt the markets.

The failure of a sufficiently large and influential financial institution could disrupt securities markets or clearance and settlement systems in AEGON's markets. This could cause market declines or volatility. Such a failure could lead to a chain of defaults that could adversely affect AEGON and its contract counterparties. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the insurance industry.

The experience suffered by AIG in the aftermath of the bankruptcy of Lehman Brothers in September 2008 is an example of this type of risk. Management believes that despite the attention paid by regulators in the United States, the European Union and other countries where AEGON operates, systemic risk to the markets continues to exist, and dislocations caused by the interdependency of financial market participants continues to be a potential source of material adverse changes to AEGON's business, results of operations and financial condition.

AEGON may be unable to retain personnel who are key to the business.

As a global financial services enterprise with a decentralized management structure, AEGON relies, to a considerable extent on the quality of local management in the various countries in which AEGON operates. The success of AEGON's operations is dependent, among other things, on AEGON's ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which AEGON operates is intense. AEGON's ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. As a part of the governmental response in Europe and the United States to the financial crisis in 2008, there have been various legislative initiatives that have sought to restrict the remuneration of personnel, in particular senior management, with a focus on performance-related remuneration and limiting severance payments. These restrictions, alone or in combination with the other factors described above, could adversely affect AEGON's ability to hire and retain qualified employees.

Reinsurers to whom AEGON has ceded risk may fail to meet their obligations.

AEGON's insurance subsidiaries cede premiums to other insurers under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of the reinsurance agreements the reinsurer agrees to reimburse for the ceded amount in the event the claim is paid. However, AEGON's insurance subsidiaries remain liable to their policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations assumed by it.

In accordance with industry practices, AEGON reinsures a portion of its life insurance exposure with unaffiliated insurance companies under traditional indemnity reinsurance arrangements. In 2010, approximately 35% of AEGON's total direct and assumed (for which AEGON act as a reinsurer for others) life insurance in force was ceded to other insurers. The major reinsurers of AEGON USA and AEGON Canada are Munich Re, RGA and Swiss Re. The major reinsurers of AEGON UK are Swiss Re, Munich Re and XL Re. The major reinsurer for life insurance for AEGON The Netherlands is Swiss Re while the non-life reinsurance is diversified across several providers including Lloyds market syndicates. The major reinsurers of AEGON Hungary for non-life are Swiss Re, Munich Re and Hannover Re and for life insurance are Munich Re and RGA. AEGON Spain's major reinsurers are General Re, Munich Re and RGA. AEGON China's major reinsurers are General Re, Munich Re and Swiss Re.

AEGON's exploration of strategic options, including divestment or other strategic transactions such as the divestment of Transamerica Reinsurance, may expose AEGON to additional risks.

AEGON announced in June 2010 that it is in the process of exploring strategic options for Transamerica Reinsurance, its international life reinsurance business. AEGON signed an agreement to divest Transamerica Reinsurance to SCOR SE on April 25, 2011. Consummation of the sale is subject to certain closing conditions, including regulatory approvals. There can be no assurance that the agreement would result in a completed transaction.

If AEGON is not successful in divesting Transamerica Reinsurance and instead runs off the business as part of the requirements for the European Commission's approval of the Dutch State support AEGON received in 2008, AEGON may face difficulty retaining key personnel and maintaining relationships with employees and customers of Transamerica Reinsurance.

If the sale of Transamerica Reinsurance is consumated, such transaction exposes AEGON to certain risks including enhanced counterparty exposure risk to SCOR to which AEGON retrocedes Transamerica Reinsurance liabilities and remaining collateral funding obligations.

Whereas the divestiture of Transamerica Reinsurance is structured principally as a series of reinsurance transactions, SCOR would become one of AEGON's largest reinsurers and AEGON would then be at risk if SCOR defaulted on its obligations under the policies AEGON retrocedes to them. A bankruptcy or insolvency or inability of SCOR to satisfy its obligations could have a material adverse effect on AEGON's financial position and results of operation. In addition, AEGON agreed to satisfy significant collateral funding obligations of SCOR in connection with the policies AEGON retrocedes to it. Satisfying such funding obligations could limit AEGON's ability to upstream cash to the group level, pay dividends or make acquisitions.

Reinsurance may not be available, affordable or adequate to protect AEGON against losses.

As part of AEGON's overall risk and capacity management strategy AEGON purchases reinsurance for certain risks underwritten by its various business segments. Market conditions beyond AEGON's control determine the availability and cost of the reinsurance protection AEGON purchases. Accordingly, AEGON may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect its ability to write future business.

AEGON may have difficulty managing its expanding operations and AEGON may not be successful in acquiring new businesses or divesting existing operations.

In recent years AEGON has made a number of acquisitions and divestitures around the world and it is possible that AEGON may make further acquisitions and divestitures in the future. Growth by acquisition involves risks that could adversely affect AEGON's operating results and financial condition. These include: the potential diversion of financial and management resources from existing operations; difficulties in assimilating the operations, technologies, products and personnel of the acquired company; significant delays in completing the integration of acquired companies; the potential loss of key employees or customers of the acquired company; potential losses from unanticipated litigation; and tax and accounting issues. In addition, expansion into new and emerging markets may involve heightened political, legal and regulatory risks, such as discriminatory regulation, nationalization or expropriation of assets, price controls and exchange controls.

AEGON's acquisitions could result in additional indebtedness, costs, contingent liabilities and impairment expenses related to goodwill and other intangible assets. In addition, they may divert management's attention and other resources. Divestitures of existing operations, including a divestiture of Transamerica Reinsurance as described above, could result in AEGON assuming or retaining certain contingent liabilities. All of the foregoing could adversely affect AEGON's businesses, results of operations and financial condition. Future acquisitions may also have a dilutive effect on the ownership and voting percentages of existing shareholders. There can be no assurance that AEGON will successfully identify suitable acquisition candidates or that AEGON will properly value acquisitions made. AEGON is unable to predict whether or when any prospective acquisition candidate will become available or the likelihood that any acquisition will be completed once negotiations have commenced.

Catastrophic events, which are often unpredictable by nature, could result in material losses and abruptly and significantly interrupt AEGON's business activities.

AEGON's operating results and financial position can be adversely affected by volatile natural and man-made disasters such as hurricanes, windstorms, earthquakes, terrorism, riots, fires and explosions, pandemic disease and other catastrophes. Over the past several years changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure. Generally, AEGON seeks to reduce its exposure to these events through individual risk selection, monitoring risk accumulation and purchasing reinsurance. However, such events could lead to considerable financial loss to AEGON's business. Furthermore, natural disasters, terrorism and fires could disrupt AEGON's operations and result in significant loss of property, key personnel and information about AEGON's clients and AEGON. If AEGON's business continuity plans have not included effective contingencies for such events they could adversely affect its business, results of operations, corporate reputation and financial condition for a substantial period of time.

AEGON regularly develops new financial products to remain competitive in its markets and to meet the expectations of its clients. If clients do not achieve expected returns on those products, AEGON may be confronted with legal claims, pressure groups and negative publicity.

AEGON may face claims from customers and adverse negative publicity if its products result in losses or fail to result in expected gains, regardless of the suitability of products for customers or the adequacy of the disclosure provided to customers by AEGON and by the intermediaries who distribute its products. New products that are less well understood and that have less of a historical performance track record may be more likely to be the subject of such claims. Any such claims could have a material adverse effect on AEGON's results of operations, corporate reputation and financial condition.

AEGON may not be able to protect its intellectual property and may be subject to infringement claims.

AEGON relies on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect its intellectual property. Third parties may infringe on or misappropriate AEGON's intellectual property, and it is possible that third parties may claim that AEGON has infringed on or misappropriated its intellectual property rights. Any resulting proceedings in which AEGON would have to enforce and protect its intellectual property, or defend itself against a claim of infringement of a third party's intellectual property, may require significant effort and resources and may not prove successful. As a result of any proceeding in which AEGON would have to enforce and protect its intellectual property, AEGON may lose intellectual property protection which could have a material adverse effect on its business, results of operation, financial condition and its ability to compete. As a result of any proceeding in which AEGON would have to defend itself against a claim of infringement of a third party's intellectual property, AEGON may be required to pay damages and provide injunctive relief, which could have a material adverse effect on its business, results of operations and financial condition.

Inadequate or failed processes or systems, human factors or external events could adversely affect AEGON's profitability, reputation or operational effectiveness.

Operational risk is inherent in AEGON's business and can manifest itself in many ways including business interruption, poor vendor performance, information systems malfunctions or failures, regulatory breaches, processing errors, modeling errors, and/or internal and external fraud. These events can potentially result in financial loss, harm to AEGON's reputation and hinder AEGON's operational effectiveness. Management undertakes significant effort to control these risks and keep operational risk at appropriate levels by maintaining a well-controlled environment and sound policies and practices. Notwithstanding these control measures, however, operational risk is part of the business environment in which AEGON operates and is inherent in AEGON's size and complexity as well as its geographic diversity and the scope of the businesses it operates. AEGON's risk management activities cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Furthermore, if the contractual arrangements put in place with any third party service providers, including providers of information technology, administrative or investment management services, are terminated, AEGON may not find an alternative provider on a timely basis or on equivalent terms. AEGON may incur losses from time to time due to these types of risks.

