



ING Insurance US

The journey back to basics

UBS Global Insurance Conference

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www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES



Key points

- ING Americas is a market leader in the US and Latin America
- 3 core businesses
 - Retirement Services
 - Annuities for Rollover Market
 - Individual Life
- Top 3 position in Retirement Services
- The US Annuity business will be transformed:
 - Simpler products
 - Lower cost to client
 - Better risk-adjusted returns to ING
 - Rollover market focus
- Non-core businesses will be sold when market conditions improve

ING US is actively participating in ING Group's journey back to basics

Strengthen financials and navigate through the crisis

- Reduce costs
- Manage and reduce risk and capital exposures
- De-leverage balance sheet (reduce assets, preserve equity)

Focus on fewer, coherent and strong businesses

- Review portfolio of businesses
- Reduce number of markets in which ING operates
- Simplify the group

Invest to reinforce franchises in markets we focus on

- Drive operational and commercial excellence
- Consolidate positions using acquisitions where needed
- Continue to adapt to customers' needs

Build a stronger organisation

- Steer on operational and commercial performance with clear accountability
- Outward-looking and responsive to customer needs
- Simplify governance, further strengthen Finance & Risk, and reduce complexity

ING US will focus on 3 core businesses

Core businesses

- **Retirement Services**
 - Top 3 position
 - Excellent demographics
- **Rollover Annuity**
 - Focus on baby boomers
 - Guaranteed retirement income
 - Excellent demographics
- **Individual Life**
 - Stable earnings
 - Improving performance

Implications

- Fundamental shift in risk profile
- Core businesses grow faster with less risk

ING will build on its strong market positions in retirement services in the Americas

United States

Population: 306 million
GDP/Capita: 47,165 USD
GDP Growth: 1.4% (est.)

#3 Retirement Services AUM / AUA
#6 Variable Annuity
#13 Fixed Annuity
#8 Individual Life

Peru

Population: 29 million
GDP/Capita: 4,503 USD
GDP Growth: 9.0% (est.)

#1 Pensions
#3 Life

Chile

Population: 17 million
GDP/Capita: 11,301 USD
GDP Growth: 4.0% (est.)

#1 Life
#3 Pensions

Mexico

Population: 107 million
GDP/Capita: 10,395 USD
GDP Growth: 2.0% (est.)

#3 Pensions

Colombia

Population: 45 million
GDP/Capita: 5,549 USD
GDP Growth: 3.8% (est.)

#5 Pensions

Brazil – Sul America Joint Venture

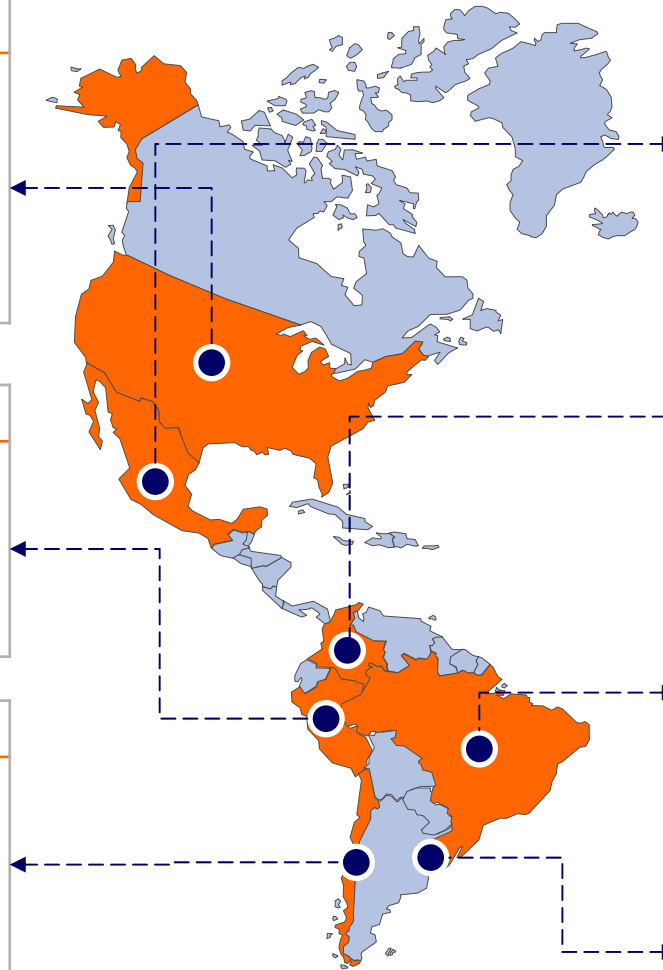
Population: 191 million
GDP/Capita: 8,480 USD
GDP Growth: 5.2% (est.)

#10 Pensions
#10 Life

Uruguay

Population: 3 million
GDP/Capita: 8,152 USD
GDP Growth: 8.5% (est.)

#2 Pensions

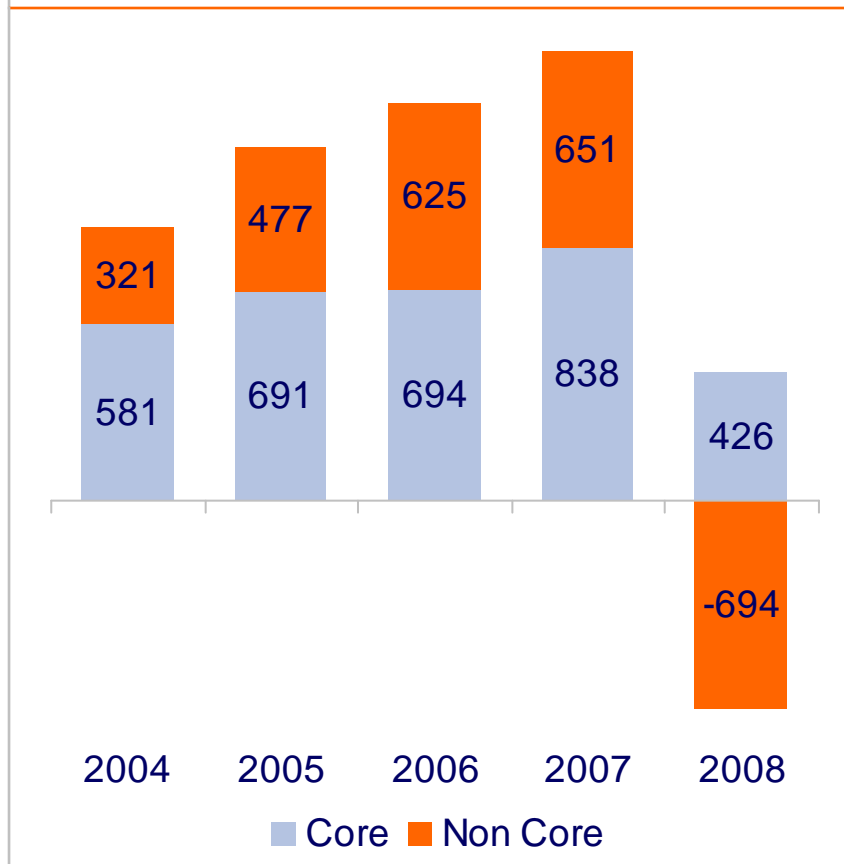


Rankings based on most recently available market statistics and CIA World Factbook (2008 Edition)



