

PRESIDENT'S LETTER



Message from the President of Transamerica Insurance & Investment Group

February 2009

Those of you who know me know that for the last 20 years, it's been all about Transamerica as far as I'm concerned. Whether it was as a brokerage manager, a general agent (getting a GA contract was huge for me), the head of the Western Regional Marketing Center or as Chief Sales Officer, I've gotten up every morning with Transamerica on my mind. I am honored and excited to serve as the president of an organization that has been central to my life for so long.

Now What?

So—you might ask—what are you going to do now? It's an interesting time to take over the reins. Since I learned of my promotion, I've been reading a lot about leadership. I came across a quote that I especially like, by Lee J. Colan (leadership advisor and author), from a presentation he made called "Here We Go Again: Leading in Tough Times."

"...the greatest opportunity for your company to create a sustainable competitive advantage is during a tough economy."

I think what we have now qualifies as a "tough economy," so my top priority is to create those sustainable competitive advantages.

Focus on the Fundamentals

We'll start by focusing on what we're good at: protection. It's our business to help protect families, businesses and estates. This is our fundamental purpose. Now's the time to leverage the value we all bring to the marketplace when it comes to protection.

What's even better than protection? Protection with guarantees. Not every carrier will be able to continue to offer guarantees. We know how important they are—especially given the current anxiety in the marketplace. For the past four or five years, we've been working on improving the metrics associated with profitability and, as a result, we're in an excellent position with our product portfolio. It's priced just right: competitive but sustainable, and built for customer value.

Brand is also key and, in our case, we have "brand times 3." We have the AEGON brand, which is a powerhouse in the international financial services arena. We have the Transamerica Life Insurance Company brand, which builds on 100-plus years of innovation, leadership and financial stability. This is the brand that matters most to consumers and makes it easy to sell our products. And finally, there's the brand that I'm most proud of: Transamerica Insurance & Investment Group. This brand is based on the people who work with you everyday. Whether it's the sales and marketing teams, the product experts or the operations folks in Cedar Rapids, the attitude and energy our people put into their jobs are unmatched in the industry. They are the Transamerica brand for you.

In addition to products and brand, we're working hard to improve the processes that support how we interact with you. While we've made good progress, there's more to be done. The emphasis is on communicating better and making it more efficient for you to give us your business.

Organizational Changes

As many of you know, Joe DiPaola has realigned the sales management team. It's not easy structuring an organization to support our complex distribution landscape. Joe has done a great job of analyzing what you need and the best way for us to deliver it. With this new structure, we can support you from a top-down, IMO, independent general agency and institutional perspective, as well as a bottom-up, regional perspective.

I have some additional changes to announce. Bill Tate, who currently serves as Executive Vice President & Chief Marketing Officer for Transamerica, has been promoted to Executive Vice President, AEGON Financial Partners (AFP), reporting to Tim Stonehocker. He is now responsible for AFP's overall product strategy, development, pricing and implementation. Bill will continue to be based in Los Angeles and he'll continue to support our products.

Under Bill's leadership, our product portfolio has improved markedly, based on two key metrics: competitiveness and profitability. The team he leads has also enhanced the efficiency of the product development and implementation process—the result being that we are now able to get products to market much faster. It's easy to understand why Tim and the rest of AEGON's senior leadership would want to deploy Bill at the AFP level.

I'm pleased to announce that Michael Babikian—currently Vice President, Strategic Marketing Services—is filling Bill's shoes as our new Senior Vice President of Marketing, reporting to me. Trained as an attorney, Michael also has an MBA and, since joining Transamerica in 2003, he has demonstrated very strong leadership and management skills. As many of you know, he has a particular talent for public speaking, and he is adept at taking complex concepts and making them applicable for real-world sales situations. A sophisticated marketer with considerable expertise in advanced planning, product and distribution, Michael now leads all of our marketing functions. He also represents us to the American Council of Life Insurers (ACLI). I'm glad we have this opportunity to further leverage Michael's capabilities.

I have another exciting change to announce. Joy Shigekawa, who presently serves as Vice President of Marketing Services, is taking on the new role of Vice President of Strategic Management, also reporting to me. This role is absolutely critical to our ability to grow our business and support yours. Joy joined Transamerica in 1997 and has served in a number of marketing and technology leadership roles. She has a proven track record as someone who can take on new challenges and implement change. Joy will be focusing on the implementation of our strategic initiatives, which include significant enhancements to our Web functionality and field technology (including TransACT[®]), and improvements to the way we conduct business. These strategic initiatives are vital if we are to remain a market leader and be the easiest carrier to do business with.

There's nothing better than being able to promote from within, especially when you've got the talent we have at Transamerica.

Looking Ahead

Lately, everyone's been focused on the market turbulence of the last few months. But when I look at the last two or three years, I think *they* were some of the most challenging times for our industry. It's not because of sales, which in many cases hit record highs. It's because I think we lost sight of our primary purpose: providing protection for families, businesses and estates.

Looking ahead, I believe those companies and agencies that have been prudent with their profitability, long-term in their strategies and steadfast in their focus on the fundamentals will, in fact, find ways to—in Colan's words—"create a sustainable competitive advantage." I think you know where I intend Transamerica to come out in all this.

Best regards,

A handwritten signature in cursive script, appearing to read "Marty Flewellen".

Marty Flewellen

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