# 2012 Business Goals & Focus Areas

February 3, 2012

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# Cautionary Note Regarding Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will" or words of similar meaning and include, but are not limited to, statements regarding the outlook for Genworth Financial, Inc.'s (Genworth) future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks, including those discussed in the Appendix, as well as in the risk factors section of Genworth's Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (SEC) on February 25, 2011 and Genworth's Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2011. Genworth undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

## Use Of Non-GAAP & Select Operating Performance Measures

All financial data as of December 31, 2011 unless otherwise noted. For additional information, please see Genworth's Fourth Quarter of 2011 earnings release and financial supplement posted at genworth.com.

For important information regarding the use of non-GAAP measures and select operating performance measures, see the Appendix.

Unless otherwise noted, all references in this presentation to net income (loss), operating income (loss) and stockholders' equity should be read as net income (loss) available to Genworth's common stockholders, operating income (loss) available to Genworth's common stockholders and stockholders' equity available to Genworth's common stockholders, respectively. All references in this presentation to return on equity (ROE) should be read as operating return on equity on a 24 percent levered basis unless otherwise noted.

This presentation should be used in conjunction with the accompanying audio or call transcript.

# Agenda

## Overview Of 2012 Environment

## 2012 Focus Areas

- Operating In A Low Interest Rate Environment
- Managing Our European Exposure -- Asset & Liability
- Statutory Earnings Profile Of U.S. Life Companies…Dividends & Capital Plans

## 2012 Business Goals

## Questions & Answers



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# Key Messages

**Ready To Manage Through Uncertain Environment**

**Modest Financial Impact Of Sustained Low Interest Rates**

- Diversified Product Mix
- Levers In Place To Actively Manage Exposure

**European Investment Exposure Repositioned -- Continue To Actively Address European Operating Businesses**

**Focus On U.S. Life Company Statutory Performance**

**2012 Goals Align With Repositioning Of The Company**

# Environment -- Views & Assumptions

**Market Volatility & Low Interest Rates Likely To Persist**

**European Economies Remain Pressured, With Potential Global Impacts**

**Increased Or Evolving Regulation/Public Policy Creates Uncertainty**

**Manage Contingencies & Add To Risk Buffers**

| | |
|---|---|
| **United States** | **Slow Economic Recovery & GDP Growth**<br>**Unemployment Stable At Current Elevated Levels**<br>**Continued Pressure On Home Prices** |
| **Europe** | **Slow Growth; Low Consumer Confidence & Lending Levels**<br>**Unemployment Stable At Elevated Levels**<br>**Modest Home Price Pressure In Ireland, Italy & UK** |
| **Australia & Canada** | **Australia: Stable Home Prices; Modest Unemployment Increase**<br>**Canada: Stable Home Prices & Unemployment** |



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# Manageable Product Interest Rate Exposure

| Lower Exposure | Characteristics |
|---|---|
| **Wealth Management**<br>**U.S. Mortgage Insurance**<br>**International Protection** | **Low Reinvestment Risk:**<br>Short Duration -- Premiums Fund Benefits<br>Proportionally Small Asset Portfolio<br>No Rate Guarantees |

| Moderate Exposure | Characteristics |
|---|---|
| **Int'l Mortgage Insurance**<br>**Immediate Annuities** | **Medium Reinvestment Risk:**<br>Medium Duration -- Investment Income Funds A Portion Of Benefits<br>Relatively Larger Asset Portfolio<br>Implicit Rate Guarantees |

| Higher Exposure | Characteristics |
|---|---|
| **Life Insurance**<br>**Long Term Care (LTC)**<br>**Deferred Annuities** | **Higher Reinvestment & Optionality Risk:**<br>Longer Duration – Investment Income Funds Significant Portion Of Benefits<br>Implicit & Explicit Interest Rate Guarantees<br>Liability Optionality |

# Levers To Manage Interest Rate Risk

**Product Design & Pricing**

- Newest Generation LTC Product With 9-20% Price Increases
- Life Insurance -- Active Re-Pricing Approach
- Credited Rate Discipline

**Investment Strategy**

- Portfolio Strategy Tied To Product Design Across Multiple Interest Rate Scenarios
- Active Rebalancing Across Asset Classes
- Duration & Convexity Management

**Active Hedging Programs**

- Interest Rate & Total Return Swaps
- Caps & Floors
- Futures
- Forward Starting Interest Rate Swaps (FSS)



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# Active Interest Rate Swap Hedging Program

