

REMUNERATION POLICY AND REPORT

SHORT-TERM INCENTIVE PLAN

Members of the Executive Board are eligible to participate in the Short-term Incentive (STI) Plan that provides for an annual cash bonus for the achievement of previously determined targets that reflect their respective individual responsibilities.

The achievable STI bonus levels vary between the members of the Executive Board due to differences in their responsibilities and base salary. Whilst the base salary of Messrs. Van der Werf and Wynaendts is lower than that of Mr. Streppel, their achievable bonuses are higher, reflecting their role as *value drivers* for AEGON.

The amount of the STI Plan bonus will be determined by the level of achieved operating earnings (OE) relative to the OE target. The STI Plan bonus increases when the actual OE exceeds the target OE. In case the actual OE is equal to or higher than 150% of the target OE, then the STI Plan bonus reaches its maximum value. For example: when the actual OE is equal to the target OE, then Mr. Shepard could receive a STI Plan bonus of 118% of his base salary. The maximum STI Plan bonus Mr. Shepard could receive is equal to 189% of his base salary. The OE target is calculated as the rolling, three-year average OE, increased by 2.5% to reflect inflation.

STI PLAN BONUS (% OF BASE SALARY)

	Actual OE equals target OE	Actual OE equals or is higher than 150% of target OE (maximum STI Plan bonus)
Shepard	118%	189%
Streppel	50%	80%
Van der Werf	80%	125%
Wynaendts	80%	125%

The STI Plan determines that a bonus will be paid only if a positive value of new business (VNB), as publicly disclosed, is realized. This measure was chosen because it reflects AEGON's commitment towards profitable growth. A specific area of responsibility has been determined for which VNB will be taken into account for each member of the Executive Board.

AREAS OF RESPONSIBILITY FOR STI

Shepard	Group: determines 100% of STI bonus
Streppel	Group: determines 100% of STI bonus
Van der Werf	Group: determines 40% of STI bonus country unit(s) under his responsibility: determine 60% of STI bonus
Wynaendts	Group: determines 40% of STI bonus country unit(s) under his responsibility: determine 60% of STI bonus

Provided the VNB of the AEGON Group in the plan year was positive, Messrs. Shepard and Streppel are eligible for 100% of their STI Plan bonus, while Messrs. Van der Werf and Wynaendts are eligible for 40% of their STI Plan bonus. In the event that the VNB in the areas of their respective responsibilities was positive, Messrs. Van der Werf and Wynaendts become eligible for the remaining 60% of their STI Plan bonus.

Annually, the Compensation Committee will review the agreed parameters to ensure that they continue to provide the best reference. Independent external advisors, Tillinghast and Ernst & Young, will sign off on all relevant data.

Additionally, Mr. Shepard is entitled to a cash bonus equal to 0.1% of AEGON's net income for the corresponding year.

LONG-TERM INCENTIVE PLAN

The Long-term Incentive (LTI) Plan intends to orient members of the Executive Board toward long-term growth of sustainable value for the company's shareholders. For this purpose, the Plan aims to reward Executive Board members for AEGON's total shareholders return (TSR) performance over a three-year period. TSR is defined as the return, in terms of share price appreciation and dividends, to shareholders.

Each year, a LTI grant is determined to serve as a basis for the calculation of the achievable bonus under the LTI Plan. The LTI grant is determined as a fixed percentage of the base salary of the Executive Board members; that is 95% of Mr. Shepard's base salary and 60% of the base salary of the other members. The grant is a 50/50 combination of the value of performance shares and performance options. The actual value of the bonus paid under the LTI Plan is dependent on AEGON's relative performance in terms of TSR.

Each year, the value (amount) of the grant is determined and the related number of shares and options are granted. After three financial years, starting with the grant year, vesting of the granted shares and options is subject to AEGON's TSR performance relative to that of a select peer group. This peer group comprises companies that are comparable in type of business, size, geographical presence, and that are generally recognized as the most appropriate reference group. The group consists of Allianz, Aviva, AXA, Fortis, Generali, ING, Jefferson-Pilot, John Hancock Life Insurance, Lincoln National, Nationwide FS Inc., and Prudential PLC.

