

Enduring Strength Lasting Value



SUMMER 2010

“The underlying performance of our business is strong and we remain focused on delivering great service and competitive products to our customers.”

— Darryl Button
Chief Financial Officer

At Transamerica Financial Life Insurance Company we take very seriously the trust our customers place in us to help ensure their financial security. For over 60 years, we have navigated through good times and tough times. Throughout our history, our company has remained resilient, strong and dedicated to delivering on our long-term commitments to our customers.

We understand that now, more than ever, you need to feel confident about your financial future. Despite historical changes in the financial markets, our goal has remained the same: to help our customers protect their financial future by offering a wide range of competitive and innovative products and services. We accomplish this by:

- *Delivering on our long-term commitments,*
- *Maintaining a prudent risk management culture,*
- *Implementing effective capital and liquidity strategies, and*
- *Adhering to a sound and disciplined investment philosophy.*

Financial Data

Statutory Basis as of December 31, 2009

(in USD millions)

| | |
|----------------------------|----------|
| Total Assets | \$20,937 |
| Total Liabilities* | \$19,936 |
| Total Capital and Surplus* | \$1,001 |

*Excludes asset valuation reserve

Financial Strength Ratings*

(as of August 1, 2010)

| | | |
|-------------------|-----|------------------------------------|
| A.M. Best | A+ | Superior (2nd of 16 categories) |
| Fitch | AA- | Very Strong (4th of 19 categories) |
| Moody's | A1 | Good (5th of 21 categories) |
| Standard & Poor's | AA- | Very Strong (4th of 21 categories) |

*Ratings reflect the current opinion of the relative financial strength and operating performance of the company. Copies of rating reports are available at www.aegonins.com.



Home Office: Harrison, NY

an **AEGON**® company

Delivering on our long-term commitments

At Transamerica, we hold true to our core values of respect, quality, transparency and trust. Our aim is to deliver long-term value and profitable growth – within a proven culture of disciplined risk management. Throughout our history, this approach has been instrumental in driving our solid financial results and it supports our commitment to serving the long-term interests of our customers. Our disciplined approach to pricing our products and managing risk helps ensure profitability and sustainable growth into the future.

CORE VALUES

& respect,
quality,
transparency
trust

A prudent risk management culture

Managing risk is integral to the way we conduct our business. Our dedicated and talented risk management professionals have decades of experience and the expertise to ensure our financial strength is maintained well into the future. They stay abreast of economic changes, following strict risk measuring, reporting and monitoring processes and make adjustments as market conditions warrant. Every step we take is with one goal in mind: honoring our commitments to policyholders.

value



Effective capital and liquidity strategies

Despite unprecedented market volatility, we have maintained strong capital levels and ample liquidity. While we are not immune to events in the financial markets, we have managed our investments to ensure that we have a sufficient level of highly liquid assets in order to meet the cash needs of policyholders and account holders. Liquidity and capital are monitored closely so we can respond quickly to changing market conditions. Even before the financial downturn, we took actions to further strengthen our liquidity position and reduce our risk exposure.

“Our talented and proven investment team is focused on managing risk and delivering value to our customers and shareholders.”

— Eric Goodman
Chief Investment Officer



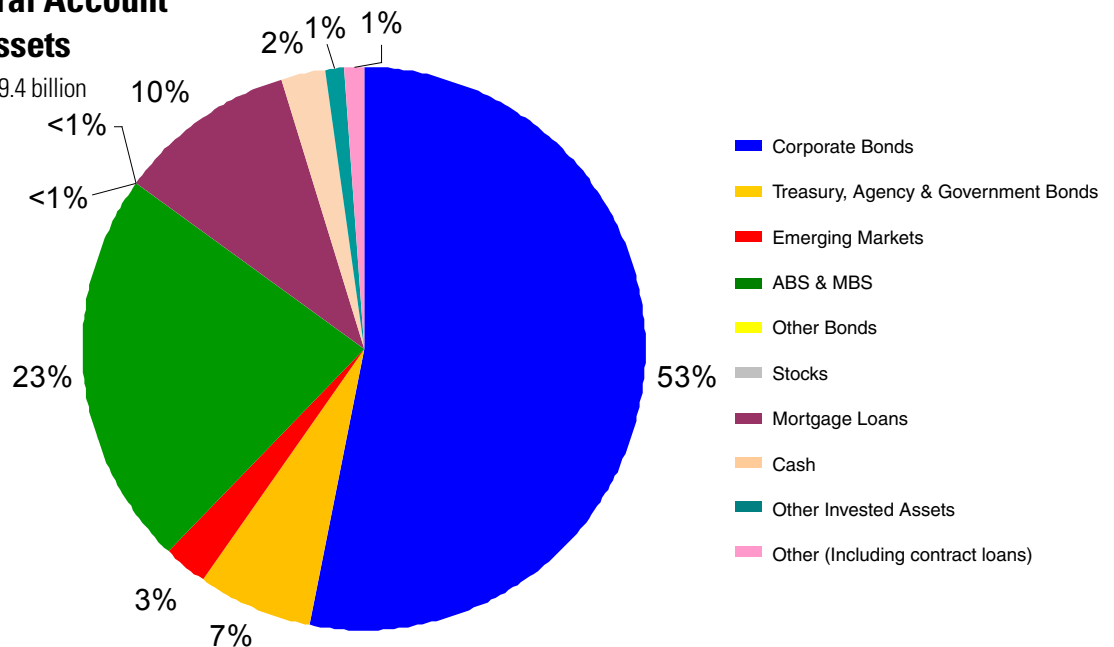
Sound and disciplined investment philosophy

