

Genworth made good progress in the first quarter, executing on our strategic priorities and delivering improved financial results. We are positioned for strong growth and enhanced returns—as we introduce new products, expand our distribution and efficiently manage our capital. Our complete first quarter 2010 results are available in our [press release](#).

We are delivering on our strategic priorities and driving smart growth.

We aggressively focus our core businesses on our strengths, our customer and distributor needs and the best growth opportunities for Genworth—and our shareholders.

In our U.S. Life Insurance and Wealth Management businesses, we're maintaining leadership positions in life insurance, long term care insurance and wealth management—with targeted positions in annuities and Medicare supplement insurance. In the first quarter:

- The total segment net operating income was \$122 million. We demonstrated sequential sales growth across our life and individual long term care insurance lines—and wealth management net flows were positive for the fourth consecutive quarter.
- We have introduced new products, enhanced service offerings, and broadened our distribution footprint:
 - We are seeing strong adoption of ColonySM Term UL—a more capital efficient universal life insurance product, offering consumers a competitive alternative to term life insurance. Sales of term life insurance and ColonySM Term UL grew 26% versus the prior year and 9% sequentially.
 - Our long term care (LTC) insurance products are resonating with consumers—sales were up 29% versus the prior quarter, the fourth sequential quarter of growth.
 - We launched a new linked benefit product—Total Living Coverage[®] Annuity—and a new fixed annuity product—SecureLiving[®] Rate Saver—both designed to help consumers move toward financial security and independence. We also improved certain features of our variable annuity product—RetireReady One—making it attractive for clients with more immediate income needs.
 - We added 37 new distributors in the quarter and are expanding current relationships. We also added 7 new group annuity plans and 4 new group long term care relationships.
 - We continue to differentiate in our service offerings. We added Life Quick Request, a cost-effective and efficient life insurance platform, to iPipeline—the largest insurance network—to help producers further grow their business and simplify the sales process.

In our International Mortgage Insurance (MI) and Lifestyle Protection businesses, we're focusing on risk management and mitigation, plus selective new business in areas where we concentrate—mortgage insurance in Canada and Australia and lifestyle protection in Europe and select new markets. In the first quarter:

- Net operating income for our International businesses was \$124 million (before provision for noncontrolling interests). Results in our Lifestyle Protection business improved—driven by our active repricing and distribution restructuring efforts.
- In Canada, net income available to Genworth's common stockholders was \$41 million reflecting the minority share Initial Public Offering of Genworth MI Canada. The company also announced a new capital management plan that includes a combination of debt issuance and a return of capital to shareholders of up to CAD\$350 million.
- Australian and Canadian markets are improving. Our Canadian MI business grew—with a 42% increase (FX-adjusted) from the prior year in flow new insurance written. Our Australia MI business' market share remained stable.
- In our Lifestyle Protection business, we are successfully developing our distribution base and building new channels—including 36 new deals launched year-to-date and the recent introduction of telemarketing capabilities for our clients in Switzerland. Lifestyle Protection also opened a new regional center in Finland—as we continue to evaluate select new global markets and platforms.

In our U.S. Mortgage Insurance (USMI) business, we continued to reposition the business model across product, pricing and underwriting areas—and ramped up loss mitigation efforts—to deliver higher returns with a lower risk profile. In the first quarter:

- USMI had a net operating loss of \$36 million—substantial improvement from the prior year quarter and the fourth quarter. At the same time, our extensive focus on loss mitigation is delivering continued benefits.
- Our estimated market share grew sequentially to 17% from 15%—and we are taking steps to increase sound new business as the U.S. housing market begins to recover.
- We announced a prudent expansion of our underwriting guidelines—expected to drive new business growth in line with future increases in the private mortgage insurance market.

We rigorously managed our capital and risk—and are optimizing our investment portfolio—to stay financially strong.

We're continuing to realize meaningful benefits from our risk management and mitigation efforts:

- Loss mitigation savings in our USMI business were a net \$233 million in the first quarter, including \$113 million in savings from various loan modification programs including the Home Affordable Modification Program.
- We're also seeing positive impacts and sequential improvement from our loss mitigation efforts in our International MI businesses—with loss ratios improving in both Canada and Australia.

Efforts to reduce risk and diversify our investment portfolio are achieving results:

- Investment performance improved in the first quarter. Net investment losses, net of tax and other adjustments, decreased to \$42 million from \$483 million from the previous year's quarter and decreased on a sequential basis from \$54 million in the fourth quarter 2009. Net unrealized investment losses, net of tax and other adjustments, declined to \$0.9 billion from \$4.1 billion in the prior year quarter.