## Forward Starting Swap Program

**Derivative Program That Aligns Forward Starting Swaps With Future Premiums From Existing LTC Block**

**Treated As Qualifying Hedges -- Limited Mark To Market Reported Income Volatility**

**Swaps Are Generally Entered Into When Pricing Hurdles Can Be Achieved (Higher Interest Rate Environment)**

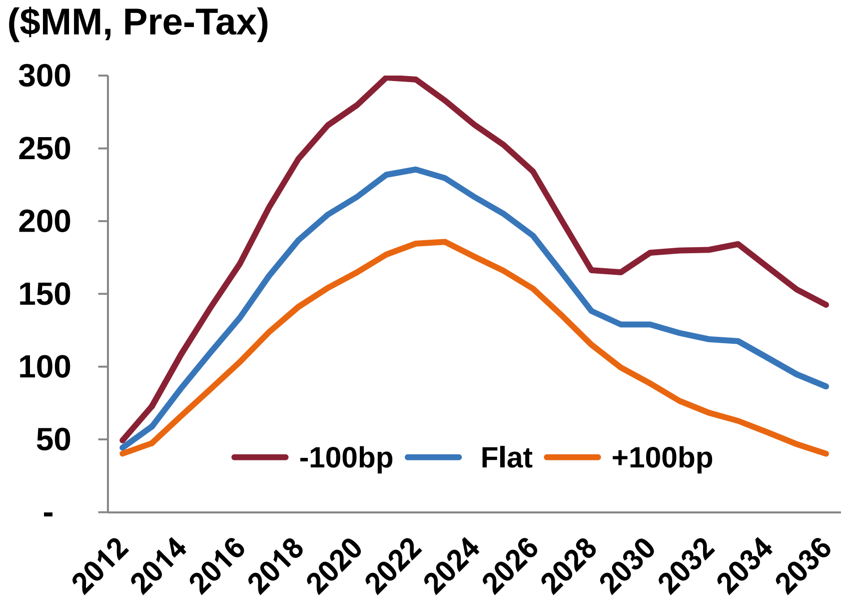
**Protection Built Over The Past 10 Years In Layers Covering Different Durations**

**Swaps May Be Restruck Or Unwound In Lower Rate Environment. Considerations Include:**

- Extreme Lower Rate Scenarios
- Maintaining Pricing Yields
- Collateral Sufficiency For High Rate Scenarios

## LTC Low Interest Rate Protection

**Incremental Net Investment Income Benefit From FSS Program**




**~$12B Notional FSS Hedge Against Low Rates**

**Hedges Stabilize Income On In-Force Block**



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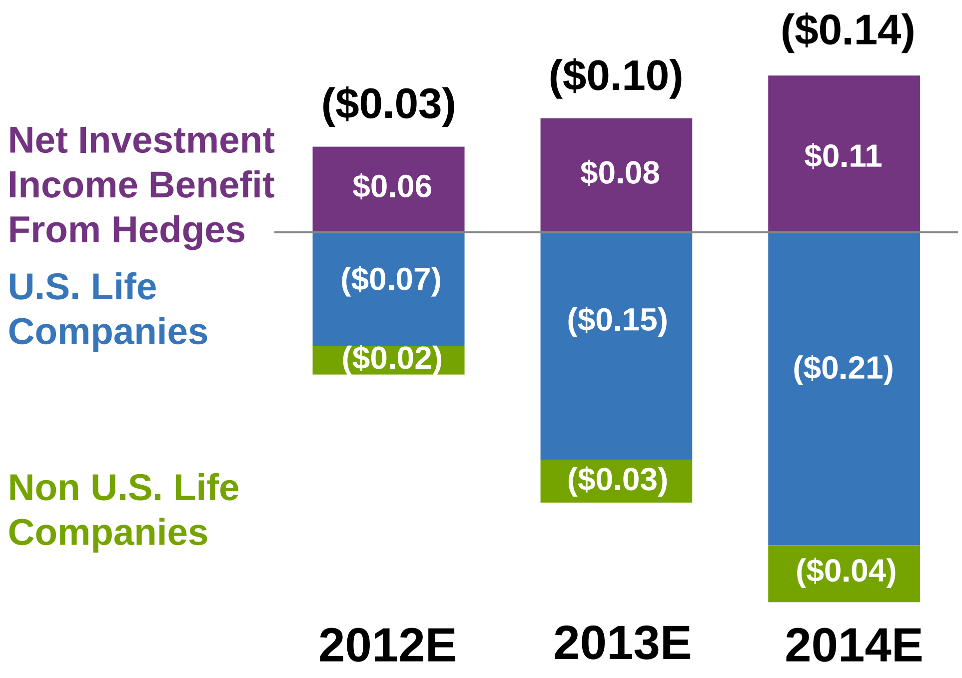
# Financial Impact Of Sustained Low Rates

