

PRESIDENT'S LETTER



A Message from the President of Transamerica Insurance & Investment Group

November 2008

Although my last letter was just a few weeks ago, I know communication is especially important during these difficult times. We want to provide you with as much information as possible, so you can present Transamerica to producers and clients with confidence.

AEGON's Third Quarter Report

AEGON released third quarter earnings yesterday. As expected, AEGON took a hit to earnings, but it continues to be well positioned to withstand the current global financial crisis, with ample liquidity and a strong capital position going into next year. For more information about AEGON's third quarter report, please see the press release attached to the email. You can also review the presentations given to analysts and the media by going to www.aegon.com (look under "All Q3 materials").

I think the decision to enhance AEGON's capital position through the program offered by the Dutch government was the right one, as it reinforces the capital buffer. The focus continues to be on maintaining Transamerica's AA financial strength ratings—ratings that I know are very important to you, producers and customers.

Transamerica Financial Strength Ratings

Speaking of ratings, I want to add to my comments from October 29 regarding the affirmation of our financial strength ratings* by Standard & Poor's, Moody's and Fitch. I explained then that despite this affirmation, Moody's and Fitch had changed their outlook from stable to negative (S&P had previously announced a negative outlook). Since these rating agencies had already revised their outlook for the *overall* insurance industry to negative a few weeks ago, this change for the Transamerica companies was consistent with their view of the industry. However, the fact that the industry currently has a negative outlook does not mean that every company has the same outlook; some rating agencies continue to have a stable outlook for some carriers.

What is clear is that like the financial markets, the ratings environment is quite volatile. We expect things will continue to change as rating agencies try to keep up with all the new developments. The negative outlook for our companies is due primarily to the global economic picture, whereas our ratings reflect our strong capital position and solid liquidity.

Transamerica Financial Information

As you know, we merged Transamerica Occidental Life Insurance Company (TOLIC) into Transamerica Life Insurance Company (TLIC) on October 1. Since the merger occurred at the beginning of the fourth quarter, we cannot provide merged financials until year-end earnings are released in March. However, in about a week, we will be able to send you charts showing the composition of the investment portfolios for both TOLIC and TLIC as of September 30—which may be helpful in addressing producer and client inquiries.

Looking Ahead

Despite all that's been happening in the financial markets, Transamerica Insurance & Investment Group closed October with sales that were 11% higher than the first 10 months of 2007. This is even more remarkable when you look at the industry, for which sales are generally declining. We have these sales results because we have the most professional and expert distribution system in the business.

We know you're working hard to finish out the year in a strong position—and so are we. We're trying to get the best possible underwriting offers out to you, as fast as possible. We will also continue to provide you with the information you need to effectively manage your agency and your relationships with producers. These are tough times, but we've got the best people—both in the home office and in the field—and we'll weather this crisis.

A handwritten signature in black ink, appearing to read 'Ken Kilbane', with a stylized, cursive 'K' and 'e'.

Ken Kilbane

* As reflected in the ratings for Transamerica Life Insurance Company, this company is capitalized to stand on its own, and as such, the obligations covered under the terms of any insurance policy underwritten by TLIC are guaranteed only by its assets.