AEGON's operations support complex transactions and are highly dependent on the proper functioning of information technology and communication systems. Any failure of AEGON's information technology or communications systems may result in a material adverse effect on its results of operations and corporate reputation.

While systems and processes are designed to support complex transactions and to avoid systems failure, fraud, information security failures, processing errors and breaches of regulation, any failure could lead to a material adverse effect on AEGON's results of operations and corporate reputation. In addition, AEGON must commit significant resources to maintain and enhance its existing systems in order to keep pace with industry standards and customer preferences. If AEGON fails to keep up-to-date information systems, AEGON may not be able to rely on accurate information for product pricing, risk management and underwriting decisions. In addition, even though back up and recovery systems and contingency plans are in place, AEGON cannot assure investors that interruptions, failures or breaches in security of these process and systems will not occur, or if they do occur, that they can be adequately addressed. The occurrence of any of these events could have a material adverse effect on AEGON's business, results of operations and financial condition.

Judgments of US courts are not enforceable against AEGON in Dutch courts.

The United States and the Netherlands do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Judgments of US courts, including those predicated on the civil liability provisions of the US federal securities laws, may not be enforceable in Dutch courts. Therefore, AEGON's shareholders that obtain a judgment against AEGON in the United States may not be able to require AEGON to pay the amount of the judgment unless a competent court in the Netherlands gives binding effect to the judgment. It may, however, be possible for a US investor to bring an original action in a Dutch court to enforce liabilities against AEGON, its affiliates, directors, officers or any expert named therein who reside outside the United States, based upon the US federal securities laws.

1.2 Risks relating to AEGON's common shares

AEGON's share price could be volatile and could drop unexpectedly making it difficult for investors to resell AEGON's common shares at or above the price paid.

The price at which AEGON's common shares trade will be influenced by a large number of factors, some of which will be specific to AEGON and its operations and some of which will be related to the insurance industry and equity markets in general. As a result of these factors, investors may not be able to resell their common shares at or above the price paid for them. In particular, the following factors, in addition to other risk factors described in this section, may have a material impact on the market price of AEGON's common shares:

- Investor perception of AEGON as a company;
- Actual or anticipated fluctuations in AEGON's revenues or operating results;
- Announcement of intended acquisitions, disposals or financings, or speculation about such acquisitions, disposals or financings;
- Changes in AEGON's dividend policy, which could result from changes in AEGON's cash flow and capital position;
- Sales of blocks of AEGON's shares by significant shareholders, including Vereniging AEGON;
- A downgrade or rumored downgrade of AEGON's credit or financial strength ratings, including placement on credit watch;
- Potential litigation involving AEGON or the insurance industry in general;
- Changes in financial estimates and recommendations by securities research analysts;
- Fluctuations in capital markets including foreign exchange rates, interest rates and equity markets;
- The performance of other companies in the insurance sector;

- Regulatory developments in the Netherlands, the United States, Canada, the United Kingdom and other countries in which AEGON operates;
- International political and economic conditions, including the effects of terrorist attacks, military operations and other developments stemming from such events and the uncertainty related to these developments;
- News or analyst reports related to markets or industries in which AEGON operates; and
- General insurance market conditions.

The high and low prices of AEGON's common shares on Euronext Amsterdam were EUR 6.17 and EUR 1.85 respectively in 2009 and EUR 5.41 and EUR 4.04 respectively in 2010. The high and low sales prices of AEGON's common shares on the NYSE were USD 9.23 and USD 2.30 respectively in 2009 and USD 7.41 and USD 5.11 respectively in 2010. All share prices are closing prices.

AEGON and its significant shareholders may offer additional common shares in the future, and these and other sales may adversely affect the market price of the outstanding common shares.

AEGON may decide to offer additional common shares in the future, for example, to strengthen its capital position in response to regulatory changes or to effect an acquisition.

In connection with its refinancing in September 2002, Vereniging AEGON entered into an equity repurchase facility and a back-up credit facility. On February 9, 2010 both facilities were replaced by a three year term and revolving facilities agreement with a consortium of banks that can be extended until 2014. Under the new agreement AEGON common shares in the possession of Vereniging AEGON are pledged to the consortium of banks. If Vereniging AEGON were to default under the facilities agreement, the lenders may dispose of AEGON's common shares held by them as collateral in order to satisfy amounts outstanding.

An additional offering of common shares by AEGON, sales of common shares by significant shareholders or by lenders to Vereniging AEGON, or the public perception that an offering or such sales may occur, could have an adverse effect on the market price of AEGON's common shares. As of December 31, 2010, AEGON's total authorized share capital consisted of 3,000,000,000 common shares, par value €0.12 per share, and 1,000,000,000 preferred shares (divided into 500,000,000 class A and 500,000,000 class B, preferred shares), par value €0.25 per share. All AEGON's outstanding common shares are freely tradable, and all shareholders, including large shareholders such as Vereniging AEGON, are free to resell their shares at any time.

Vereniging AEGON, AEGON's major shareholder, holds a large percentage of the voting shares and therefore has significant influence over AEGON's corporate actions.

Prior to September 2002, Vereniging AEGON, beneficially owned approximately 52% of the voting shares and thus held voting control over AEGON. In September 2002, Vereniging AEGON reduced its beneficial ownership to approximately 33% of the voting shares (excluding issued common shares held in treasury by AEGON). Pursuant to the 1983 Merger Agreement between AEGON and Vereniging AEGON, as amended, in case of an issuance of shares by AEGON, Vereniging AEGON may purchase as many class B preferred shares as would enable it to prevent or offset a dilution to below its actual percentage of the voting shares, unless Vereniging AEGON as a result of exercising these option rights would increase its voting power to more than 33%. The option granted to Vereniging AEGON permits it to purchase class B preferred shares up to a maximum of the non-issued part of the class B preferred shares included from time to time in AEGON's authorized capital if necessary to prevent or offset such dilution. The class B preferred shares would then be issued at par value (€0.25), unless a higher price is agreed. In the years 2003 through 2008, a total of 35,170,000 class B preferred shares were issued under these option rights. In 2009, Vereniging AEGON exercised its option rights to purchase in aggregate an additional 33,860,000 class B preferred shares at par value to offset dilution caused by AEGON's equity issue completed in August 2009. On March 15, 2011, Vereniging AEGON exercised its option rights to purchase 41,042,000 class B preferred shares at par value to offset dilution caused by the equity issuance completed on March 1, 2011.

In addition, AEGON has implemented certain changes to its corporate governance structure and the relationship with Vereniging AEGON pursuant to which Vereniging AEGON has voluntarily waived its right to cast $^{25}/_{12}$ votes per class A or class B preferred share. Consequently, under normal circumstances Vereniging AEGON's voting power, based on the March 31, 2011 numbers of outstanding and voting shares, is reduced to approximately 22.40% of the votes exercisable in the General Meeting of Shareholders. However, this reduction in voting percentage is not applicable in all circumstances. In certain limited circumstances at the sole discretion of Vereniging AEGON (such as the acquisition of 15% of the voting shares, a tender offer for shares or a proposed business combination, each by any person or group of persons whether individually or acting as a group, other than in a transaction approved by the Executive Board and Supervisory Board), Vereniging AEGON's voting rights for a limited period of 6 months will increase to a percentage that currently amounts to 32.99%. Consequently, Vereniging AEGON may have substantial influence on the outcome of corporate actions requiring shareholder approval, including:

- Adopting amendments to the Articles of Association;
- Adopting the annual accounts;

- Approving a consolidation or liquidation;
- Approving a tender offer, merger, sale of all or substantially all of the assets or other business combination;
- In particular during the periods when Vereniging AEGON is entitled to exercise its increased voting rights, it will generally have sufficient voting power to veto certain decisions presented to the General Meeting of Shareholders, including any proposal relating to the following matters:
  (1) Rejecting binding Supervisory Board nominations for membership on the Supervisory Board and Executive Board;
  (2) Appointing an Executive Board or Supervisory Board member other than pursuant to Supervisory Board nomination; and
  (3) Suspending or removing an Executive Board or Supervisory Board member other than pursuant to a Supervisory Board proposal.

Currency fluctuations may adversely affect the trading prices of AEGON's common shares and the value of any cash distributions made.

Because AEGON's common shares listed on Euronext Amsterdam are quoted in euros and AEGON's common shares listed on the NYSE are quoted in US dollars, fluctuations in exchange rates between the euro and the US dollar may affect the value of AEGON's common shares. In addition, AEGON declares cash dividends in euros, but pay cash dividends, if any, on AEGON's shares of New York registry in US dollars based on an exchange rate set the business day following the shareholder meeting approving the dividend. As a result, fluctuations in exchange rates may affect the US dollar value of any cash dividends paid.

Convertible securities (or other securities that permit or require AEGON to satisfy its obligations by issuing common shares) that AEGON may issue could influence the market price for AEGON's common shares.

Any market that develops for convertible securities or other securities that permit or require AEGON to satisfy obligations by issuing common shares that it has issued or may issue in the future would be likely to influence, and be influenced by, the market for AEGON's common shares. For example, the price of AEGON's common shares could become more volatile and could be depressed by investors' anticipation of the potential resale in the market of substantial amounts of AEGON's common shares received at maturity. AEGON's common shares could also be depressed by the acceleration of any convertible securities (or other such securities) that AEGON has issued by investors who view such convertible securities (or other such securities) as a more attractive means of participation in AEGON's equity. Negative results could also be produced by hedging or arbitrage trading activity that may develop involving such convertible securities (or other such securities) and AEGON's common shares. Any such developments could negatively affect the value of AEGON's common shares.