## Impact To Operating Earnings

**Assumption: Global Investment Yields Unchanged Through 2014**

**(Operating Earnings Per Share)**




**Small Operating Earnings Impact In 2012 Growing To ~$0.14 Per Share By 2014 Vs. Today's Run Rate**

**Largest Impact In U.S. Life Insurance Segment (~70% Of Total Impact)**

**Hedging Benefit Protects About Half Of The U.S. Life Insurance Operating Earnings Impact In This Scenario**



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# Managing European Investment Exposure

**Total European Exposure $7.1B, 10% Of Total Portfolio**

**Total European Periphery Exposure ~$700MM Market Value (MV), Less Than 1% Of Total Portfolio**

**Reduced Core Europe Financials By $475MM & Periphery Exposure By $470MM In 2011**

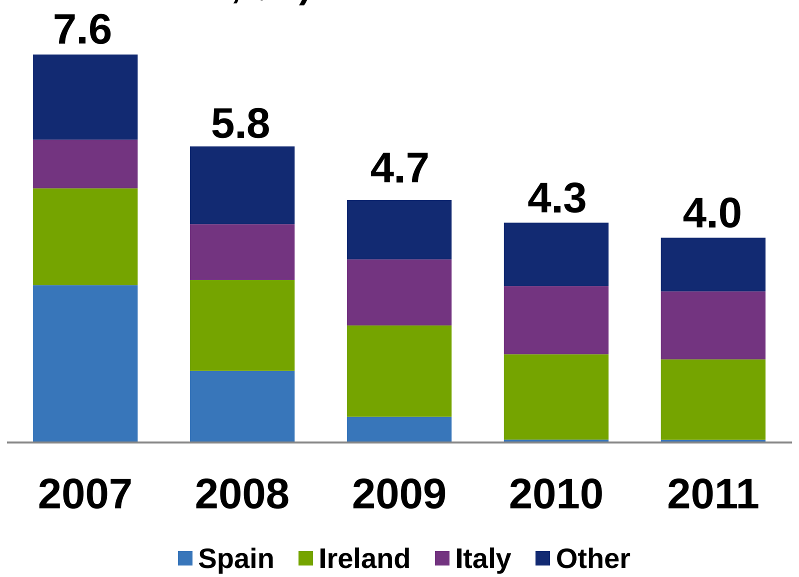
**Focus On Strong Issuers Throughout Core Europe & Northern Tier**

**Continued Active Management Of Periphery Holdings**

# Managing European Liability Exposure

## Europe Mortgage Insurance

(Risk In Force, $B)



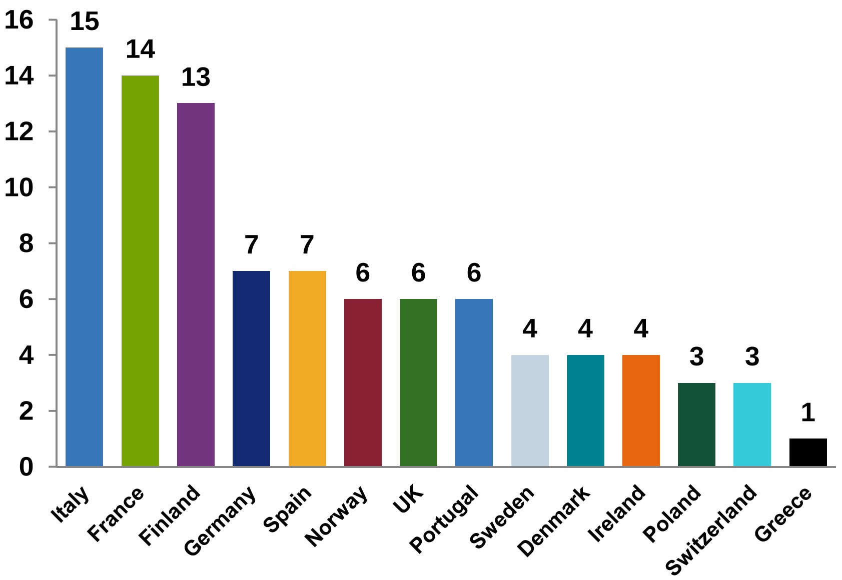

Limited New Business Across Europe

Solid Performance Outside Ireland

Increased Losses In Ireland, Pressured Consumer Financial Resources & Focus On Loss Mitigation/Government Policy