ING US earnings track record

US pre-tax profit before gains/(losses)¹ (in \$ millions)



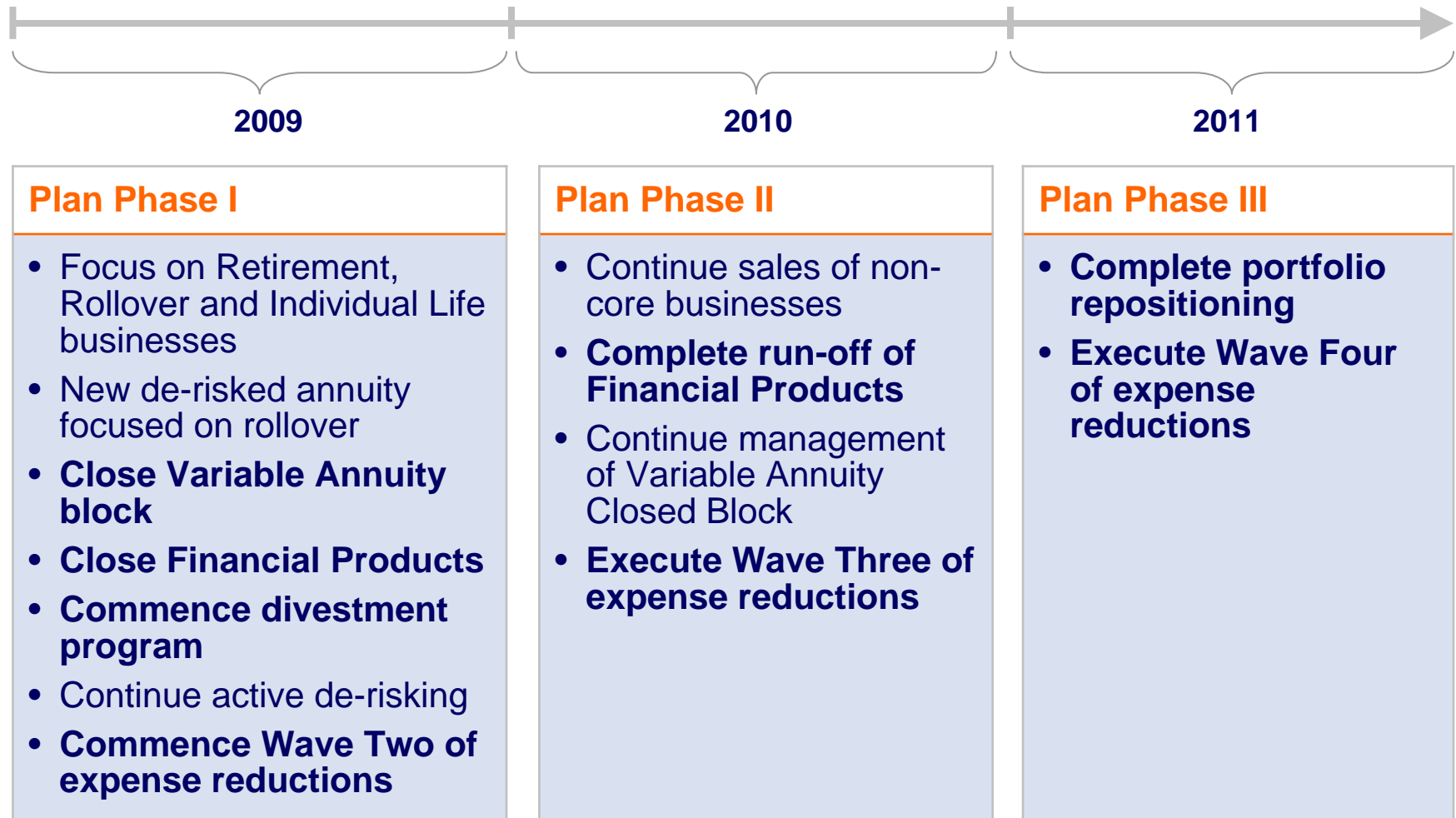
¹ Excludes IIM and the corporate non-operating account in all periods

ING's leading market positions have helped drive profit growth

- Core businesses – Retirement Services and Individual Life
- Rollover Annuity is expected to contribute substantial earnings following a start-up period
- Variable Annuity had a \$(704) million loss in 2008

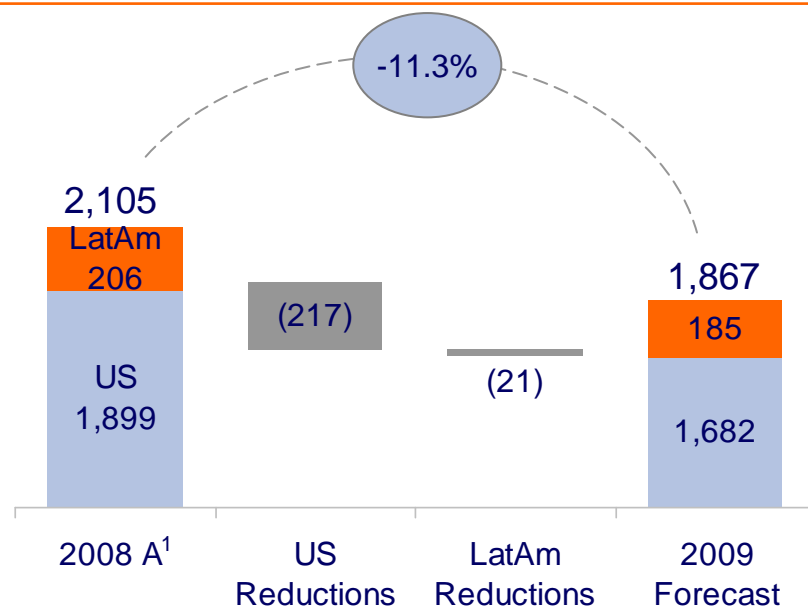
The transformation of ING US has begun and certain milestones have already been achieved

Timeline



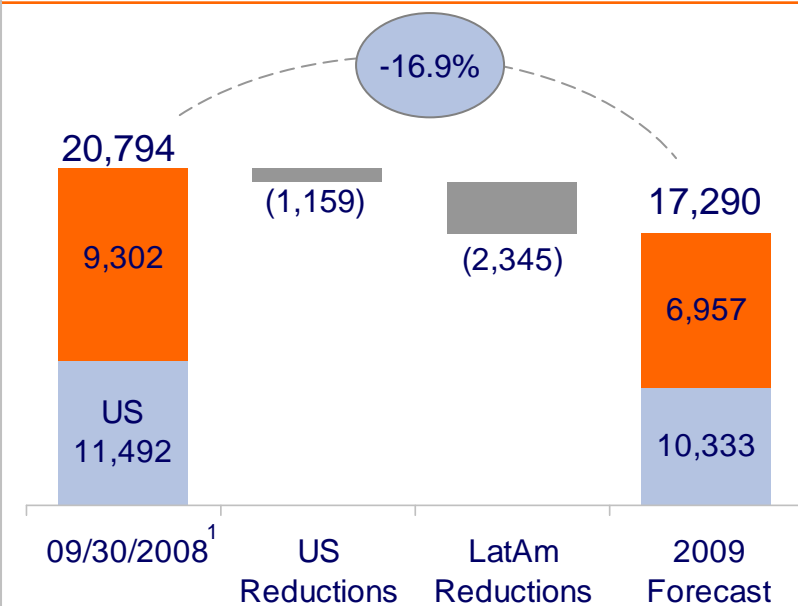
Insurance Americas is ahead of target for Wave One expense and FTE reductions in 2009