Should AEGON rank nine through twelve within this group (after three years), the granted shares and options will not vest. The granted shares and options will only vest once AEGON achieves a number eight position or better, with an increasing percentage according to the following schedule.

VESTING SCHEDULE

Ranking	Vesting as % of the grant
1	200
2	180
3	160
4	140
5	120
6	100
7	75
8	50
9	0
10	0
11	0
12	0

Shares granted to Executive Board members under the LTI Plan shall be retained for a period of at least five years from the grant date or at least until the end of the employment if this latter period is shorter.

Neither the exercise price nor other conditions regarding the granted share options shall be modified during the term of the options, except in the case that such modification is prompted by structural changes in the company or its shares in accordance with established market practice. Please refer to page 175 for more information on the share options granted under the LTI Plan.

During the three-year grant period, the TSR data are compiled by the Compensation Committee based on information from an independent outside advisor (Towers Perrin). After the grant period, the Compensation Committee will advise the Supervisory Board on the percentage of the LTI grant to be vested.

The Compensation Committee will monitor that the peer group composition and the performance incentive zone continue to provide an appropriate reference.

PENSION ARRANGEMENTS

The Remuneration Policy aims at offering the Executive Board members pension arrangements that are in line with local practices in their countries of residence and retirement benefits that are consistent with those provided to executive directors of other multinational companies in those countries.

Pension arrangements are based on a retirement age of 62. Mr. Shepard's benefits would be based on 55% of his 'final average earnings' calculation (his five highest complete and consecutive calendar years of pensionable earnings). For Messrs. Streppel, Van der Werf and Wynaendts, their benefits are 70% of their final salary, provided 37 years of service.

In addition, the arrangements include entitlements to a pension in the event of disability and a pension for spouse or dependent in the event of the participant's death. Please refer to page 174 for more information on the costs.

OTHER ARRANGEMENTS

Members of the Executive Board receive other benefits, based on their contractual agreements, local practices, and customary arrangements for executives of multinational companies, like the use of a company car, medical insurances, and other benefits and welfare plans. Moreover, it is the company's policy not to grant Executive Board members any personal loans, guarantees or the like, unless in the normal course of business and on terms applicable to the personnel as a whole, and only after Supervisory Board approval. No remission of loans shall be granted.

REMUNERATION REPORT 2005

SUPERVISORY BOARD REMUNERATION

The compensation of the members of the Supervisory Board is reviewed every three years. In line with this guideline, an analysis was performed by outside experts in order to benchmark the remuneration. On the basis of this study, the AGM in April 2005, approved the introduction of a three-components structure: (1) a base fee (for membership of the Supervisory Board); (2) an additional fee (for membership of a Committee); and (3) an

attendance fee for 'face-to-face' Committee meetings (i.e. where physical attendance has taken place). This structure has been applied starting January 1, 2005, as follows:

1. BASE FEE PER ANNUM FOR MEMBERSHIP OF THE SUPERVISORY BOARD

Chairman	60,000
Vice-chairman	50,000
Member	40,000

2. FEE PER ANNUM FOR MEMBERSHIP OF A COMMITTEE

Audit Committee	
Chairman	10,000
Member	8,000

Other Committees

Chairman	7,000
Member	5,000

3. ATTENDANCE FEE FOR MEETINGS OF THE COMMITTEES

Audit Committee	3,000
Other Committees	1,250*

* In case of intercontinental travel this will be EUR 2,500 per face-to-face meeting.

EXECUTIVE BOARD REMUNERATION

TERM OF APPOINTMENT

Messrs. Shepard and Streppel have been reappointed in 2005 for a four-year term. Messrs. Van der Werf and Wynaendts are eligible for reappointment in 2006 and 2007.

TOTAL COMPENSATION

Please refer to pages 174-176 for information on the remuneration of members of the Executive Board.

BASE SALARY

The base salaries of the Executive Board members were not changed in 2005, save the adaptation in accordance with the general salary rounds applicable to AEGON employees in the Netherlands, as stipulated in the employment contracts with the Dutch Executive Board members.