## International Protection

(2011 % Of Sales)




Smaller European Origination Market

Lower Risk Business Model Built To Withstand Higher Unemployment Rate & Maintain Improved Margins

Margin Improvement Since 2009



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# U.S. Life Co. Ordinary Dividend Framework


**Capital & Surplus Provide Safety Against Adverse Events**

**Unassigned Surplus Represents The Undistributed & Unappropriated Part Of Surplus**

- Primarily Consists Of Accumulation Of After-Tax Earnings & Investment Gains Or Losses (Realized & Unrealized) Less Dividends

**Ordinary Dividends Are Declared From Unassigned Surplus**

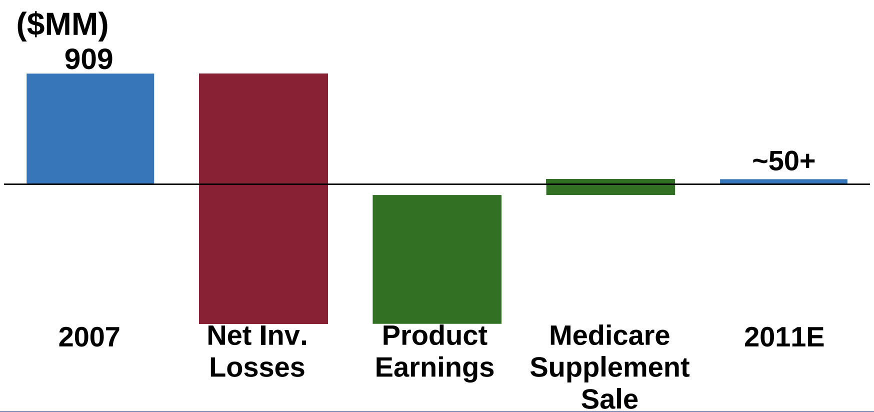
**Ordinary Dividend Capacity From Genworth Life Insurance Company (GLIC) (Delaware Domiciled)**

- Based On Prior Year Financial Statement Results
- Greater Of 10% Of Total Surplus Or Statutory Net Gain From Operations[1]
- Limited to Prior Year Ending Unassigned Surplus: Negative Unassigned Surplus Precludes Ordinary Dividends

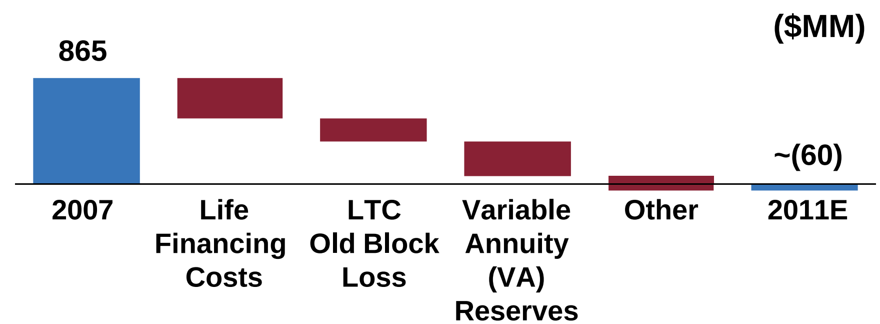
[1] Statutory Annual Statement Line 33: Net Gain From Operations After Dividends To Policyholders And Federal Income Taxes And Before Realized Capital Gains Or (Losses)

# U.S. Life Cos. Historical Statutory Profile

## Statutory Unassigned Surplus

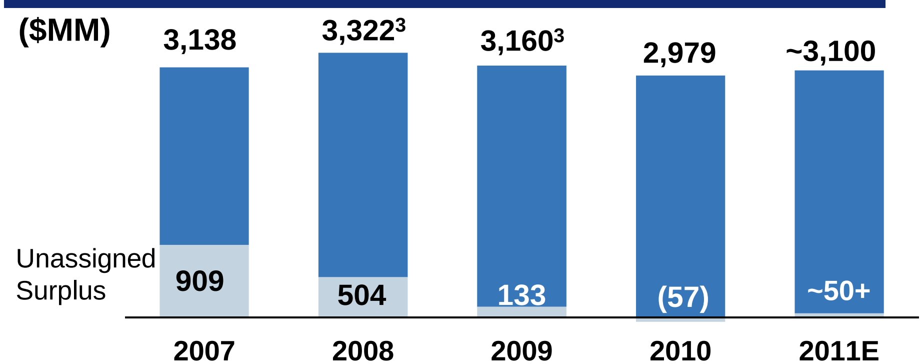



## Total Life Cos. Earnings Profile[1]




| GLIC Net Gains From Operations[2] | 2007 | 2008 | 2009 | 2010 | 2011E |
|---|---|---|---|---|---|
| | 300 | 299 | 208 | (76) | ~25-30 |