In addition to the risk factors mentioned in this section reference is made to the sections 'Risk Management' and 'Capital and Liquidity Management' included in AEGON's Annual Report 2010 from page 44 to 47 and page 48 to 52 respectively. The risks mentioned in these sections are considered material to AEGON's business.

2. Responsibility

AEGON and AFC accept responsibility for the information contained in this Registration Document. To the best of the knowledge and belief of AEGON and AFC, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. Incorporation by reference

The following documents shall be deemed to be incorporated in, and to form part of, this Registration Document:

(a)The annual reports for the years ended December 31, 2008, 2009 and 2010 of AEGON N.V. as filed with the Chamber of Commerce and Industries for Haaglanden, The Hague, the Netherlands. The audited financial statements of AEGON N.V. for the years ended December 31, 2008, 2009 and 2010 form part of these annual reports (http://www.aegon.com/Documents/aegon-com/Sitewide/Publications/Annual-reports/Archive/2008-Annual-report.pdf; http://www.aegon.com/Documents/aegon-com/Sitewide/Publications/Annual-reports/2009/2009-Annual-report.pdf; http://corporatereporting.aegon.com/2010/annualreport/userfiles/pdf/all_downloads/AEGON_AnnualReport2010.pdf);

(b) AEGON's first quarter 2011 condensed consolidated interim financial statements, which are unaudited (http://www.aegon.com/Documents/aegon-com/Sitewide/Quarterly-results/2011-Q1/EN/2011-Q1-Interim-financial-statements.pdf)

(c) AEGON's first quarter 2011 results as published on May 12, 2011, which are unaudited (http://www.aegon.com/Documents/aegon-com/Sitewide/Quarterly-results/2011-Q1/EN/2011-Q1-Full-version-English.pdf);

(d) the Articles of Association (statuten) of AEGON as in force and effect on the date of this Registration Document (http://www.aegon.com/Documents/aegon-com/Governance/Governance-documents/Articles-of-Association-English.pdf);

(e) the limited liability company agreement (articles of association) of AFC as in force and effect on the date of this Registration Document;

(f) the charters of AEGON's audit committee and the compensation committee (http://www.aegon.com/Documents/aegon-com/Governance/Governance-documents/SB/Charter-Audit-Committee.pdf , http://www.aegon.com/Documents/aegon-com/Governance/Governance-documents/SB/Charter-Compensation-Committee.pdf);

(g) the press release of AEGON dated April 26, 2011 (http://www.aegon.com/en/Home/Media/Press-releases/2011/2011/AEGON-to-divest-Transamerica-Reinsurance-to-SCOR/); and

(h) the press release of AEGON dated June 15, 2011 (http://www.aegon.com/en/Home/Media/Press-releases/2011/AEGON-completes-repayment-to-Dutch-State/).

As long as this Registration Document is valid as described in Article 9 of the Prospectus Directive, copies of documents (a), (b), (c), (d) (f) and (g) as well as any annual and interim accounts to be published in the future are accessible via AEGON's corporate website www.aegon.com (in the Investor section (Publications) and in the Media section (Press releases) (with the exception of the information mentioned above, the other information found at this website is not incorporated by reference into this document). A copy of all documents is available for inspection during the life of this Registration Document at request, free of charge, by writing or telephoning us at:

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4. Third party information

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as AEGON is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

AEGON's position in its markets as disclosed in the annual reports in the section 'Our businesses' is based on various external sources and company estimates. These external sources include: LIMRA, Association of Insurance Companies in the UK, Hungary, Spain and France and Centrum voor verzekeringsstatistiek in The Netherlands, the supervisory authority in Poland, and the regulator (CIRC) in China. In the Americas external sources used include: LIMRA, Morningstar, Chatham Partners and Investor Economics.

5. Statutory Auditors

The auditors of AEGON N.V. are Ernst & Young Accountants LLP, Wassenaarseweg 80, The Hague, The Netherlands, for the period covered by the audited historical financial information which is incorporated by reference in this Registration Document. Ernst & Young Accountants LLP (of which the "Registeraccountants" are members of the "Koninklijke Nederlands Instituut voor Register Accountants" (NIVRA)), is a member of the International Federation of Accountants (IFAC). The auditors have no material interest in AEGON N.V.

6. Information about AEGON N.V.

AEGON N.V., domiciled in the Netherlands, is a public limited liability company organized and operating under Dutch law. AEGON N.V. was formed in 1983 pursuant to a merger agreement dated October 18, 1983 between Vereniging AGO, AGO Holding N.V. and Ennia N.V. AGO Holding N.V. and Ennia N.V. both were successors to insurance companies founded in the 1800's.

AEGON N.V. is headquartered in the Netherlands and employs, through its subsidiaries and associates, about 31,000 people (including agents) worldwide as of December 31, 2010. AEGON's common shares are listed on stock exchanges in Amsterdam (Euronext), New York (NYSE) and London.

AEGON's businesses focus on life insurance, pensions, savings, and investment products. AEGON is also active in accident, supplemental health, general insurance, and some limited banking activities. AEGON N.V. is a holding company. The operations described above are conducted through operating subsidiaries. AEGON's established markets are the United States, the Netherlands and the United Kingdom. In addition, AEGON is present in over 20 other markets in the Americas, Europe and Asia.

AEGON encourages product innovation and fosters an entrepreneurial spirit within its businesses. New products and services are developed by local business units with a continuous focus on cost control. AEGON uses a multi-brand, multi-channel distribution approach to meet its customers' needs.

As of Q1 2010 AEGON has the following reportable operating segments: the Americas (which include the United States, Canada, Brazil and Mexico), the Netherlands, the United Kingdom and New markets, which include businesses operating in Central & Eastern Europe, Asia, Spain and France as well as AEGON's variable annuity activities in Europe and AEGON Asset Management.

7. Articles of Association AEGON N.V.

AEGON N.V. has its statutory seat in The Hague, the Netherlands. AEGON is registered under number 27076669 in the Commercial Register of the Chamber of Commerce and Industries for Haaglanden, The Hague, the Netherlands.

Certain provisions of AEGON's current Articles of Association are discussed below.

7.1 Objects and purposes

Article 3 of the Articles of Association dated May 4, 2010, reads as follows:

(1)The objects of AEGON are to incorporate, acquire and alienate shares and interests in, to finance and grant security for commitments of, to enter into general business relationships with, and to manage and grant services to legal entities and other entities, in particular those involved in the insurance business, and to do all that is connected therewith or which may be conducive thereto, all to be interpreted in the broadest sense.

(2)In achieving the aforesaid objects due regard shall be taken, within the scope of sound business operations, to provide fair safeguards for the interests of all the parties directly or indirectly involved in AEGON.

7.2 Provisions related to directors

For information with respect to provisions in the Articles of Association relating to members of the Supervisory Board and Executive Board, see the Articles of Association dated May 4, 2010, available on AEGON's company website.

7.3 Description of AEGON's capital stock

AEGON has two types of shares: common chares (par value EUR 0.12) and (class A and class B) preferred shares (par value EUR 0.25).

Common characteristics of the common and preferred shares

(1)All shares are in registered form.

(2)All shares have dividend rights except for those shares (if any) held by AEGON as treasury stock. Dividends which have not been claimed within five years lapse to AEGON.

(3)Each currently outstanding share is entitled to one vote except for shares held by AEGON as treasury stock. There are no upward restrictions.

However, Vereniging AEGON, the sole holder of preferred shares may cast $^{25}/_{12}$ votes per preferred share in line with their higher par value. Vereniging AEGON and AEGON have entered into a preferred shares voting rights agreement, pursuant to which Vereniging AEGON has voluntarily waived its right to cast $^{25}/_{12}$ votes per class A or class B preferred share. Instead, Vereniging AEGON has 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 proposed 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 Supervisory Board). If, at its sole discretion, Vereniging AEGON determines that a 'special cause' has occurred, Vereniging AEGON shall notify the General Meeting of Shareholders and retain its right to exercise the full voting power of $^{25}/_{12}$ votes per preferred share for a limited period of six months.

(4)All shares have the right to participate in AEGON's net profits. Net profits is the amount of profits after contributions, if any, to a reserve account.

(5)In the event of liquidation, all shares have the right to participate in any remaining balance after settlement of all debts.

(6)The General Meeting of Shareholders may, at the proposal of the Executive Board, as approved by the Supervisory Board, resolve to reduce the outstanding capital either by (i) repurchasing shares and subsequently canceling them, or (ii) by reducing their nominal share value.

(7)There are no sinking fund provisions.

(8)All issued shares are fully paid-up; so there is no liability for further capital calls.

(9)There are no provisions discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares.

Differences between common and preferred shares

(1)The common shares are listed; the preferred shares are not listed.

(2)Preferred shares under certain circumstances are entitled to cast $^{25}/_{12}$ votes per share in line with their higher nominal value.