On a same store basis, expenses in 2009 will be 11.3% lower than 2008 (in EUR millions)



¹ 2008 has been restated for CitiStreet and other expenses to be comparable with 2009

FTEs will be reduced by 16.9% in the 15 months ending 12/31/2009, and by 10% in 2009 alone



¹ Excludes employees in divested businesses

Target Reduction =
EUR 199 million

Forecast Reduction =
EUR 238 million

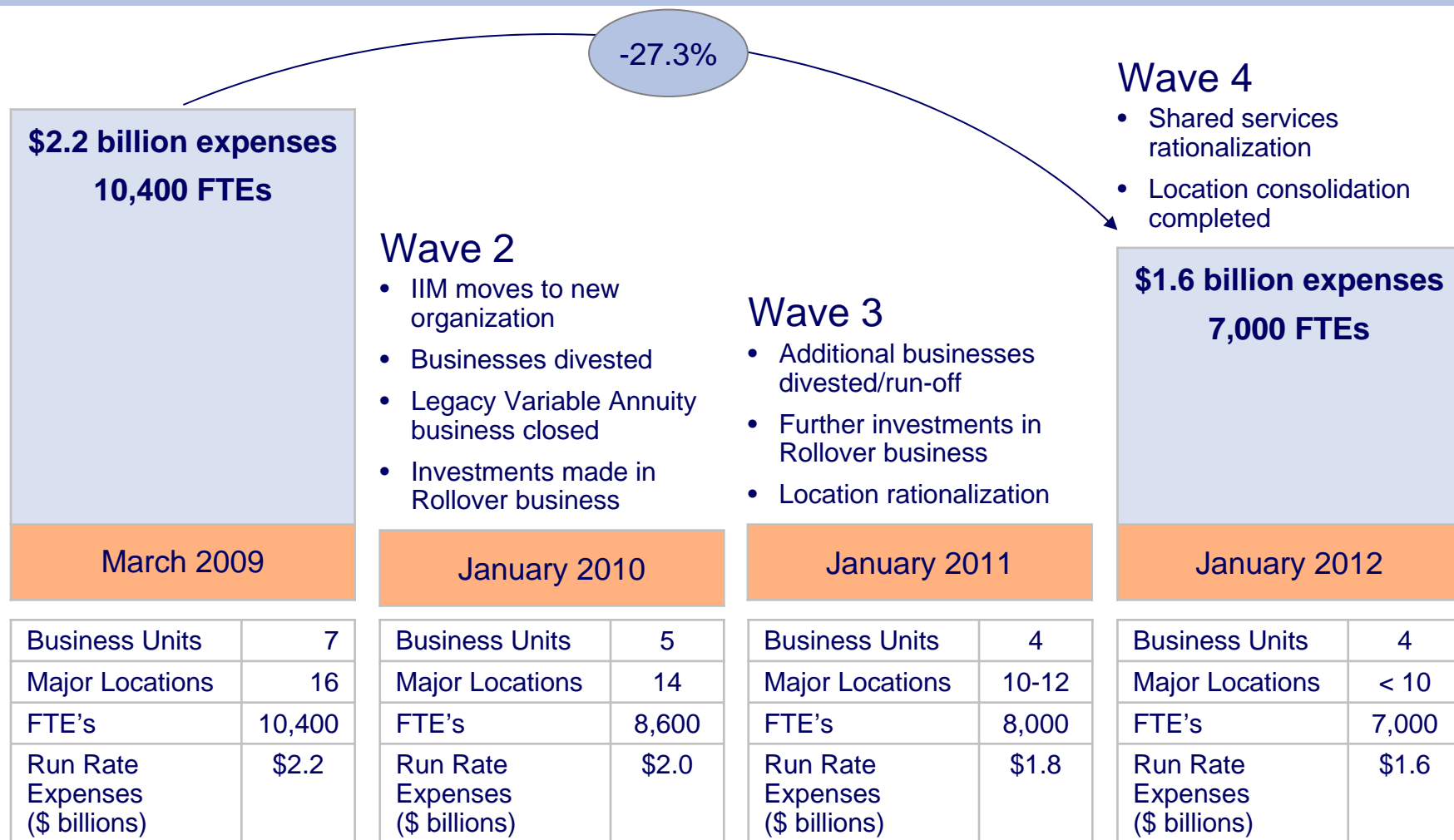
Target Reduction =
2,562 FTEs

Forecast Reduction =
3,491 FTEs

Constant Currency at March 2009 rates



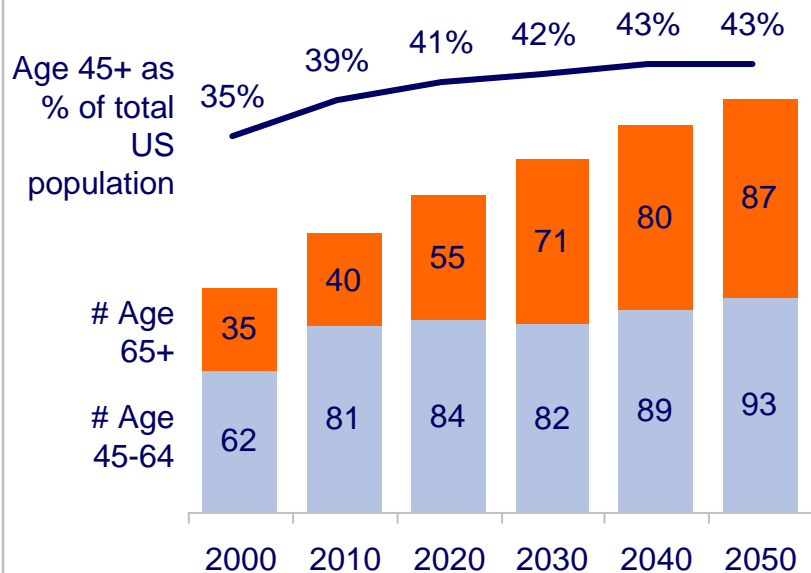
Less expensive US business by 2012



US demographic trends create significant growth opportunities

76 million baby boomers – born between 1946 and 1964

US population over age 45 (millions)¹



¹ U.S. Census Bureau, Projected Population of the US by Age and Sex: 2000-2050

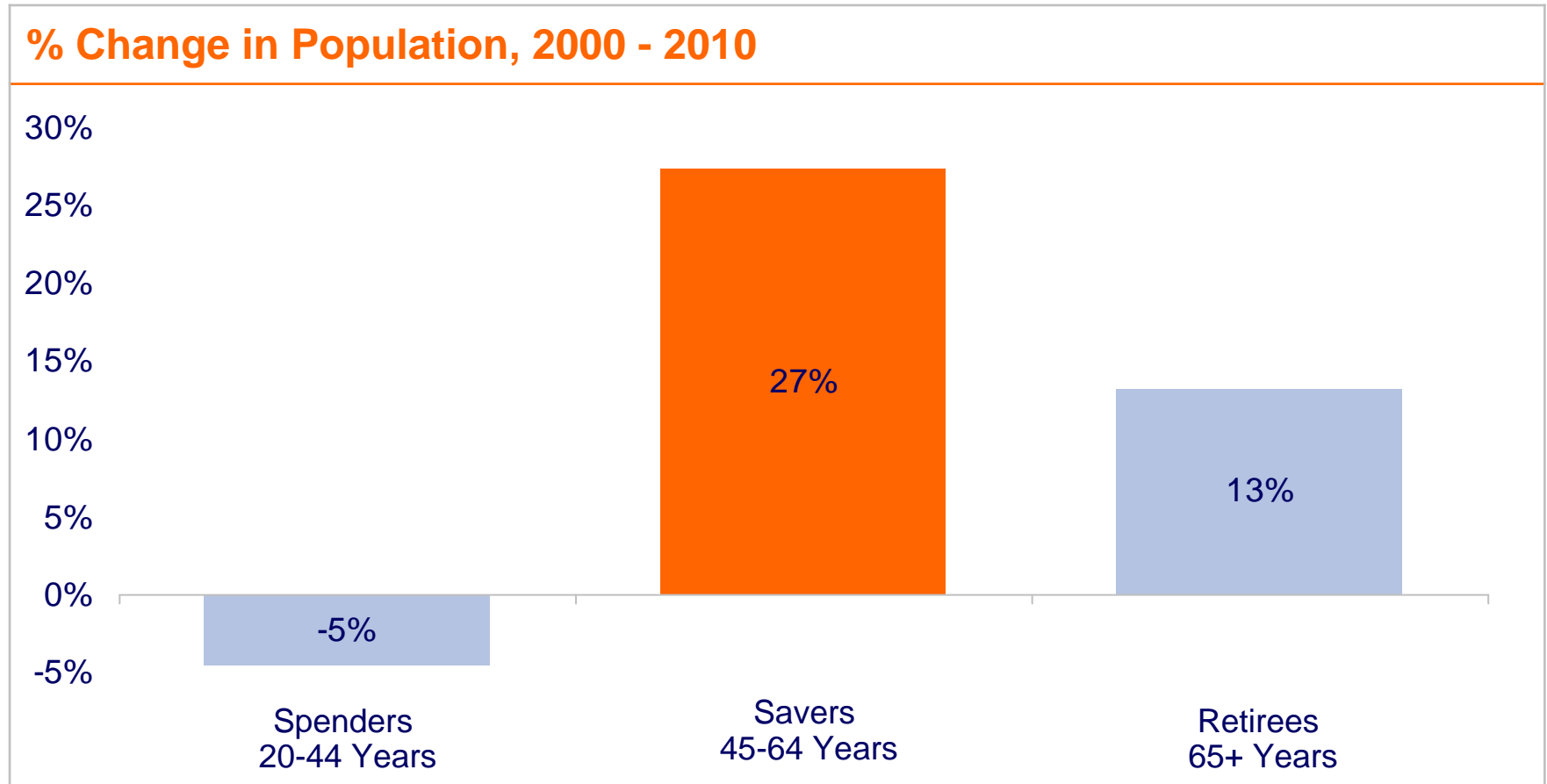
Those over age 45 control the majority of financial assets

40%	Controlled by those over age 65
30%	Controlled by those age 55 - 65
30%	Controlled by those younger than 55



Total US financial assets ~ \$30 trillion

The impending retirement of baby boomers is increasing their focus on retirement



Source: US Census Bureau

ING Retirement Services will use its leadership position to drive growth with Americans in the “saver” phase

The addition of CitiStreet has provided scale and overall DC market leadership...

Plan Sponsor Magazine June 2008 pro forma Rankings¹

- #1 in number of plans
- #2 in # of participants
- #3 in assets

ING Defined Contribution Business Year-end 2008

~76,000 plans
~ 6 million participants
\$264 billion in assets

...and we now serve the full spectrum of the retirement market



¹ Plan sponsor Magazine Defined Contribution Record Keepers Survey, June 2008 (based on combined 12-31-07 data of ING & CitiStreet)

As baby boomers age, they want some level of guaranteed income for life

Drivers of demand for annuity products

- Loss of significant asset value in two recent market downturns
- Demise of traditional defined benefit pensions and shift in responsibility to individuals
- Advancements in healthcare contributing to increased life expectancy (i.e., longevity risk)