## Statutory Total Surplus




| | 2007 | 2008 | 2009 | 2010 | 2011E |
|---|---|---|---|---|---|
| Dividend History | 400 | 300 | 22[4] | 15[4] | 15[4] |

[1]Consolidated Life Companies; Statutory Annual Statement Line 33
[2]GLIC Statutory Annual Statement Line 33
[3]Includes Holding Company Contribution Of $600MM In 2008 & $200MM In 2009
[4]Preferred Shares + Special Purpose Vehicle Dividends

## Key Perspectives

**2008 & 2009 Investment Losses Partially Offset By Product Earnings & Med Supp Sale**

**VA Reserve Impacts On Surplus Mitigated By Hedging (Not In Op Earnings)**

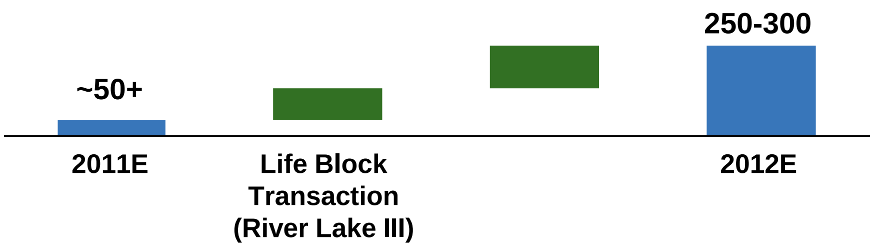
**Repositioned Investment Portfolio, Product Re-Pricing, & Mix Changes Positively Impact 2011 Unassigned Surplus Position**

**Total Surplus Reflects Commitment To Target RBC Ratio Of 350%**

# U.S. Life Cos. Path To Ordinary Dividends

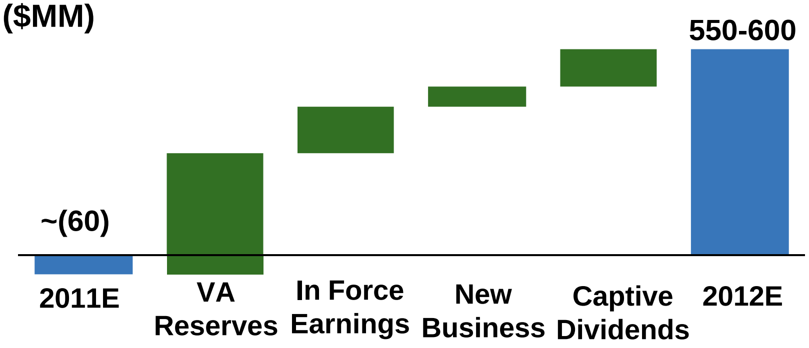
## Statistical Unassigned Surplus

($MM)




## Total Life Cos. Earnings Profile[1]

($MM)




## Key 2013 Dividend Capacity Metrics

| ($MM) | |
|---|---|
| 10% Of Statutory Total Surplus | ~300 |
| GLIC Net Gain From Operations[2] | ~225-300 |
| Statutory Unassigned Surplus | ~250-350 |

| Year End 2012 Key Market Assumptions | |
|---|---|
| S&P 500 Index | 1308 |
| 10 Year Treasury Rate | 2.90% |

[1]Consolidated Life Companies; Statutory Annual Statement Line 33
[2]GLIC Statutory Annual Statement Line 33

## Key Perspectives

Life Block Transactions (Starting With RL III) Positively Impact 2012 Unassigned Surplus

VA Reserve Impact Mitigated By Hedging (Not In Op Earnings) Reflects Gain In 2012 Versus Loss In 2011

In Force Earnings Include Product Profitability Management And Impact Of Strategies To Utilize Tax Losses

Captive Dividends Increase Consolidated Life Co. Earnings



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# 2012 Business Goals

## Genworth Framework

| Business Portfolio | Distributable Earnings | Holding Company Capital & Liquidity |
|---|---|---|
| Business Alignment & Focus<br><br>Capital Allocation<br><br>Operational And Financial Synergies | Selective New Business & Mix<br><br>Product Re-Pricing<br><br>Expanded Use Of Reinsurance<br><br>U.S. Life 2012 Focus On Statutory Earnings & Unassigned Surplus<br><br>Other Segments Maintain Focus On Growing ROE, Operating Income & Dividends | 2X Interest Coverage -- Even In A Stress Environment<br><br>Leverage Target Of 24-26% (Adj. For New DAC Rules)<br><br>Add To Risk Buffers<br><br>Build Redeployable Capital |