Our investment philosophy is consistent with the nature of our business, which is the financial promise we make to our customers for the future. To ensure we deliver on that promise, we take a long-term and conservative approach to investing the premiums we receive. Our disciplined investment team understands the full spectrum of risk and how to balance risk and reward in order to find the most compelling total return opportunities.

Total General Account Invested Assets

As of 12/31/09: \$9.4 billion

Current and future portfolio holdings are subject to risk.



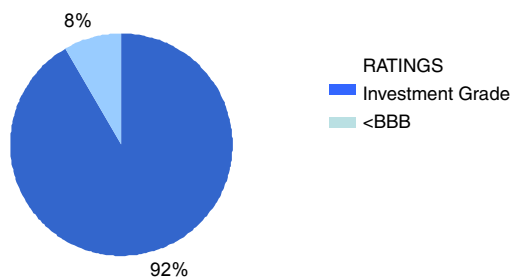
balance

Our investment portfolio is broadly diversified with an emphasis on high quality fixed income and real estate asset classes.

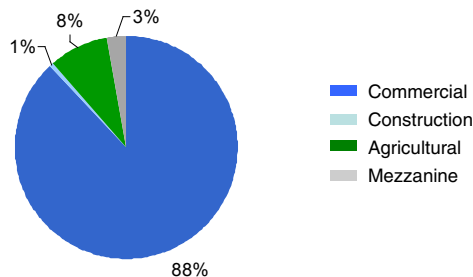
Invested Asset Detail
as of 12/31/09

The portfolio is conservatively positioned to limit exposure to below investment grade bonds and subprime mortgage securities.

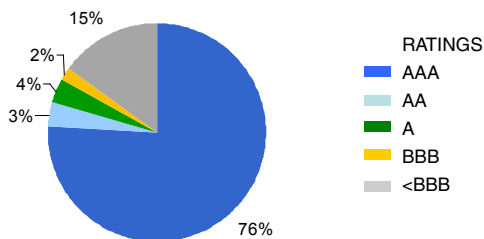
Bond Portfolio = \$8 billion



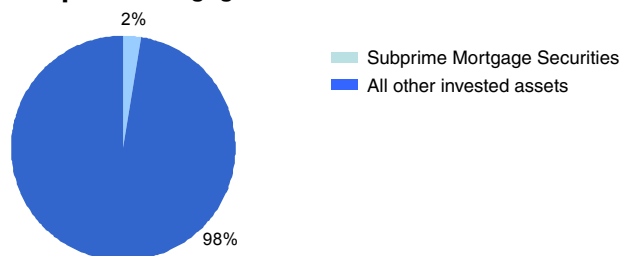
Direct Mortgage Loans = \$967 Million



Commercial and Residential Mortgage-Backed Securities* = \$1.4 billion



Subprime Mortgage Securities = \$232 million**



*Mortgage-backed security secured by pools of mortgage loans on commercial or residential properties. Includes asset-backed securities (ABS) collateralized by subprime mortgages.

**Asset-backed securities issued by a securitization trust when the average credit score of the underlying borrower is below 660 at issuance and second lien mortgages.

Note: Ratings are based on an evaluation conducted by S&P, Moody's, Fitch, Internal, and the NAIC. Our primary rating agency is S&P. If S&P does not rate the asset, we rely on ratings from the other agencies listed in the order provided here. Our methodology includes utilizing one rating per asset and providing a consolidated overview of the portfolio by rating.



Transamerica is an AEGON company. AEGON N.V. is an international life insurance, pension and investment company based in The Hague, the Netherlands with major operations located in the U.S. AEGON has businesses in over 20 markets in the Americas, Europe and Asia and its companies employ nearly 28,000 people and have over 40 million customers across the globe.

Not insured by the FDIC or any federal government agency.

Not a deposit of or guaranteed by any bank, bank affiliate or credit union. May lose value.

Guarantees are based on the claims paying ability of Transamerica. Guarantees do not apply to the performance or safety of the investment options of its variable universal life insurance or variable annuity contracts.

Before investing in a variable annuity or variable universal life insurance policy, consider its investment objectives, risks, charges and expenses. Contact Transamerica for a prospectus containing this information. Read it carefully.

Insurance products issued by: Transamerica Financial Life Insurance Company, Harrison, NY.
Transamerica Capital, Inc. is the underwriting and wholesaling broker/dealer for variable annuity and variable life insurance policies issued by Transamerica Financial Life Insurance Company.