Annuities are the best product to meet these needs, however changes are required









To better meet the needs of retiring baby boomers, ING Annuity will be split in two

Separate businesses will enhance the focus on priorities

	Closed Block Annuities	Rollover Annuities
What	Consists of all current annuity products	Consists of existing rollover business and new low-cost annuities under development
Why	Focus needs to be on <ul style="list-style-type: none">• Risk management/mitigation• Customer service• Profit maximization	Focus needs to be on <ul style="list-style-type: none">• Product development• Distribution enhancement• Growth
When	By 31 December 2009	Starting 31 December 2009

ING continues to de-risk its current variable annuity product




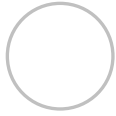
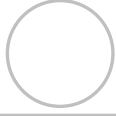
Actions are being taken to de-risk each of our living and death benefit guarantees

	January 2009	May 2009	
Income Benefit (IB)			To be discontinued in July
LifePay Plus (WB)			To be discontinued in 4Q
Death Benefit (DB)			To be discontinued in 4Q
 Fee increase and benefit decrease  Benefit decrease			

Summary of Variable Annuity actions in 2009

- Product de-risking
- Increased hedging
- 23% expense reduction
- Improved fund revenue
- Significant increase in passive funds
- Launching new passive models
- Commission reductions
- All existing products discontinued by year-end 2009

Prior to 2008, variable annuity products had become aggressive as competitors fought for market share

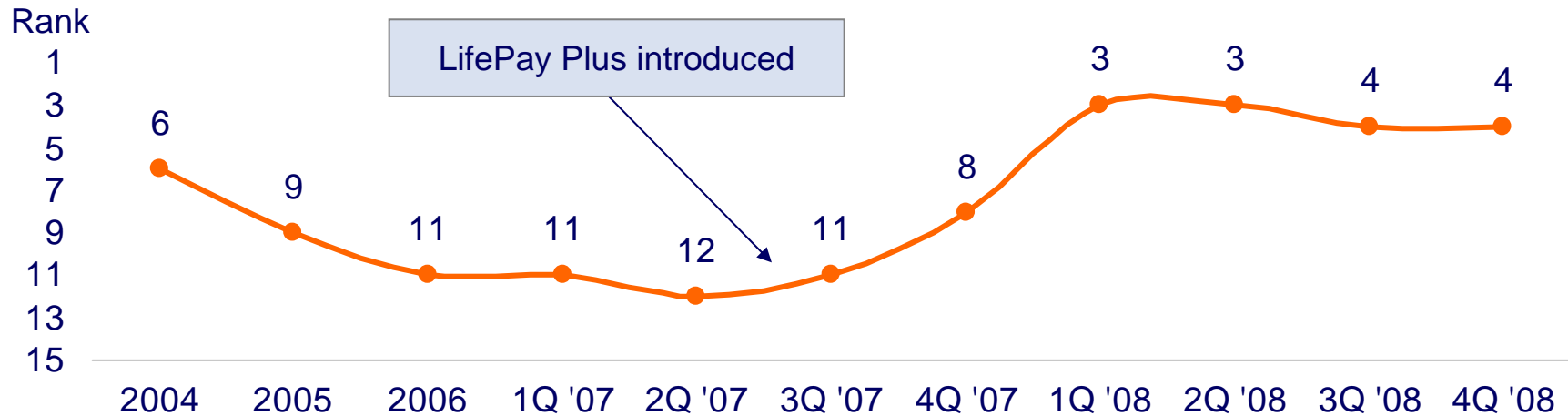
Features of Withdrawal Benefit for Life Products ¹		LifePay Plus had competitive features but was no more aggressive than competitors	
Product Benefit	Policyholder receives a guaranteed withdrawal benefit equal to the greater of the roll-up percentage or the ratchet	ING LifePay Plus before de-risking	Feature Relative to Peers
Roll-up %	Amount by which the benefit is increased on an annual basis	7%	
Interest	Simple or Compound	Compound	
Ratchet	Frequency in which benefit increases are locked in	Quarterly	
All-in Cost	For a B share	3.14%	
Investment Restrictions	Restricts the amount that can be invested in equities	70 / 30	