(3)Preferred shares are entitled to a preferred dividend on the paid-in amount, restricted to the fixed rate set by the European Central Bank for basic refinancing transactions plus 1.75%. No additional dividend is paid on the preferred shares and the remaining profit is available for distribution to the holders of common shares.

(4)Any remaining balance after settlement of all debts in the event of liquidation, will first be allocated (to the extent possible) to repaying the paid-in capital on the preferred shares.

(5)Holders of common shares have pre-emptive rights in relation to any issuance of common shares, while holders of preferred shares have no such pre-emptive rights.

7.4 Actions necessary to change the rights of shareholders

A change to the rights of shareholders would require an amendment to the Articles of Association. The General Meeting of Shareholders (annual General Meeting or extraordinary General Meeting) may only pass a resolution to amend the Articles of Association pursuant to a proposal of the Executive Board with the approval of the Supervisory Board. The resolution requires a majority of the votes cast at the meeting in order to pass. The actual changes to the text of the Articles of Association will be executed by a civil law notary upon certification that the Minister of Justice does not object.

Furthermore, a resolution of the General Meeting of Shareholders to amend the Articles of Association which has the effect of reducing the rights attributable to holders of preferred shares of a specific class shall be subject to the approval of the meeting of holders of preferred shares of such class.

7.5 Conditions under which meetings are held

Annual General Meetings and extraordinary General Meetings of Shareholders shall be convened by public notice on AEGON's company website and is made available to the general public through a press release. An announcement may also be made in one or more Dutch daily newspapers. In line with the Dutch law, notice must be given no later than the fourty second day prior to the date of the meeting. The notice must indicate the place where the complete agenda together with the documents pertaining to the agenda may be obtained. The agenda is also sent to shareholders registered with the Company Register and to shareholders that participate in the Stichting Communicatiekanaal Aandeelhouders. New York Registry shareholders or to their brokers receive a proxy solicitation notice.

For admittance to and voting at the meeting, shareholders must produce evidence of their shareholding as of the record date. In accordance with the Dutch law the record date is twenty eight days prior to the meeting. Shareholders must notify AEGON of their intention to attend the meeting.

7.6 Limitation on the right to own securities

There are no limitations, either under the laws of the Netherlands or in AEGON's Articles of Association, on the rights of non-residents of the Netherlands to hold or vote AEGON common shares.

7.7 Provisions that would have the effect of delaying a change of control

A resolution of the General Meeting of Shareholders to suspend or dismiss a member of the Executive Board or a member of the Supervisory Board, other than pursuant to a proposal by the Supervisory Board, shall require at least two-thirds of the votes cast representing more than one-half of the issued capital.

In the event a "special cause" occurs (such as the acquisition of 15% of AEGON's voting shares, a tender offer for AEGON's shares or a proposed 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 Supervisory Board), Vereniging AEGON will be entitled to exercise its full voting rights of $^{25}/_{12}$ votes per preferred share for up to six months per "special cause", thus increasing its current voting rights to 32.99%.

7.8 Threshold above which shareholder ownership must be disclosed

There are no such provisions in the Articles of Association. Dutch law requires public disclosure to a supervising government agency with respect to the ownership of listed shares when the following thresholds are met: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

7.9 Special Conditions Governing Changes in the Capital

There are no conditions more stringent than what is required by law.

8. Legal and arbitration proceedings

AEGON is involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. In particular, certain current and former customers, and groups representing customers, have initiated litigation and certain groups are encouraging others to bring lawsuits in respect of certain products. The products involved in the Netherlands include securities leasing products and unit linked products (so called ‘beleggingsverzekeringen’ including the KoersPlan product). AEGON has established litigation policies to deal with the claims defending when the claim is without merit and seeking to settle in certain circumstances.

In addition the insurance industry has increasingly been the subject of litigation, investigations, regulatory activity and challenges by various governmental and enforcement authorities and policyholder advocate groups concerning certain practices. AEGON subsidiaries have received inquiries from local authorities and policyholder advocate groups in various jurisdictions including the United States, the United Kingdom and the Netherlands. In the normal course of business, reviews of processes and procedures are undertaken to help ensure that customers have been treated fairly, and to respond to matters raised by policyholders and their representatives. In 2010, AEGON UK received a fine of EUR 3.3 million from the UK Financial Services Authority due to systems and controls failings, some of which have led to customer detriment. In certain instances, AEGON subsidiaries modified business practices in response to such inquiries or the findings thereof. Certain AEGON subsidiaries have been informed that the regulators may seek fines or other monetary penalties or changes in the way AEGON conducts its business.

In the Netherlands, there is increased litigation regarding transparency issues and the charges (including insurance premium) included in unit-linked products. For example, AEGON’s KoersPlan product is a unit-linked product which was sold in substantial volumes in the Netherlands. AEGON appealed against an unfavorable decision of a lower court in the Netherlands in May 2009. This decision does not have a direct effect on claims brought by individual clients but, if this decision is ultimately upheld on appeal and/or by the Dutch Supreme Court and is followed by other courts in the Netherlands in individual cases, it could have a significant negative effect on AEGON’s financial position or profitability. The court of appeal is expected to render its decision by the end of July 2011. In July 2009, AEGON entered into an arrangement with Stichting Verliespolis en Stichting Woekerpolis Claim regarding the maximum costs of its unit-linked products sold before January 1, 2008. AEGON will compensate individuals at the termination date of such product if the actual total costs turn out to be in excess of this maximum. The Ombudsman Financiële Dienstverlening supports this arrangement. However, recently a public debate emerged on the adequacy generally of the arrangements reached between the various insurance companies and customer interest groups like Stichting Verliespolis en Stichting Woekerpolis Claim, and it is not possible to predict or determine the outcome thereof.

While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation, investigations and regulatory action, AEGON is of the opinion it has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) in the last twelve months preceding the date hereof which may have or had in such period any significant negative effects on the financial position or profitability of AEGON N.V. or the Group, other than the litigation regarding the unit-linked products (including the Koersplan product) described above.

9. Information about AEGON Funding Company LLC.

AEGON Funding Company LLC (AFC) operates under the laws of the State of Delaware and was incorporated on May 21, 1999 under the laws of the State of Delaware. AFC is an indirect wholly owned subsidiary of AEGON N.V. AFC is a direct wholly owned subsidiary of AEGON USA, LLC and has no subsidiaries of its own. AFC was established as a financing vehicle to be used to raise funds for the U.S. subsidiaries of AEGON N.V. AFC's registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA, Delaware file number 3033879 and the telephone number of this office is 1 (302)-658-7581.

9.1 Guarantees

If AFC issues any debt securities, AEGON N.V. will fully and unconditionally guarantee the due and punctual payment of the principal of, any premium and any interest on those debt securities, when and as these payments become due and payable, whether at maturity, upon redemption or declaration of acceleration, or otherwise.

The guarantees of the guaranteed senior debt securities will constitute an unsecured, unsubordinated obligation of AEGON N.V. and will rank equally with all other unsecured and unsubordinated obligations of AEGON N.V. The guarantees of the guaranteed subordinated debt securities will constitute an unsecured obligation of AEGON N.V. and will be subordinated in right of payment to all senior indebtedness of AEGON N.V.

AEGON N.V. has (1) agreed that its obligations under the guarantees of the guaranteed debt securities will be as principal obligor and not merely as surety, and will be enforceable irrespective of any invalidity, irregularity or unenforceability of the guaranteed debt securities or the indenture and (2) waived any right to require a proceeding against AFC, before its obligations under the guarantees shall become effective.

Copies of any guarantees to be issued by AEGON for specific transactions may be inspected at the registered office of AEGON at AEGONplein 50, 2591 TV The Hague, The Netherlands and on www.aegon.com.

9.2 Objects and purposes

As stated in Item 1.3 of AFC's Limited Liability Company Agreement, the nature the business or purposes of AFC are: (a) to issue debt securities, the net proceeds of which will be used to make loans to AEGON N.V. and its affiliates and to engage in any other activities which are necessary or desirable to effectuate, or are incidental to, the foregoing; and (b) to carry out its obligations and duties in connection with and to conduct such other activities and enter into such other agreements as it deems necessary or appropriate to carry out the foregoing.

9.3 Directors and senior management

All directors and officers are also directors and/or officers of one or more AEGON affiliated companies. There are no potential conflicts of interests between any duties to AFC of any of the directors or officers and their private interests and/or other duties. AFC does not have an Audit Committee. AFC was originally formed pursuant to the General Corporation Law of the State of Delaware, USA and was subsequently converted to a limited liability company under the Delaware Limited Liability Company Act.

Directors

C. Michiel van Katwijk (President), having his business address at AEGONplein 50, 2591 TV, The Hague, The Netherlands, is also Executive Vice President of AEGON N.V. In his capacity as President of AFC, Mr. Van Katwijk provides oversight in regard to the activities of AFC.

Craig D. Vermie (Vice President, Secretary and General Counsel), having his business address at 4333 Edgewood Road NE, Cedar Rapids, IA 52499, USA, is also Senior Vice President, Secretary and General Counsel of AEGON USA, LLC. In that capacity, Mr. Vermie acts as the chief legal officer of AFC and maintains the records of all meetings of the stockholders and the Board of Directors. He is the custodian of all contracts, deeds, documents and all other indicia of title to properties owned by AFC and of its other corporate records.