**Enhance Shareholder Value While Maintaining Sound Risk Buffers**

# Insurance & Wealth Management

## 2012 Trends

Focus On Core Businesses & Improved Financial Performance

U.S. Life Insurance New Business Growth Moderates After Re-Pricing Actions

Increased Reinsurance Utilization To Manage Capital/Statutory Surplus

Domestic In-Force Revenues Growing While International Revenues Challenged By Slow Economies In Europe

Stable Division ROEs With +/- By Product

## 2012 Goals & Milestones

Total Division Dividends Of ~$300MM

Consolidated Life Co. Increase To Unassigned Surplus Of $250MM -- Net Of Dividends Paid

Consolidated RBC Ratio > 350% In Line With Single A Rated Business Model

Maintain International Protection Pre-Tax Margins At 2011 Levels & Expansion To Select New Markets & Distribution Channels



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# International Mortgage Insurance

## 2012 Trends

**Canada & Australia**

- Stable Origination Markets
- Larger/Older Vintages Past Earnings Curve Peak
- Capital Generation Strong

**Modest Decline In Canada Earned Premium: (5-10%); Stable Canada Loss Ratio: 35-40%**

**Continued Losses In Europe**

**Segment ROEs Slightly Lower Reflecting Foreign Exchange, Lower Revenues, Stable Loss Ratios & Capital Plans**

## 2012 Goals & Milestones

**Australian Minority Initial Purchase Offering (IPO): 2nd Quarter Execution**

**Total Segment Dividends Of ~$160MM**

**Solid Flow NIW Growth In Canada**

**Continuing Expansion Of Global Reinsurance Footprint**

- Australia: $150MM Additional 3rd Party Reinsurance

**Managing Down European Exposure Through Loss Mitigation**

**Disciplined Growth Strategies For Australia & Canada Platforms**

- Canada Market Share Increasing; Resolution Of Canada Guarantee Framework
- Maintain Pricing/Underwriting Discipline



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# U.S. Mortgage Insurance

## 2012 Trends

**Gradual Improvement In New Insurance Written (NIW), In-Line With Private Mortgage Insurance Penetration Progress**

**Moderation In Losses, Still Driven By New Delinquencies From 2005-2008 Books**

**Loss Mitigation Declines With Lower Loan Modification Pipeline; Severity Improves**

**NIW Capacity From Risk To Capital Waivers & GRMAC[1]**

**Regulatory Environment -- Housing Finance Reform Stalled**

## 2012 Goals & Milestones

**Loss Mitigation $300-$400MM**

**$10-$16B Of NIW**

**Additional Perspectives Will Be Provided On February 10th Call**

[1] Genworth Residential Mortgage Assurance Corporation

# Summary

**Continue Repositioning The Business Portfolio To Maximize Value Over The Medium To Long Term**

**Be Selective Regarding New Business: Actively Manage Mix, Volume, Pricing & Reinsurance**

**Manage The In-Force Portfolio Intensively**

**Add To Enterprise & Holding Company Strength**

# Appendix



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# Forward Starting Swap Accounting

| GAAP Accounting | Statutory Accounting |
| --- | --- |
| Swaps Are Qualified Cash Flow Hedges | Swaps Are Qualified Cash Flow Hedges |
| Active Swaps Marked To Market With Offset To Accumulated Other Comprehensive Income (AOCI) | Active Swaps Carried At Book Value, Typically Zero |
| Gains (Loss) From Terminated Swaps Remain In AOCI Until Bond Purchased At Original Anticipated Start Date | Terminated Swaps Recorded To Realize Gain (Loss) But Tax Effected Offset Recorded To Interest Maintenance Reserve (IMR) |
| AOCI Amortizes Into Income Over Term Of Original Maturity Of The Swap… Amortization Begins At Original Anticipated Start Date | IMR Amortization Begins Immediately Over Term Of Original Maturity Of The Swap |