 More aggressive
  As aggressive
  Less aggressive

¹ More than 80% of 2008 industry sales were Withdrawal Benefit for Life or dollar-for-dollar Income Benefits which are similar to the WB4L product

LifePay Plus allowed ING to reclaim a leadership position in variable annuity

ING's market rank improved, but ING never overtook the sales leaders



4Q 2008 Market Sales Leaders

#1 -



#2 -

MetLife

#3 -



#4 -

ING 

The development of a new annuity product line focused on rollover is underway

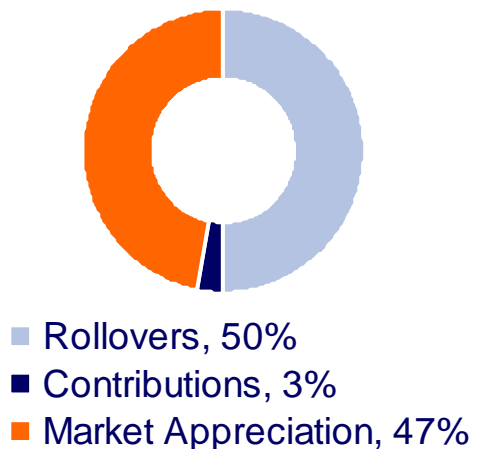
ING Rollover Annuity is developing a new, low cost, lower-risk annuity suite

	Current LifePay Plus	New Preliminary Variable Annuity Design
All-in Cost to Client	314 bps	225 bps
Guaranteed Benefit Roll-up	6%	0%
Guaranteed Benefit Ratchet	Annual	Annual
Investment Funds	67 (mostly active)	8-10 (Index only)
Commission	Varies by product (B share up front cost up to 700 bps)	Trail-only option to reduce DAC exposure

Rollover, or IRA, products are expected to be the fastest growing segment of the US retirement market

~50% of IRA asset growth comes from rollover contributions...

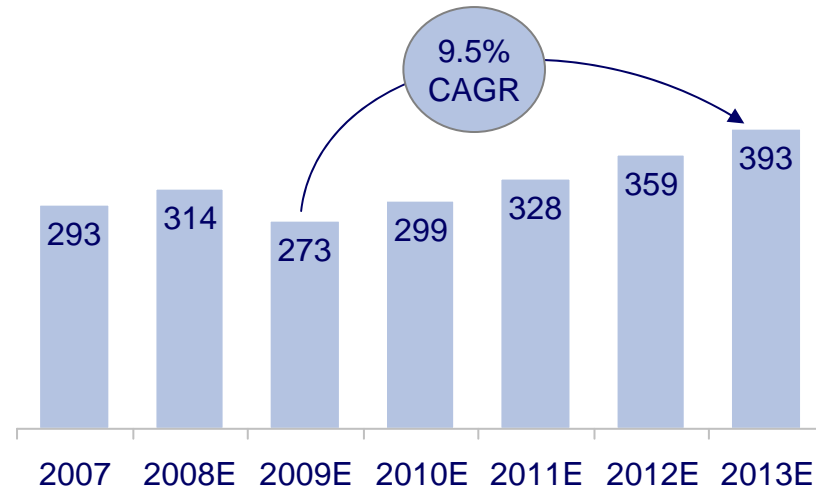
Components of Traditional IRA Asset Growth (average over 5 years)



Source: Cerulli Associates, Quantitative Update: Retirement Markets 2008

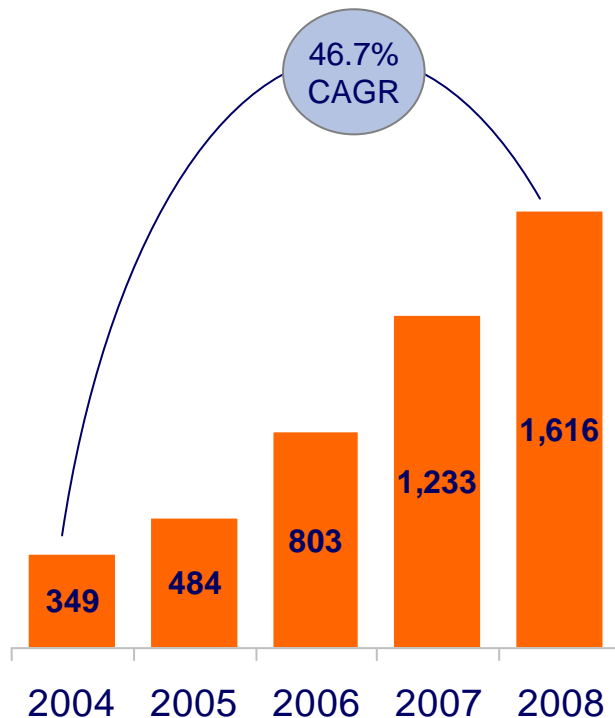
... and is expected to grow at nearly 10%

Projected Annual New IRA Rollovers from DC Plans (\$ billions)



ING US has generated strong growth in rollover sales, albeit off a small base

ING US Rollover Payout Sales (\$ millions)