Karen R. Wright (Treasurer), having her business address at 400 West Market Street, Louisville, KY 40202, USA, is also Treasurer and Vice President of AEGON USA, LLC. In that capacity, Ms. Wright acts as the Treasurer of AEGON USA, LLC, who has custody of the funds and securities of AFC and keeps complete and accurate accounts of receipts and disbursements on the books of AFC

9.4 Material adverse change

There have been no material adverse changes in the prospects of AFC since the last published audited financial statements of December 31, 2010. Furthermore there have been no significant changes in the financial or trading position of AFC since the last published audited financial statements of December 31, 2010.

9.5 Legal and arbitration proceedings

As far as AFC is aware, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have or have had in the previous twelve months, significant effects on the financial position or profitability of AFC.

9.6 Investments

No principal investments have been made since December 31, 2010and no future principal investments are currently considered.

9.7 Material contracts

There are no material contracts, other than the guarantee as described above, that are not entered into in the ordinary course of AFC's business which could result in a group member being under an obligation or entitlement that is material to AFC's ability to meet its obligations to security holders in respect to the securities being issued.

9.8 Capitalisation

AFC's authorized share capital consists of 2,000 common shares at USD 0.01 par value per share. The issued share capital consist of 1,470 shares which have been issued to AEGON USA LLC with an issue price of USD 15 per share.

9.9 Financial data

AFC does not have independently audited financial data. It is not required to publish audited financial data. AFC's financial data are included in AEGON NV's financial data, which are audited. There is no published financial data available for AFC.

9.10 Risk factors

For the risk factors regarding AEGON Funding Company LLC, refer to paragraph 1 Risk Factors.

10. Executive Board AEGON N.V.

The Executive Board is charged with the management of the company. Each member of the Board has duties related to his or her specific areas of expertise. The number of Executive Board members and the terms of their employment are determined by AEGON's Supervisory Board. Executive Board members are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board.

Alexander R. Wynaendts – CEO (1960, Dutch nationality) began his career with ABN AMRO in 1984 and had several assignments in asset management (Amsterdam) and corporate finance (London). In 1997, he joined AEGON's Group Business Development department and was promoted to Executive Vice-President and head of Group Business Development in May 1998. In 2003 he was appointed a member of the Executive Board of AEGON N.V. Mr. Wynaendts has been reappointed as a member of the Executive Board in the Annual General Meeting of Shareholders of AEGON N.V. in 2011. His current term of office will end in 2015.

Jan J. Nooitgedagt – CFO (1953, Dutch nationality) began his career in 1977 with PriceWaterhouseCoopers before joining Ernst & Young in 1980. He became a partner of the firm in 1989. In addition to his audit experience, Mr. Nooitgedagt has played a key role in developing Ernst & Young's financial services business, as well as taking a leading role in the firm's growing Merger & Acquisitions advisory practice. Mr. Nooitgedagt headed Ernst & Young's financial services business in the Netherlands for five years, until his appointment in 2005 to the firm's Executive Committee in the Netherlands. A year later, Mr. Nooitgedagt was appointed Chairman of Ernst & Young in the Netherlands, before being named Managing Partner for the Netherlands and Belgium in July 2008. In April 2009 he joined AEGON N.V. and was appointed as a member of the Executive Board. His current term of office will end in 2013. Mr. Nooitgedagt did not have external board memberships in the past five years.

In the last 5 years, none of the members of the Executive Board has been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. In the last 5 years, none of the members of the Executive Board has been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company. Furthermore, in the last five years, none of the members of Executive Board has been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies).

There are no potential conflicts of interest with respect to the members of the Executive Board between their duties to AEGON and their private interests and/or other duties, except for their position as member of the Executive Committee of Vereniging AEGON, as described on page 75 of the Annual Report 2010.

11. Management Board AEGON N.V.

AEGON's Management Board works along side the Executive Board, and helps oversee operational issues and the implementation of the company's strategy. Management Board members are drawn from AEGON's country and operating units, and have both regional and global responsibilities, ensuring that AEGON is managed as an integrated, international business. Besides the members of the Executive Board, the Management Board consists of the following members:

Mark Mullin - (1963, US citizen) became President & CEO of AEGON Americas and member of AEGON's Management Board in January 2010. Mr. Mullin has spent more than twenty years with AEGON in various management positions both in the United States and Europe. Mr Mullin has served as President and CEO of AEGON's US subsidiaries, Diversified Investment Advisors and as head of the company's annuity and mutual fund businesses. In January 2009, he was named President of AEGON Americas and became President and CEO of AEGON America's and member of the Managemetn Board twelve months later. Mr. Mullin did not have external board memberships in the past five years.

Marco B.A. Keim - (1962, Dutch) began his career with accountants Coopers & Lybrand/Van Dien. Mr. Keim has also worked for aircraft maker Fokker Aircraft and NS Reizigers, part of the Dutch railway company, NS Group. In 1999, he joined Swiss Life in the Netherlands as a member of the Board. Three years later, Mr. Keim was appointed CEO. In June 2008, he became CEO of AEGON The Netherlands. Mr. Keim is member of the Supervisory Board of AMVEST Vastgoed B.V. He did not have other external board memberships in the past five years.

Gábor Kepecs - (1954, Hungarian) began his career with the Hungarian government before joining former state-owned insurance company Állami Biztosító. In 1990, he was appointed CEO, two years before Állami Biztosító was privatized and acquired by AEGON. Since 1992, Mr. Kepecs has been CEO of AEGON Hungary. In that time, he has spearheaded an expansion of AEGON's businesses not only in Hungary but also across the Central & Eastern European region. Mr. Kepecs did not have external board memberships in the past five years.

In the last 5 years, none of the members of the Management Board has been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. In the last 5 years, none of the members of the Management Board has been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company. Furthermore, in the last five years, none of the members of Management Board has been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies).

There are no potential conflicts of interest with respect to the members of the Management Board between their duties to AEGON and their private interests and/or other duties.

12. Supervisory Board AEGON N.V.

AEGON's Supervisory Board oversees the management of the Executive Board as well as the overall course of the company's business and corporate strategy and shall take into account the relevant interests of AEGON's stakeholders. The Supervisory Board operates according to the principles of collective responsibility and accountability. The Supervisory Board may also assist the Executive Board by offering advice. Members are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board.

Robert J. Routs – chairman - (1946, Dutch nationality) is a former Executive Director for Downstream at the energy company Royal Dutch Shell. He was appointed to AEGON's Supervisory Board in April 2008 and took over as Chairman from Dudley G. Eustace in April 2010 and is currently chairman of the Supervisory Board Nominating Committee and a member of the Supervisory Board Compensation Committee. His current term as a member of the AEGON Supervisory Board ends in 2012. Mr. Routs also serves as a member of the Supervisory Boards of Royal KPN N.V. and Royal DSM N.V. He also sits on the Board of Directors at Canadian Utilities Ltd, A.P. Møller - Mærsk A/S, UPM-Kymmene Corp. and AECOM Technology Corporation. He is also a former chairman of the Shell Canada Board. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Routs has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Routs has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Routs, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Irving W. Bailey, II - vice chairman (1941, American nationality) is currently a senior advisor to Chrysalis Ventures. He is a retired Chairman and Chief Executive Officer of Providian Corp., a former Managing Director of Chrysalis Ventures and Chairman of the Board of Directors at AEGON USA Inc. He was first appointed to AEGON's Supervisory Board in April 2004. His current term will end in 2012. He is currently chairman of the Supervisory Board Risk Committee and a member of the Supervisory Board Compensation Committee. Mr. Bailey is also a member of the Board of Directors of Computer Sciences Corp. and Hospira Inc. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Bailey has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Bailey has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Bailey, in the last five years been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company

Antony Burgmans - (1947, Dutch nationality) is a retired Chairman of Unilever N.V. and Unilever PLC. He was appointed to AEGON's Supervisory Board in 2007. His current term will end in 2011. At the Annual General Meeting of Shareholders of AEGON N.V. that is held on May, 12, 2011 Mr. Burgmans has been reappointed as a member of the Supervisory Board for another term of four years as of May 12, 2011. He is currently a member of the Supervisory Board Audit Committee. Mr. Burgmans is also a member of the Supervisory Boards of Akzo Nobel N.V., SHV Holdings N.V. (not listed) and Jumbo Supermarkten B.V. (not listed) as well as a member of the Board of Directors of BP plc. Mr. Burgmans is also Chairman of the Supervisory Board of Intergamma B.V. (not listed). Mr Burgmans is a former member of the Supervisory Board of ABN AMRO Bank N.V. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Burgmans has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Burgmans has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Burgmans, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Arthur W.H. Docters van Leeuwen - (1945, Dutch nationality) is Senior Research Fellow at the Netherlands School for Public Administration and a former Chairman of both the Dutch Financial Markets Authority (AFM) and the Holland Financial Center. He was appointed to AEGON's Supervisory Board in 2009. His current term will end in 2013. He is currently a member of the Supervisory Board Audit Committee. Mr. Docters van Leeuwen is also Chairman of the Advisory Boards of Meesman Index Investments BV, Independent Risk Solutions and Wilgenhaege Vermogensbeheer B.V. He is a member of the Advisory Board of the International Centre for Financial Regulation. Mr Docters van Leeuwen is a former Chairman of the Supervisory Board of the foundation E-court. Before joining the AFM he served as Chairman of the Board of Procurators-General and as Director-General of the Security Service of the Netherlands. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Docters van Leeuwen has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last five years Mr. Docters van Leeuwen has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Docters van Leeuwen, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Shemaya Levy - (1947, French nationality) is a retired Executive Vice President and Chief Financial Officer of the Renault Group. He was appointed to AEGON's Supervisory Board in 2005 and his current term will end in 2013. He is currently chairman of the Supervisory Board Audit Committee and a member of the Supervisory Board Nominating Committee. Mr. Levy is also a non-executive director of the Safran Group, as well as a member of the Supervisory Boards of the Segula Technologies Group and TNT N.V. He is a former non-executive member of the Board of Directors of Renault Finance, Renault Spain, Nissan Motor Company and of the Snecma group.