BASE SALARY 2005¹

Shepard	USD 1,000,000
Streppel	EUR 679,000
Van der Werf	EUR 575,000
Wynaendts	EUR 575,000

¹Base salary including increase due to Dutch collective labor agreement, the customary employee profit sharing bonus as well as a tax deferred employee savings scheme.

SHORT-TERM INCENTIVE, 2004 PLAN

In line with the regulations of the STI Plan, it was established that the 2004 VNB of the Group and of the relevant country units was positive, as stated in the 2004 Embedded Value Report. Subsequently, operating earnings (OE) have been compared to the relevant target OE. On this basis and after adoption of the 2004 annual accounts by shareholders, this translated into the STI bonuses for the 2004 Plan as paid in 2005.

REMUNERATION POLICY AND REPORT

STI BONUSES FOR THE 2004 PLAN^{1,2}

	OE per area of responsibility (results as % of target)	STI bonus (as % of base pay)	STI amount (in EUR)
Shepard	134%	166%	1,334,912
Streppel	134%	70%	468,661
Van der Werf	109%	98%	552,237
Wynaendts	113%	101%	568,090

¹ OE per area of responsibility has been established as explained in the Remuneration Policy and described in the STI Plan Rules.

² The reported STI bonus percentages have been rounded off.

In addition, Mr. Shepard received EUR 1,663,000 in 2005 as an additional STI bonus related to AEGON's net income over the financial year 2004, as reported in accordance with Dutch Accounting Principles.

SHORT-TERM INCENTIVE, 2005 PLAN

The STI bonuses for the 2005 Plan, as well as Mr. Shepard's additional STI bonus, will be paid in 2006, after adoption of the 2005 annual accounts by shareholders.

LONG-TERM INCENTIVE, 2005 PLAN

In accordance with the 2005 LTI Plan, non-vested (conditional) AEGON common shares and options were granted to each of the Executive Board members. Vesting of these rights is conditional upon AEGON's TSR performance relative to that of the peer group over a three-year period. The date of grant for the 2005 LTI Plan was April 22, 2005 and the closing price of that day was EUR 9.91. The value of the performance option was set at 50% of the value of the performance share.

LTI BONUSES FOR THE 2005 PLAN¹

	Target LTI value (% of base pay)	EUR	Number of shares	Number of options
Shepard ²	95%	763,911	38,542	77,084
Streppel	60%	399,750	20,169	40,338
Van der Werf	60%	338,250	17,066	34,132
Wynaendts	60%	338,250	17,066	34,132

¹ LTI target bonus amounts have been calculated from base salaries as per January 1, 2005.

² Calculation example Mr. Shepard:
EUR 763,911.00 : 2 = EUR 381,955.50 : EUR 9.91 = 38,542 shares.

Vesting of these rights will take place after three years, in accordance with the aforementioned LTI vesting schedule. The announcement of two mergers caused the Compensation Committee to review the LTI peer group in 2005. The Compensation Committee proposed, and the Supervisory Board subsequently approved, that John Hancock Life Insurance and Jefferson-Pilot be replaced by Prudential Financial Inc. and Metlife Inc. This change is expected to have a minor impact on the probability of AEGON reaching a certain ranking within the peer group.

PENSION

Due to new regulations in the Netherlands, additional arrangements were required to ensure that existing agreements would not be affected. The Compensation Committee suggested, and the Supervisory Board agreed to harmonize the individual pension agreements for Messrs. Van der Werf and Wynaendts with the new Dutch VPL law (Wet Vut Prepensioen en Levensloop), and to also reconcile the pension plan for Dutch Executive Board members with these regulations as from January 2006. Mr. Shepard is exempted from these new regulations since he is under an AEGON USA Pension Plan. As the new law allows to exempt employees who have reached the age of 56 or above as per December 31, 2005, Mr. Streppel will also not be affected.

OTHER ARRANGEMENTS

As from August 2005, Mr. Wynaendts has been seconded temporarily to AEGON USA. In determining the specific provisions of the secondment, AEGON has engaged independent advisors to advise that the arrangements are customary. The Compensation Committee has reviewed and approved these provisions.

DISCLOSURE

The Remuneration Policy and Report 2005 will be posted on the company website, www.aegon.com.