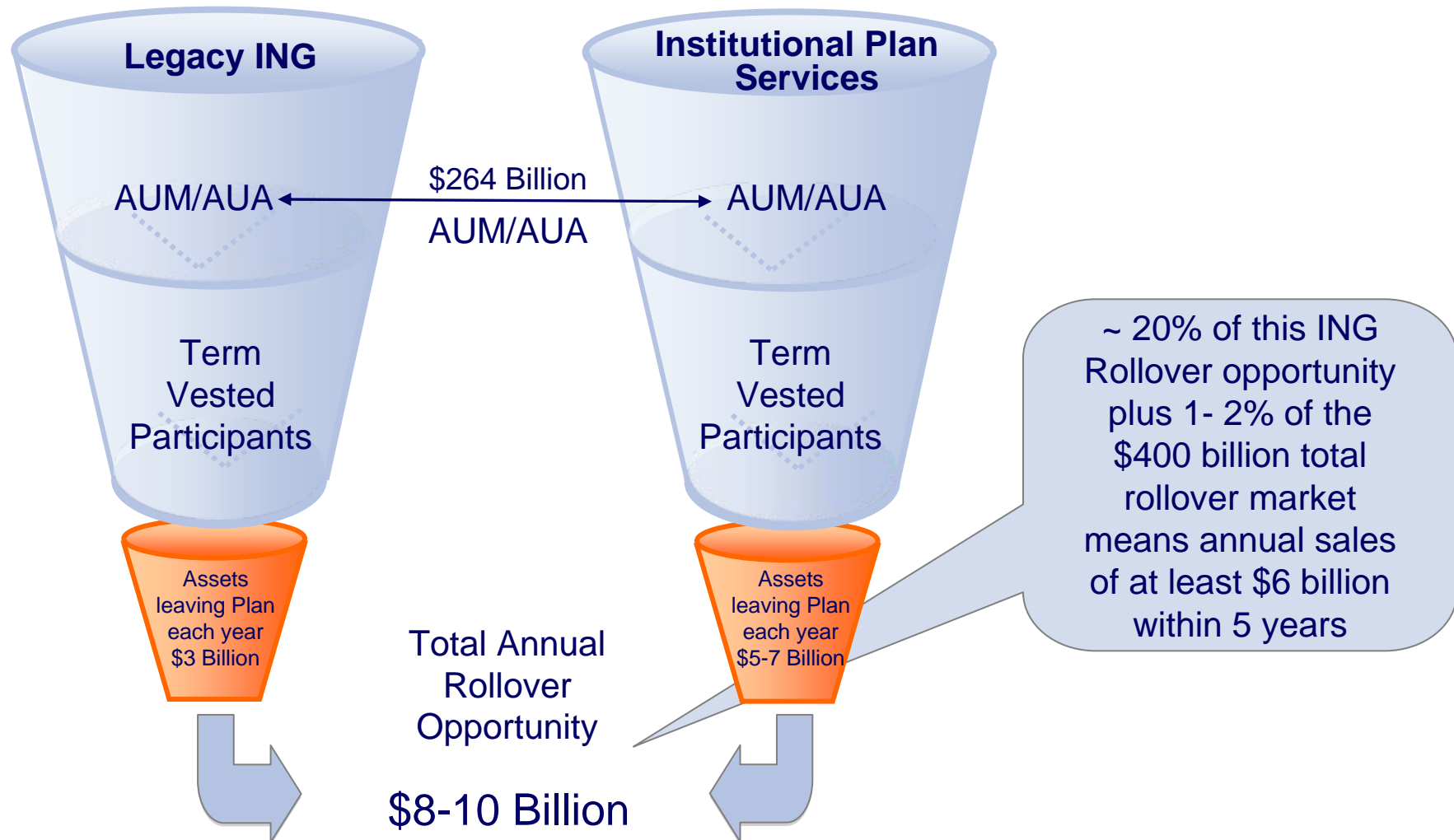


% External Sales	28%	27%	25%	31%	56%
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With limited focus and investment, ING has captured roughly 20% of ING plan rollovers

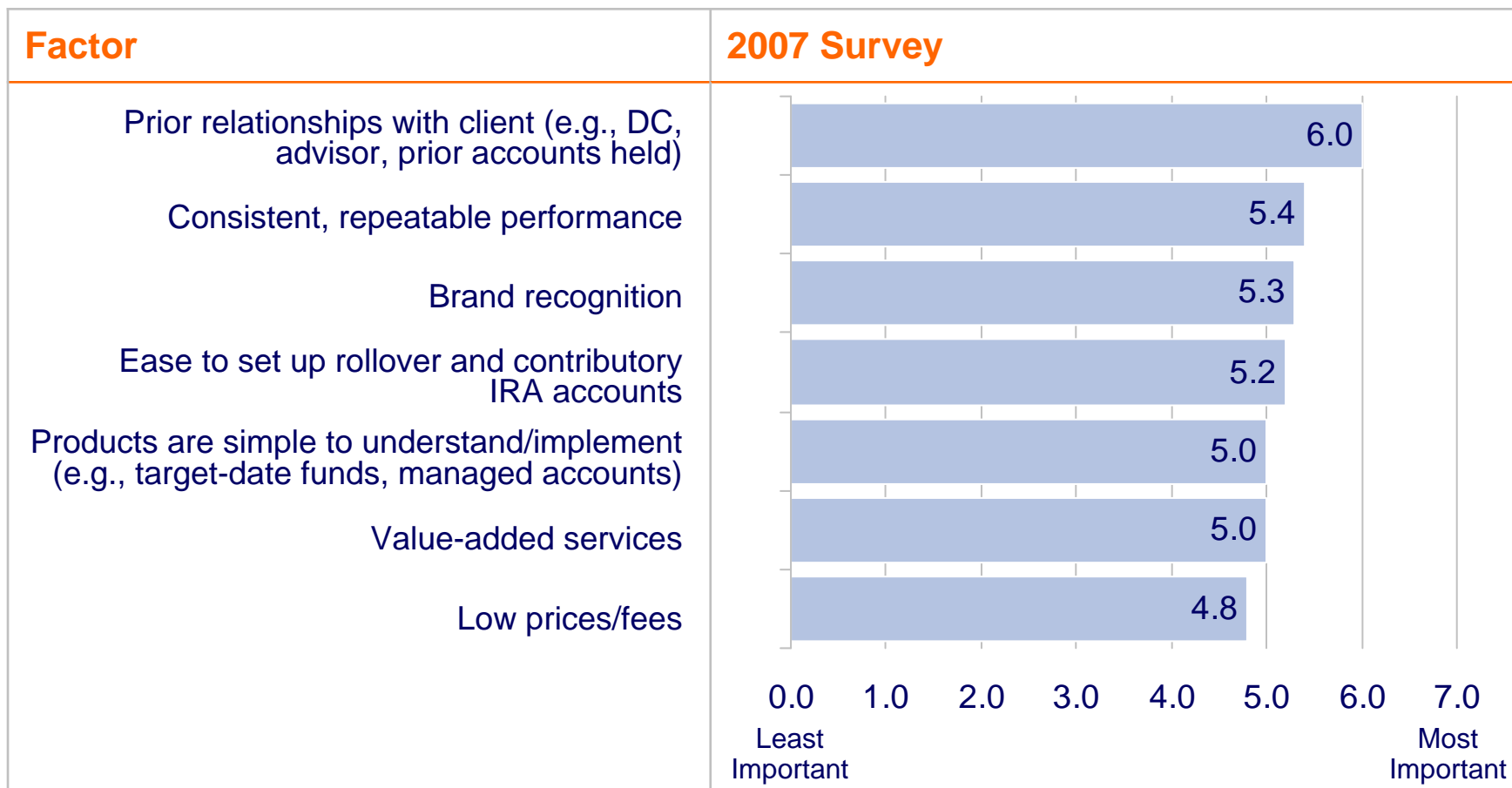
- Sales through a small phone-based sales force
- Current rollover product offering does not yet include a simple, low-cost variable annuity product
- Sales to non-ING plan participants have grown steadily
 - Expect future sales to be increasingly externally focused

ING's rollover opportunity is substantial, fueled by the addition of CitiStreet (now Institutional Plan Services)



ING is well positioned to address customer preferences with its new rollover strategy