In the last 5 years, Mr. Levy has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Levy has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr Levy, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Karla M.H. Peijs - (1944, Dutch nationality) is Queen's Commissioner for the Province of Zeeland in the Netherlands. She was appointed to AEGON's Supervisory Board in 2007 and her current term will end in 2011. At the Annual General Meeting of Shareholders of AEGON N.V. that is held on May, 12, 2011 Mrs Peijs has been reappointed as a member of the Supervisory Board for another term of four years as of May 12, 2011. She is currently a member of the Supervisory Board Compensation Committee and the Supervisory Board Nominating Committee. Mrs. Peijs was formerly a member of the Provinciale Staten of the Province of Utrecht from 1982 until 1989, a member of the European Parliament from 1989 to 2003 and Minister of Transport, Public Works and Water Management in the Dutch government from 2003 to 2007. She has been a member of AEGON's Supervisory Board from 1992 from which she resigned in 2003 upon her becoming Minister of Transport, Public Works and Water Management. She is also a member of the Supervisory Boards of ANWB B.V., Delft University of Technology and Q-Park N.V. Mrs. Peijs is a former member of the Supervisory Boards of Daimler Chrysler Nederland, Solvay Nederland, Vendex KBB and Schouten & Nelissen.She did not have other board memberships in the past five years.

In the last 5 years, Mrs. Peijs has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mrs. Peijs has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mrs. Peijs, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Kees J. Storm - (1942, Dutch nationality) is a former Chairman of the Executive Board of AEGON N.V. He was appointed to AEGON's Supervisory Board in 2002. His current term will end in 2014. He is currently a member of the Supervisory Board Risk Committee and the Supervisory Board Nominating Committee. Mr. Storm is also Chairman of the Supervisory Boards of KLM Royal Dutch Airlines N.V. (not listed) and of Pon Holdings B.V. (not listed) and a non-executive director of Unilever N.V. and

Unilever PLC. Mr. Storm also serves as a member of the Board of Directors of Anheuser-Busch InBev SA (Leuven, Belgium) and Baxter International Inc. (USA). He is a former chairman of the Supervisory Boards of N.V. Royal Wessanen and Laurus N.V. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Storm has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Storm has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Storm, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Ben van der Veer – (1951, Dutch nationality) is a former Chairman of the Board of Management of KPMG N.V. Mr. Van der Veer retired from KPMG per September 30, 2008. He was appointed to AEGON's Supervisory Board in October 2008. His current term will end in 2012. He is currently member of the Supervisory Board Audit Committee and the Supervisory Board Risk Committee Mr. Van der Veer is also a member of the Supervisory Boards of TomTom N.V., Reed Elsevier N.V. and non-executive Director at Reed Elsevier PLC. He is also a member of the Supervisory Boards of Siemens Nederland N.V. (not listed) and the Dutch dairy company Royal FrieslandCampina N.V. (not listed). Mr. Van der Veer is managing director of BOWI Amstelveen Holding B.V. and a former director of BOWI Amstelveen B.V. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Van der Veer has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last 5 years Mr. Van der Veer has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Van der Veer, in the last five years been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Dirk P.M. Verbeek - (1950, Dutch nationality) is retired Chairman and CEO of Aon International Executive Committee and a retired member of the Executive Board of Aon Group Inc. He is Vice President Emeritus of Aon Group and advisor to the President and Chief Executive Officer of Aon Corporation. Mr. Verbeek was appointed to AEGON's Supervisory Board in 2008. His current term ends in 2012. He is currently member of the Supervisory Board Audit Committee and the Supervisory Board Risk Committee. Mr. Verbeek is Chairman of the Supervisory Board of Robeco Group N.V. and member of the Supervisory Board of Aon Groep Nederland B.V. Mr. Verbeek is also Chairman of the Benelux Advisory Council of Leonardo & Co. B.V., member of the Advisory Council of Accuracy S.A. as well as Advisor at OVG Projectontwikkeling and CVC Europe. He was a non-executive member of the Management Board of Aon Holdings B.V. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Verbeek has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last five years Mr. Verbeek has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies) nor has Mr. Verbeek, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

Leo M. van Wijk - (1946, Dutch nationality) is Vice Chairman of Air France-KLM S.A. and former President and Chief Executive Officer of KLM Royal Dutch Airlines N.V. He was first appointed to AEGON's Supervisory Board in 2003. His current term will end in 2011. At the Annual General Meeting of Shareholders of AEGON N.V. that is held on May, 12, 2011 Mr van Wijk has been reappointed as a member of the Supervisory Board for another term of four years as of May 12, 2011. He is currently chairman of the Supervisory Board Compensation Committee and member of the Supervisory Board Nominating Committee. Mr. Van Wijk is also a member of the Supervisory Board of Randstad Holding N.V. and Chairman of Skyteam. He is a former member of the Supervisory Board of Martinair and TUI Nederland N.V. and of the Board of Northwest Airlines. He did not have other board memberships in the past five years.

In the last 5 years, Mr. Van Wijk has not been declared, by a judicial authority, to have acted fraudulently or to be incapable to act as a member of a supervisory body or management body of an issuing institution. Furthermore, in the last five years Mr. Van Wijk has not been officially incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies), nor has Mr. Van Wijk, in the last five years, been involved, in the capacity of a member of a supervisory body or management body of a company, in any bankruptcy, suspension of payment or winding-up of such company.

There are no potential conflicts of interest with respect to the members of the Supervisory Board between their duties to AEGON and their private interests and/or other duties.

The members of the Executive Board, Management Board and Supervisory Board have their business address at AEGON N.V., AEGONplein 50, 2591 TV, The Hague, the Netherlands.

As far as AEGON is aware, no further information is to be disclosed in respect of the members of the Executive Board, Management Board and the Supervisory Board pursuant to section 14.1 of Annex 1 to the EU Prospectus Regulation.

13. Conflicts of interest

The Code of Conduct addresses conflicts of interest that may occur between AEGON and its employees, including the members of the Executive Board. More detailed regulations regarding conflicts of interest between members of the Executive Board and AEGON are included in the Executive Board Rules. Both documents are available on AEGON's website. Any transactions in which there are conflicts of interest shall be agreed on terms customary in the industry and are published in the annual report.

Under the provisions of the Dutch Corporate Governance Code, the membership of Messrs. Nooitgedagt and Wynaendts on the Executive Committee of Vereniging AEGON may give rise to deemed conflicts of interest. However, the Articles of association of Vereniging AEGON provide that Messrs Nooitgedagt and Wynaendts are excluded from voting on certain issues relating directly to AEGON (including the adoption of annual accounts, discharge of members of the Executive Board and appointments to the Executive Board and Supervisory Board of AEGON).

The Supervisory and Executive Boards have drawn up a protocol that provides that the members of the Executive Board who also serve on the Executive committee of Vereniging AEGON shall continue to participate in discussions and decision-making relating to possible transactions with Vereniging AEGON. The Supervisory Board is confident that by adhering to this protocol the deemed conflict of interests with Vereniging AEGON are adequately dealt with and that the best practice provisions of the Code have been complied with in all material respects. The protocol is posted on AEGON's website.

There are no conflicting interests between any of the duties of the members of the Executive Board and their respective private interests or other duties.

14. Subsequent Events after March 31, 2011

On April 14, 2011, AEGON The Netherlands completed the sale of EUR 1.5 billion Class A residential mortgage backed securities (RMBS) to a broad group of institutional investors. These securities consist of two tranches:

- EUR 375 million of class A1 notes with an expected weighted average life of 1.9 years and priced at par with a coupon of three month Euribor plus 0.95 %.
- EUR 1,125 million of class A2 notes with an expected weighted average life of 4.9 years and priced at par with a coupon of three month Euribor plus 1.35 %.

The securities were issued under the Dutch SAECURE program. The net proceeds will be used to finance a part of the existing Dutch mortgage portfolio of AEGON The Netherlands.

On April 25, 2011 AEGON announced the divestment of its life reinsurance business, Transamerica Reinsurance, to SCOR, a global reinsurance company. The divestment will result in a total after-tax consideration of USD 1.4 billion, consisting of cash proceeds of USD 0.9 billion with a further USD 0.5 billion in capital released.

Under the agreement, AEGON will divest its global life reinsurance activities with the exception of select blocks of business that are to be retained by AEGON. The retained businesses with a book value of USD 0.4 billion comprise mainly variable annuity guarantee business. The transaction, which consists of a number of reinsurance agreements, is among other conditions subject to final approval of the relevant regulatory authorities.