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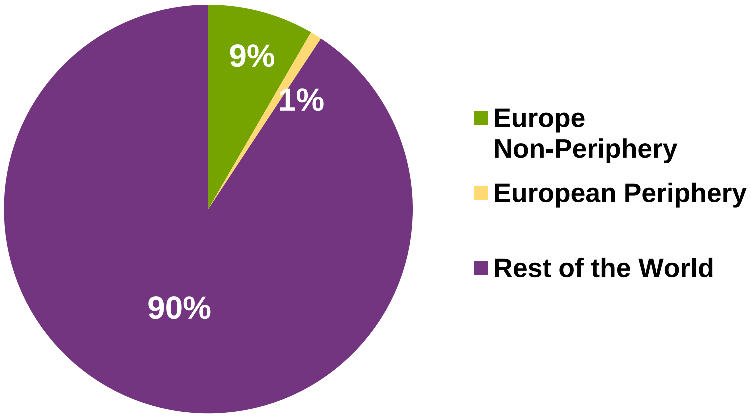
# European Holdings Overview

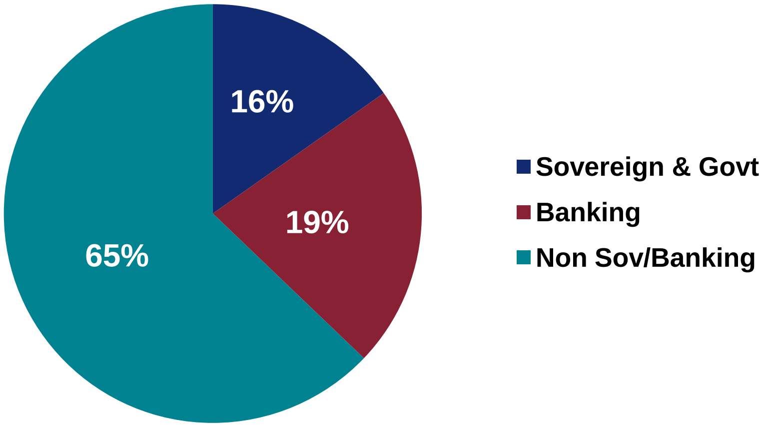
## European Exposure (MV)




Total European Exposure $7.1B; 10% Of Total Portfolios

Total European Periphery Exposure ~$700MM; Less Than 1% Of Total Portfolio

## European Holdings (MV)




European Sovereign & Government Guaranteed Exposure $1.1B, 16% Of Total European Exposure, 1.5% Of Total Portfolio

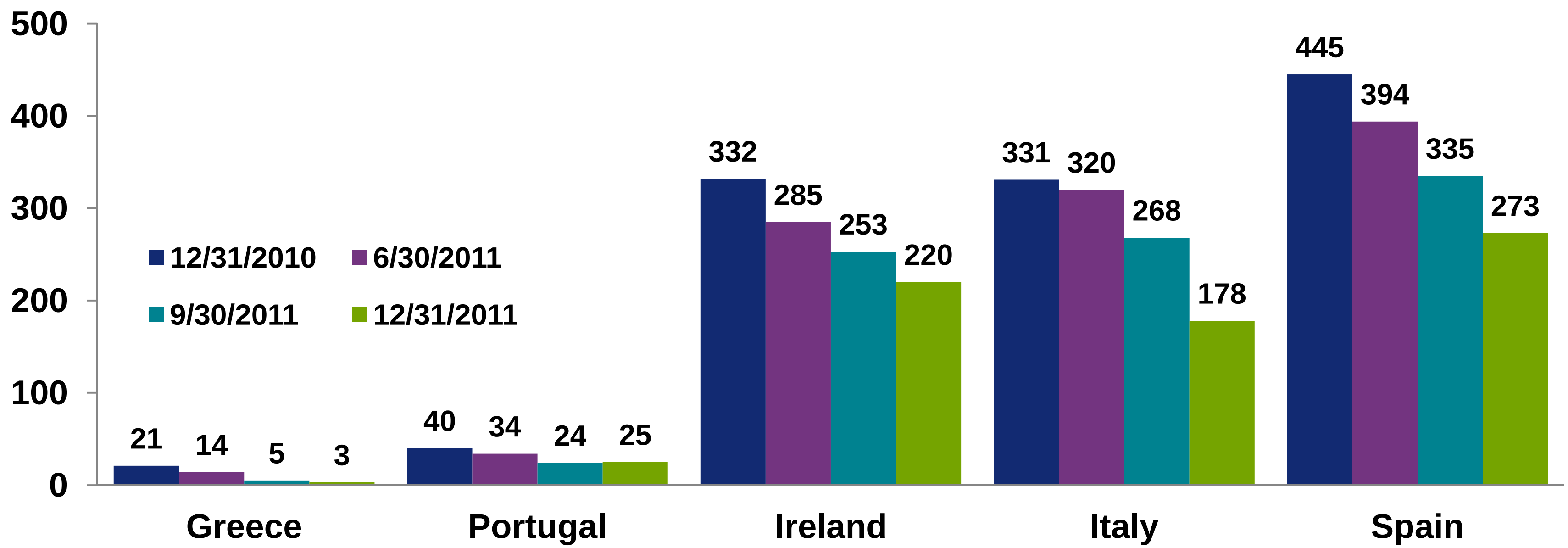
European Bank Exposure $1.4B, 19% Of Total European Exposure, Less Than 2% Of Total Portfolio