Importance of factors in attracting rollover dollars

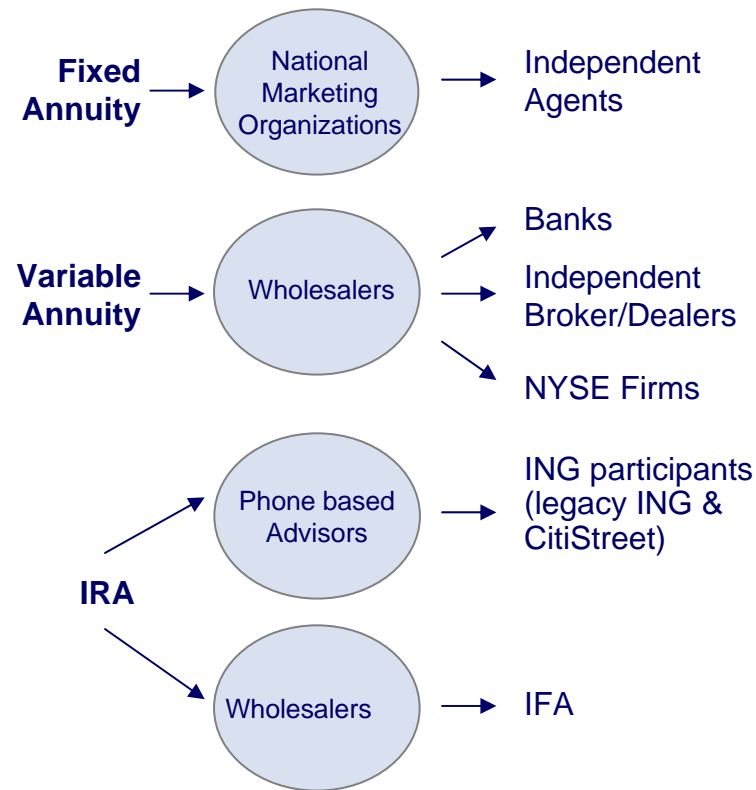


Source: Cerulli Survey 2007

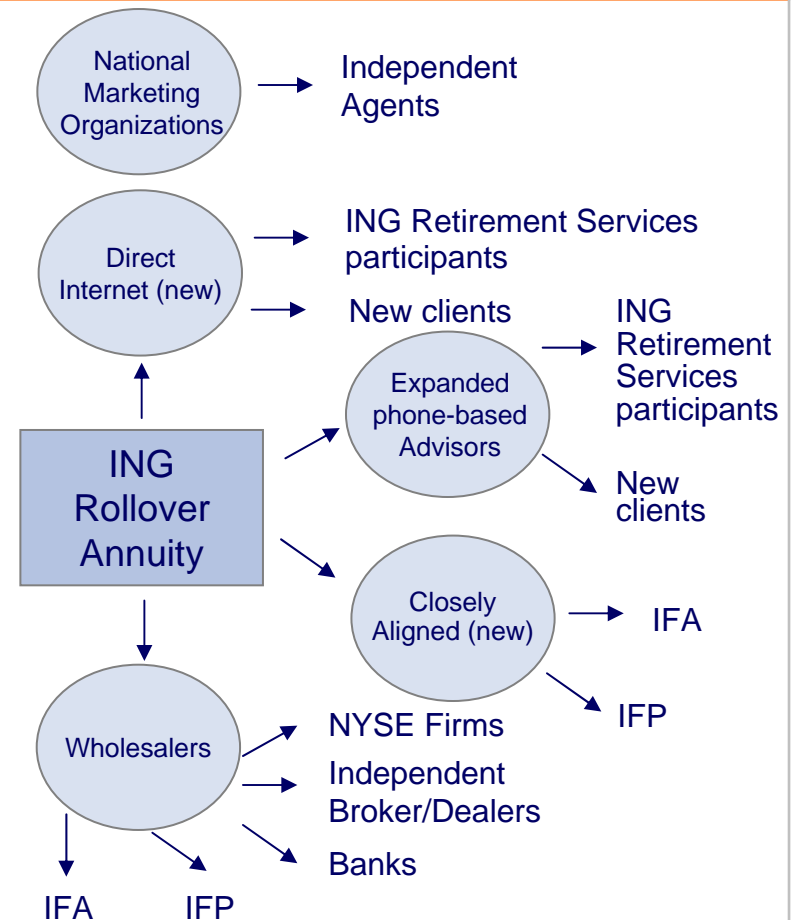


Success in the rollover market requires new distribution to complement existing strength

Current distribution model for Individual Retirement Sales



Future distribution model for Individual Retirement Sales



Note: Certain Brokers/Dealers will not be used for distribution if costs are prohibitive. IFA and IFP are ING-affiliated broker/dealers
¹ IRRS – New marketing name for Rollover Annuity business



ING's opportunity in rollover is greater now than it had been previously

- First wave of baby boomers – now 63 – are entering retirement (born in 1946)
- With CitiStreet, ING now has access to more than 6 million plan participants
- CitiStreet also provided an excellent technology platform and web capability
- Significant investments will be made to expand rollover distribution channels which will complement existing reach
- Previous efforts in rollover, while modestly successful, were too early and suffered from weak technology, limited distribution and lack of focus and investment

Disclaimer

Certain of the statements contained in this release are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

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Appendix

US Insurance's capitalization remains on target

- On a consolidated basis, ING US has managed funding capital to achieve the greater of:
 - 325% of NAIC Company Action Level Risk Based Capital (CAL RBC)
 - On an individual insurance legal entity level, our objective has been to target 300% CAL RBC
- Current position meets requirements

USD millions

	12/31/08 Actual
Total Adjusted Capital	6,838
RBC Required	1,894
RBC Ratio	361%

RBC capitalization levels and targets have been increased over the years

Year	2001	2002	2003	2004	2005	2006	2007	2008
RBC Ratio	270%	280%	310%	301%	341%	338%	333%	361%