We are putting our cash back to work to increase investment yields over time, including reinvesting \$1.1 billion in the current quarter.

- Cash reinvestment strategies contributed \$18 million in incremental investment earnings overall.
- As of March 31, we have \$3.5 billion in cash and cash equivalents.

We are optimizing Genworth's capital structure through disciplined capital management efforts—with flexibility to support our business lines and fund future growth.

- Capital levels across our businesses exceed company targeted and regulatory requirements.
- All of our financial strength ratings are investment grade.
- We have no long-term debt maturing until mid-2011.

We work in partnership with our customers to help them succeed.

We're focused on understanding our customers' needs and exceeding their expectations at the moments that matter most. And, we are investing in value-added programs that help them grow:

- Implementation teams have conducted 40+ road shows with key distribution partners—promoting our new life product portfolio and industry-leading services (Life Quick Request and 360° LifeViewSM Underwriting) to help drive adoption and submitted applications.
- Our Cost of Care Survey at www.genworth.com/costofcare, "Let's Talk" national campaign at www.genworth.com/lets-talk, and other long term care awareness efforts are educating our audiences about the importance of long term care planning.
- We partnered with AgeWave's Dr. Ken Dychtwald, a leading expert on aging, on a national survey and consumer forum to gain a greater understanding of consumers' views on long term care and retirement planning. We are using the survey findings—underscoring the lack of awareness and action in planning for long term care needs—to help producers and consumers begin the important conversation.
- Our USMI business has led the way in providing training to educate lenders on the requirements of the *Secure and Fair Enforcement for Mortgage Licensing Act*.
- In our Wealth Management business, we trained more than 2,500 investment advisors to help them plan, manage and grow their businesses—and expanded our innovative "Sailing and Rowing" campaign to help advisors educate clients on the topics of market trends, approaches to asset allocation and more.
- In our Lifestyle Protection business, we worked with one of our distribution partners in Poland to launch an initiative—Moment of Truth—aimed at driving even higher levels of service excellence.

We make a difference for our employees, communities and industries.

We actively engage in industry, legislative and community discussions to help shape some of the most important issues facing our industry:

- We are working with industry partners to create programs that help bring stability to the financial system—as well as engaging with legislators as part of the Financial Services Regulatory Reform discussion.
- We're continuing to educate our constituencies about healthcare reform and the CLASS Act—including ongoing communications to our associates and distribution partners about what the CLASS Act is and what it is not. We also continue to advocate the need for comprehensive long term care planning solutions, including education, caregiver support, wellness and LTC financing options.
- Our "Genworth Celebrates" campaigns celebrate people who make and keep promises—and have engaged more than 20,000 fans in the online discussion through our Facebook sites at www.genworth.com/celebrates.

We advocate on the policies and actions that promote sound homeownership and financial security for consumers:

- We relaunched our “Restore the Dream” website, as part of our ongoing campaign to educate regulators and policymakers about the critical role mortgage insurance plays in making homeownership more affordable.
- In Europe, Genworth’s views helped shape new mortgage insurance guidance issued by the UK regulator—to provide added protection for borrowers.

Through the first quarter, we have contributed more than 4,400 volunteer hours worldwide to over 33 organizations—as well as providing charitable financial support—in our local communities:

- Genworth MI Canada pledged \$1 million to Habitat for Humanity Canada to fund “The Path to Home,” a program supporting homebuilding grants, educational materials and volunteers.
- We also renewed our commitment to Habitat for Humanity International to support homeownership for low income residents in Poland and the UK.
- Our associates and the Genworth Foundation contributed nearly \$170,000 to the Haitian earthquake disaster.
- We received the 2009 Mission Mover Champion Award from the Alzheimer Association—recognizing Genworth as the association’s largest corporate contributor, with more than \$7 million given over the past five years.

We help millions of people around the world create financial security.

In the first quarter, working with our partners:

- We paid nearly \$850 million in insurance benefits to help bring protection and peace of mind to our Retirement and Protection policyholders and beneficiaries.
- Through our U.S. Homeownership Assistance Program, we facilitated closing more than 8,000 workouts, helping borrowers stay in their homes or avoid foreclosure. And, in Europe, we also facilitated nearly 1,500 workouts to help keep families in their homes.
- We helped more than 128,000 households in this quarter—through lifestyle protection insurance—maintain regular repayments on their financial commitments.

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