On June 15, 2011, AEGON fulfilled its key objective of repurchasing all of the EUR 3 billion core capital securities issued to the Dutch State at the height of the financial crisis in 2008. The Dutch Central Bank (DNB) has given its consent to AEGON's repurchase of the remaining EUR 750 million of core capital outstanding .

15. Significant changes

There have been no significant changes in the financial or trading position and the prospects of the group since March 31, 2011.

16. Financial information

16.1 General

The audited financial statements of AEGON N.V. in respect to the years ended December 31, 2008, 2009 and 2010 are incorporated by reference in this Registration Document, as well as the Condensed consolidated Interim financial statements for the first quarter of 2011 and the first quarter 2011 results release. All financial information has been derived from internal analyses and has been subject to AEGON's internal control procedures.

16.2 Sales and deposits

2010

AEGON's new life sales in 2010 increased 5% compared with 2009 to EUR 2.2 billion. Sales across the company showed improvements during the year. Spain was an exception, as a consequence of continued weak economic conditions that affected one of AEGON's joint venture partners.

Gross deposits – excluding run-off businesses – increased 18% to EUR 32.6 billion in 2010 as a result of continued strong growth in variable annuity, retail mutual fund and pension deposits in the United States, as well as new mandates for AEGON Asset Management. Evidence of the strategic shift from spread to fee-based businesses.

2009

AEGON's new life sales remained strong, despite difficult market conditions, totaling EUR 2.0 billion in 2009. Sales across the company showed a gradual improvement after the first quarter. During the year as a whole, significant growth in the Netherlands and Spain was offset by lower sales in the Americas and Central & Eastern Europe, a consequence of continued weak economic conditions. AEGON's businesses in the United Kingdom also saw lower life sales following a decision to adjust the company's pricing policy.

Excluding institutional guaranteed products, AEGON's gross deposits rose 6% in 2009 to EUR 23.6 billion. Most of the increase was due to growth in pension deposits and the company's variable annuities business in both the Americas and Europe. Savings deposits in the Netherlands also showed an increase, as did retail mutual fund deposits in China. Gross deposits of fixed annuities decreased 17% however, as AEGON decided to lower crediting rates to preserve margins on these products.
Including institutional products, gross deposits declined 31% in 2009 to EUR 28.0 billion, following the decision to run off AEGON's institutional spread-based business in the United States.

2008

New life sales declined 20% during the year to EUR 2.6 billion. Worsening financial market conditions clearly affected sales in the Americas, Central & Eastern Europe and Asia. In the Americas, there was also a decline in sales of both bank-owned and corporate-owned life insurance and life reinsurance. In the Netherlands sales also decreased, mainly due to a slow down in the Dutch group pension market. In the United Kingdom, sales held up well mainly due to continued growth in individual annuities and the corporate pension markets. Sales in Spain were boosted by changes to local pension legislation and an expansion of AEGON's bank distribution network in the country. In Central & Eastern Europe, sales of unit-linked products, in particular, were adversely affected by the decline in world equity markets, but AEGON's pension business in the region continued to growth. In Asia, unit-linked sales were also adversely affected by the decline in world equity markets.

Total gross deposits decreased 8% in 2008 to EUR 40.8 billion. Overall sales of variable annuities, savings products, pensions and asset management all declined, mainly because of unprecedented volatility in the global financial markets. Sales of savings products were also affected by increased competition as interest rates declined. Fixed annuity deposits in the United States, however, showed gains, rising to EUR 4.1 billion in 2008 from EUR 1.1 billion the year before, as customers sought additional financial security amid significant equity market volatility.

17. Recent developments

17.1 Developement of global financial markets

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009 and throughout 2010, although the strength of recovery has varied by region and by country. Bank lending has been reduced from the levels seen before the financial crisis began and the housing markets in Europe and North America remain depressed. These conditions have resulted and may continue to result in a reduction in demand for AEGON's products as well as impairments and reductions in the value of the assets in AEGON's general account, separate account, and company pension schemes, among other assets. AEGON may also experience a higher incidence of claims and lapses or surrenders of policies. AEGON's policyholders may choose to defer or stop paying insurance premiums. AEGON cannot predict definitively whether or when such actions, which could impact its business, results of operations, cash flows and financial condition, may occur.

Governmental action in the Netherlands, the United States, the European Union and elsewhere to address the financial crisis could further impact AEGON's business. AEGON cannot predict with any certainty the effect that actions by the European Central Bank, the Federal Reserve or other governmental actions may have on the financial markets or on AEGON's business, results of operations, cash flows and financial condition.

In Europe, countries such as Portugal, Ireland, Italy, Greece and Spain have been particularly affected by the recent financial and economic conditions, raising concerns about the ongoing viability of the euro currency and the European Monetary Union. The European Union, the European Central Bank and the International Monetary Fund have prepared rescue packages for some of the affected countries. AEGON cannot predict with any certainty whether these packages or other rescue plans will be successful, the effect that they may have on the future viability of the euro currency or the European Monetary Union, or the effect that they may have on AEGON's business, results of operations, cash flows and financial condition.

During 2010, market and financial conditions continued to improve, following the upward trend that started in 2009. Equity markets continued to rise but remained volatile, while corporate credit spreads remained fairly stable. This had a positive impact on AEGON's earnings and capital position. Sales of equity-linked products benefited from positive sentiment on equities. AEGON saw improved sales on variable annuities and mutual funds as equity markets further improved.

Global interest rates were under pressure during the first nine months of 2010, following concerns about sovereign debt in a number of peripheral European countries. However, AEGON's exposure to the sovereign debt of these countries was, and remains limited. During the remainder of 2010, interest rates began to recover but did not reach the levels of the beginning of the year, but generally have a negative impact on AEGON's businesses.

As part of new pension legislation in Hungary, mandatory pension fund assets have been taken over by the Hungarian State during the first quarter of 2011. In addition, asset management and administration fees have been reduced.

In Poland, the Government plans to amend pension fund legislation as well. The main changes would be a lower contribution fee, special requirements on minimum mandatory capital and solvency margin, and the creation of three pension funds with distinct risk profiles (conservative, balanced, aggressive).

AEGON expects these government measures in Hungary and Poland to have a combined negative effect on underlying earnings of approximately EUR 25 million for the full year of 2011. In Spain, the financial sector is undergoing significant consolidation and restructuring. Consequently, a number of the country's savings banks are in the process of either merging or entering into so-called integration agreements (SIPs). AEGON remains committed to the Spanish market and intends to maintain its current share of the bancassurance market there.

Despite the improvement in 2010, market conditions remain uncertain with growth still hampered by high unemployment numbers and household debt levels. AEGON expects market conditions to remain uncertain throughout 2011.

17.2 Core capital securities

In December 2008, AEGON issued EUR 3 billion of non-voting convertible core capital securities to Vereniging AEGON, funded by the Dutch State. As part of the process to conclude the European Commission's final review and approval of the plan regarding AEGON's status as a fundamentally sound and viable institution as submitted by the Dutch State to the European Commission, AEGON agreed with the Dutch Ministry of Finance to certain requirements on AEGON and its future actions. These requirements include behavioural constraints and structural measures. As stipulated in the EC decision, the behavourial constraints have expired with the full repurchase of the core capital securities from Vereniging AEGON and repayment of the senior loan by Vereniging AEGON to the Dutch State on June 15, 2011. The structural measures need to be executed in accordance with the conditions, agreed between the European Commision, the Dutch State and AEGON and will continue to be in force until completed.

The remaining structural measures are:

- Reduction of the total US general account assets of the consolidated AEGON USA balance sheet on a constant currency and amortized cost basis by USD 25 billion from 2007 (USD 130 billion) to end 2012 (USD 105 billion);
- Full delta hedging of US VA GMIB back book;
- Improvement, by December 2012, of the ratio of consolidated shareholders'equity (excluding revaluation reserve) to total equity base (including equity, hybrids and net senior debt) from 70% to at least 75%;
- Improvement of the loss absorption capacity of its capital base by Decmber 31, 2012. Senior debt, maturing before December 31, 2012, will be replaced by instruments that will qualify as at least Tier 2 capital under Solvency II and that will in any case contain certain provisions, specified in the EC decision;
- (Acceleration of) the run-off of the Institutional Markets Division (IMD).

The execution of these structural measures may have a material adverse effect on AEGON's business, results of operations and financial condition.

17.3 Developement of supervision and regulation

In 2010, the EU agreed on the introduction of a new supervisory structure for the financial sector. The new structure consists of the existing national authorities, the newly created European Systemic Risk Board (ESRB) and the following European Authorities: Insurance and Occupational Pensions (EIOPA), Banking (EBA) and Securities and Markets (ESMA). These authorities are effective as from January 1, 2011. The national supervisors will continue executing the common supervisory tasks .

New financial services regulation, such as the European Commission's Solvency II directive, which is expected to become effective as early as January 1, 2013, is expected to impose, among other things, substantially greater quantitative and qualitative capital requirements on some of AEGON's businesses and at the group level as well as supervisory and disclosure requirements and may impact the structure, business strategies, and profitability of AEGON's insurance subsidiaries and of the group. Some of AEGON's competitors who are headquartered outside the European Economic Area may not be subject to Solvency II requirements and may thereby be better able to compete against AEGON, particularly in its businesses in the United States and Asia.