The majority of ING's equity exposure in the US VA business is hedged

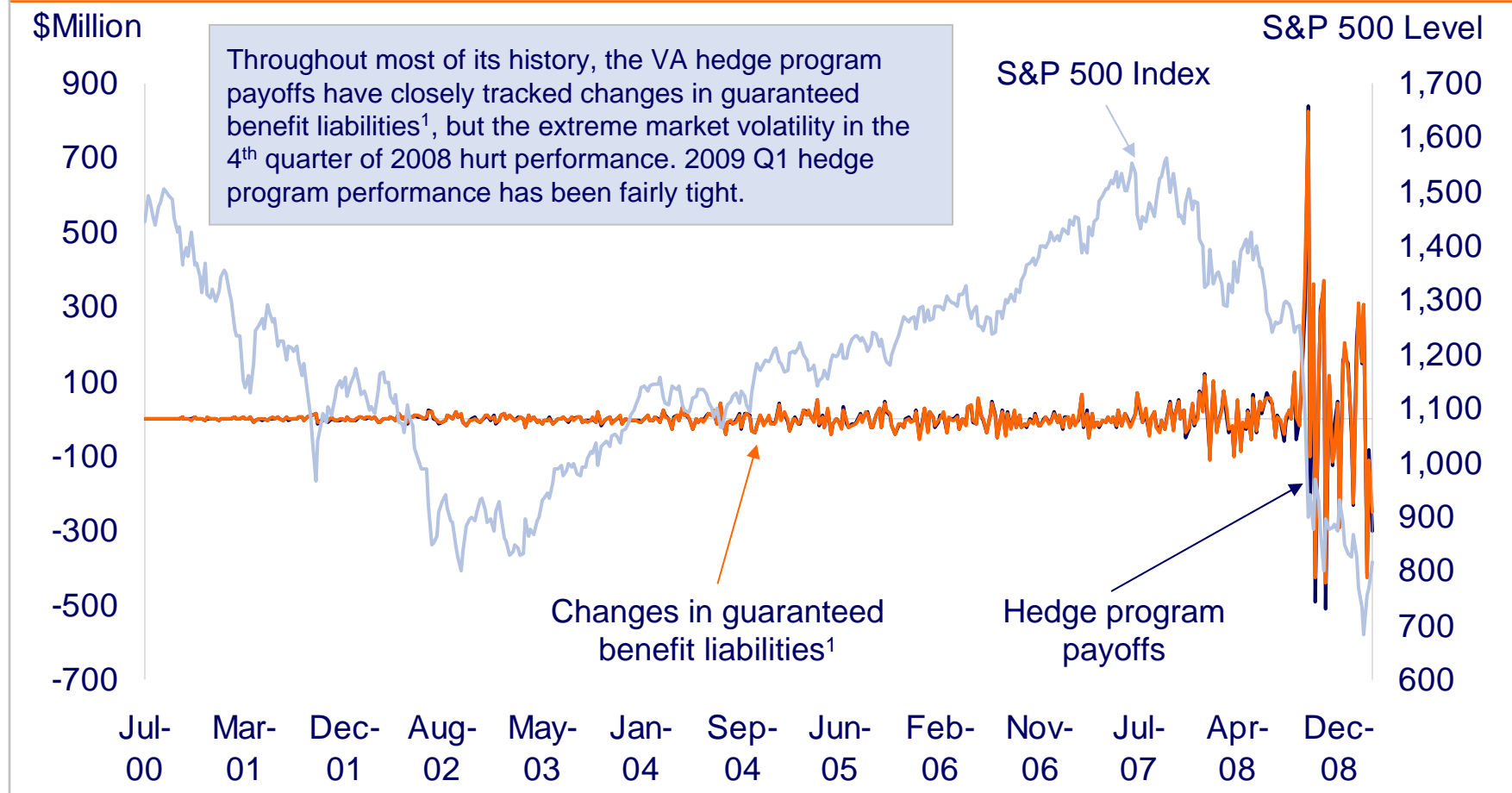
USFS SPVA Guaranteed Benefits (as of 31 March 2009) (in US \$ millions)

	Net Amount at Risk (NAR)				Risk Neutral	Real World	Regulatory
	Direct	Externally Reinsured	Hedged	Retained	PV Claims	PV Claims	Statutory Reserve
Death Benefits							
Standard	5,680.1	90.6	5,554.8	34.7	508.5	224.5	268.2
Ratchet	4,229.0	658.6	3,348.5	221.8	298.8	163.3	277.6
Rollup	2,758.2	1,327.7	418.5	1,012.0	230.9	150.4	494.9
Combo	7,496.4	107.6	3,923.2	3,465.6	1,273.1	799.9	1,115.6
Death Benefit total	20,163.7	2,184.5	13,245.1	4,734.1	2,311.3	1,338.1	2,156.3
Living Benefits							
Accumulation and Withdrawal	383.8		383.8		347.0	291.2	284.5
Income	9,678.5		9,678.5		4,196.6	2,025.6	2,206.8
LifePay	4,347.2		4,347.2		3,006.0	974.3	1,341.1
Living Benefit total	14,409.5		14,409.5		7,549.6	3,291.1	3,832.4
Total	34,573.2	2,184.5	27,654.5	4,734.1	9,860.9	4,629.2	5,988.7

- The Net Amount at Risk (NAR) represents the difference between the current benefit base and the account value. Over time, lapses, partial withdrawals, mortality, interest and equity growth will determine the eventual cash benefits.
- Dynamic delta hedge of equity exposure using S&P and other market Index futures. Hedge payoffs offset any increase/decrease in liability. The costs associated with rebalancing the portfolio are reflected in product pricing.
- A portion of the GMDB guarantees are left un-hedged because hedge costs as calculated exceeded capital costs. Re-analyzing the economics of a full benefit hedge. Risk is realized over time as benefit only pays at death.
- For these numbers, the computation was done as hedged and factors were applied to adjust for the PV of DB Claims Rollup and Combo

Variable Annuity hedge program since inception

Weekly Hedge Program Performance



¹ Reflects only the liability changes applicable to delta hedging (i.e. change due to hedged market performance).
Data from Retail Annuity Market Risk Management.

Description of US businesses

US Businesses	Description
<ul style="list-style-type: none"> Retirement Services <i>Defined Contribution</i> <i>Rollover/Payout</i> 	<p>Provider of worksite tax-deferred, voluntary, employer-sponsored retirement Products and solutions. Active in the Education (403b), Small and Medium Corporate (401k), Healthcare (403b), and Government (457) segments.</p> <p>Offers product and services primarily to ING Defined Contribution participants who left their jobs, or are beneficiaries of death claims in the Life, Annuity, and Defined Contribution businesses.</p>
<ul style="list-style-type: none"> Annuities 	Sells deferred and immediate variable and fixed annuities in order to help (mass) affluent customers to reach their retirement goals.
<ul style="list-style-type: none"> Advisors Network 	Proprietary Broker/Dealer network offering full brokerage services, advisory services, and insurance services.
<ul style="list-style-type: none"> Life Insurance 	Offers Universal, Variable and Term, BOLI products distributed through independent channels to meet personal and business needs of a broad range of customers from the middle market to mass affluent.
<ul style="list-style-type: none"> Employee Benefits 	Sells Group Life, Stop Loss and Group Disability Insurance as well as Voluntary Payroll Deduct products to medium and large size corporations.
<ul style="list-style-type: none"> Reinsurance 	Offers Group Life and AD&D Reinsurance, Specialty Reinsurance, Group Long Term Disability and Medical/Managed Care Reinsurance
<ul style="list-style-type: none"> Mutual Funds/ING Financial Products 	Provider of open end mutual funds, administrator of funds sold through Variable Annuities, Defined Contribution and Variable Life product, and emerging provider of closed end funds. Also provider of stable value/ principal protection products to institutional funds
<ul style="list-style-type: none"> Investment Management 	Domestic and international equity, fixed income and alternative investment management strategies for the General Account and third party clients delivered through mutual fund, institutional and high net worth retail products

The Americas Executive Management team has broad experience in financial services

Americas Executive Management Team



Tom McInerney
Chairman & Executive Board Member



Catherine Smith
CEO, US Retirement Services



Bill Lowe
CEO, US Annuity



Butch Britton
CEO, US Insurance



Rob Leary *
CEO, Investment Management



Carlos Muriel
CEO, Latin America



David Wheat
Chief Financial Officer



Bridget Healy
Chief Legal Officer



Tom Waldron
Head of Human Resources



Ed Steinike
Chief Information Officer

* As of June 1, 2009; now part of global asset management business