The National Association of Insurance Commissioners' ("NAIC") Model Regulation entitled "Valuation of Life Insurance Policies," commonly known as "Regulation XXX," requires insurers in the United States to establish additional statutory reserves for term life insurance policies with long-term premium guarantees. In addition, "The Application of the Valuation of Life Insurance Policies Regulation", commonly known as "Regulation AXXX" requires insurers to establish additional statutory reserves for certain universal life insurance policies with secondary guarantees. Virtually all of AEGON's newly issued term and universal life insurance products in the United States are now affected by Regulations XXX and AXXX, respectively.

In response to the NAIC regulations, AEGON has implemented reinsurance and capital management actions to mitigate their impact. However, AEGON may not be able to implement actions to mitigate the impact of Regulation XXX and AXXX on future sales of term or universal life insurance products, potentially resulting in an adverse impact on these products and AEGON's market position in the life insurance market. Additionally, any change to or repeal of Regulation XXX or AXXX could also reduce the effectiveness of AEGON's reinsurance and capital management actions, adversely affecting its life insurance operations.

AEGON's insurance business is subject to comprehensive regulation and supervision in all countries in which it operates. The primary purpose of such regulation is to protect policyholders, not holders of securities. Changes in existing insurance laws and regulations may affect the way in which AEGON conduct business and the products offered. Additionally, the insurance laws or regulations adopted or amended from time to time may be more restrictive or may result in higher costs than current requirements. The recent financial markets dislocation has resulted in, and may continue to result in further, extensive changes to existing laws, regulations and regulatory frameworks applicable to AEGON's businesses in the countries in which AEGON operates.

For example, in July 2010, the US Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), which provides for comprehensive changes to the regulation of financial services in the United States by granting existing government agencies and newly created government agencies and bodies (e.g., the Financial Stability Oversight Council and the Federal Insurance Office) authority to promulgate new financial regulations applicable to systemically important non-bank financial institutions. These new regulations may subject AEGON to a number of requirements, including, among others, stress tests and stricter prudential standards, such as stricter requirements and limitations relating to liquidity, credit exposure and risk management. In addition, Dodd-Frank authorizes the Federal Insurance Office, which does not have general authority over the business of insurance, to make recommendations to the Financial Stability Oversight Council that certain insurers be subject to more stringent regulation. Further, Dodd-Frank requires the Federal Insurance Office to conduct a study on how to modernize and improve the system of insurance regulation in the United States. AEGON cannot predict the requirements of the Dodd-Frank regulations that will ultimately be adopted, how the regulations will affect the financial markets generally or how the regulations will affect AEGON's operations or financial condition.

17.4 Other developments

Updated projected mortality tables show a strong increase in life expectancy in the Dutch population; as a result of the level of provisioning for longevity will increase. IFRS provisioning is based on yearly observed mortality tables and is taken through underlying earnings, in line with our accounting methodology. Based on this actual experience, the company takes a measured approach toward provisioning by assuming a continuation of the emerging trend of strong improvements in observed mortality for 2010. AEGON expects to add on average EUR 20 million per quarter to the provision, in addition to 2010 levels of provisioning.

Appendix - References

In the table below references to the documents incorporated by reference are made.

	Annual report 2010	Annual report 2009	Annual report 2008	Condensed consolidated interim financial statements Q1 2011 (IFS) and Press release Q1 2011 (PR)
General				
Key figures	Cover page - Financial highlights	Cover page - At a glance: Underlying earnings before tax by line of business - Highlights	Cover page - At a glance: Underlying earnings before tax by line of business - Highlights	Key performance indicators – p1 PR FinanciaL highlights – p4 PR
Investments	Consolidated balance sheet – p80 Notes to the balance sheet	Consolidated balance sheet – p80 Notes to the balance sheet	Consolidated balance sheet – p84 Notes to the balance sheet	Condensed consolidated statement of financial position – p4 (IFS) Notes to the condensed consolidated interim financial statements IFS
Principal activities	Our businesses - report of the Executive Board – p22/43	Report of the Executive Board – p20/39	Report of the Executive Board – p18/43	-
List of significant subsidiaries	Note 51 Group companies – p218/220	Note 53 Group companies – p212/215	Note 53 Group companies – p212/214	-
Financial condition	Our businesses - report of the Executive Board – p24/29	Our businesses - report of the Executive Board – p24/27	Our businesses - report of the Executive Board – p20/27	IFS p2/19
Operating results	Our businesses - report of the Executive Board – p24/27	Report of the Executive Board – p24/26	Report of the Executive Board – p20/25	PR p1/7
Capital resources	Capital and Liquidity management – p48/52 Note 14 Cash and cash equivalent – p169 Consolidated cash flow statement – p86/87 Note 46 Capital and solvency – p210/212	Liquidity and capital management – p46/50 Note 14 Cash and cash equivalent – p164 Consolidated cash flow statement – p86/87 Note 48 Capital and solvency – p204	Risk and capital management – p50/52 Note 14 Cash and cash equivalent – p163 Consolidated cash flow statement – p86/87 Note 48 Capital and solvency – p204	-
Remuneration and benefits				
Remuneration	Remuneration policy and report – p64/70 Note 52 Related party transactions – p220/223	Remuneration policy and report SB – p64/65 Remuneration policy EB – p66/68 Remuneration report EB – p69/70	Remuneration SB – p65/66 Remuneration policy EB – p67/69 Remuneration report EB – p70/71	-

	Annual report 2010	Annual report 2009	Annual report 2008	Condensed consolidated interim financial statements Q1 2011 (IFS) and Press release Q1 2011 (PR)
		Note 54 Related party transactions – p215/218	Note 54 Related party transactions – p214/218	
Defined benefit plans	Note 25 Defined benefit plans – p184/191	Note 26 Defined benefit plans – p179/185	Note 26 Defined benefit plans – p178/184	-
Board practices				
Benefit upon termination	§ Severance payments– p72	§ Severance payments in employment agreements – p76	§ Severance payments in employment agreements – p76	-
Audit committee / Remuneration committee	§ Audit committee – p58 §Compensation committee – p59	§ Audit committee – p58 §Remuneration committee – p59	§Audit committee – p59 §Remuneration committee – p60	-
Governance	§ Dutch Corporate Governance Code – p74/75	§ Dutch Corporate Governance Code – p73/74	§ Dutch Corporate Governance Code – p73/74	-
Employees				
Number of employees	Note 5 Table number of employees – p151	Note 5 Table number of employees – p145	Note 5 Table number of employees – p145	Table employee numbers – p22 PR
Shareholdings and stock options	§ Related party transactions – SOR's and SAR's and interest in AEGON N.V – p222 § Related party transactions – Conditionally granted shares and options – p222 § Related party transactions – Common shares held by SB members – p223	§ Related party transactions – SAR's and interest in AEGON N.V – p217 § Related party transactions – Conditionally granted shares and options – p217 § Related party transactions – Common shares held by SB members – p218	§ Related party transactions – SAR's and interest in AEGON N.V – p217 § Related party transactions – Conditionally granted shares and options – p216 § Related party transactions – Common shares held by SB members – p218	-
Arrangements for involving employees in capital	Note 38 Commissions and expenses – p199/202	Note 40 Commissions and expenses – p193/196	Note 40 Commissions and expenses – p192/196	-
Major shareholders				
Major shareholder	§ Major Shareholders – p244/245	§ Major Shareholders – p239/240	§ Major Shareholders – p236/237	-
Different voting rights	Note 8 Share capital – p235/237	Note 8 Share capital – p228	Note 7 Share capital – p226	-
Related party transactions	Note 52 Related party transactions – p220/223	Note 54 Related party transactions – p215/218	Note 54 Related party transactions – p214/218	-
Financial information				
Historical financial information / Financial statements	Financial information – p77/242	Financial information – p77/237	Financial information – p81/234	-
Auditor's report	Consolidated financial statements – p225 AEGON N.V. – p242	Consolidated financial statements – p220 AEGON N.V. – p237	Consolidated financial statements – p219 AEGON N.V. – p234	-
Interim financial information	-	-	-	IFS p1/20

	Annual report 2010	Annual report 2009	Annual report 2008	Condensed consolidated interim financial statements Q1 2011 (IFS) and Press release Q1 2011 (PR)
Dividend policy	§ Dividend policy – p17	§ Dividend policy – p17	§ Dividend policy – p14	-
Dividend per share	Note 44 Dividend per common share – p206	Note 46 Dividend per common share – p200	Note 46 Dividend per common share – p199	-
Additional information				
Issued capital	Note 15.1 Share capital – par value – p170/171	Note 15.1 Share capital – par value – p165/166	Note 15.1 Share capital – par value – p164/165	-
Treasury shares	Note 15.3 Treasury shares – p172/173	Note 15.3 Treasury shares – p167/168	Note 15.3 Treasury shares – p166/167	-
Acquisition right	Note 15.1 Share capital – Preferred shares – p171	Note 15.1 Share capital – Preferred shares – p166	Note 15.1 Share capital – Preferred shares – p165	-
Information on holdings	Note 51 Group companies – p218/220	Note 53 Group companies – p212/215	Note 53 Group companies – p212/214	-