Reduced Core Europe Financials By $475MM

# European Periphery Exposure

## Reduction Since 12/31/10

**$MM, 12/31/11 Market Value[1]**




**Market Value Down $470MM To ~$700MM**

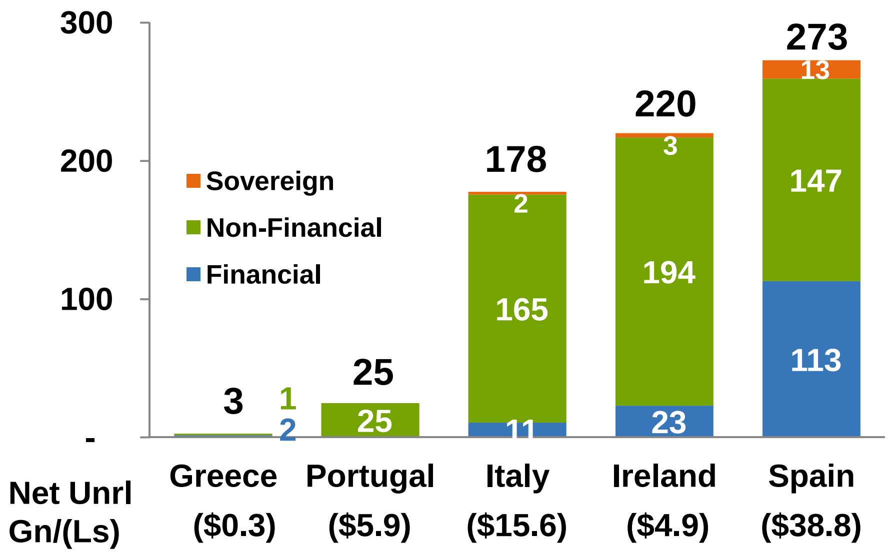
**Majority Of Reduction Driven By Active Management**

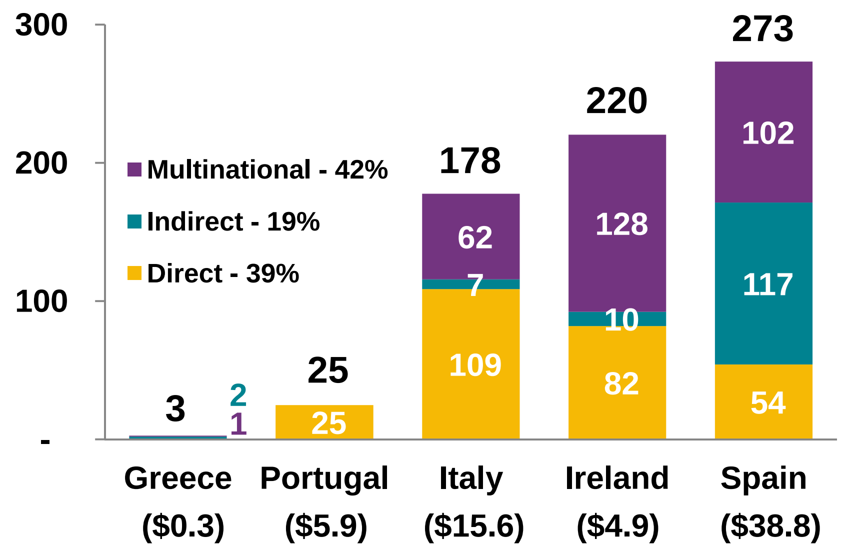
**Of $3MM Greece Exposure, Less Than $1MM Direct Exposure**

[1]Excludes U.S. Government Guaranteed Debt

# European Periphery Exposure

## $MM, 12/31/11 Market Value[1]




**Total Exposure ~$700MM, 1% Of Portfolio**

**No Sovereign Exposure In Greece & Portugal; Sovereign Positions In Ireland & Italy Each ~$3MM**

**All Spain Financial Holdings Are Diversified Global Banks, No Irish Bank Exposure**

**Direct $270MM: Primary Exposure To Local Economy, Holdings Primarily Utilities, Defense & Telecom**

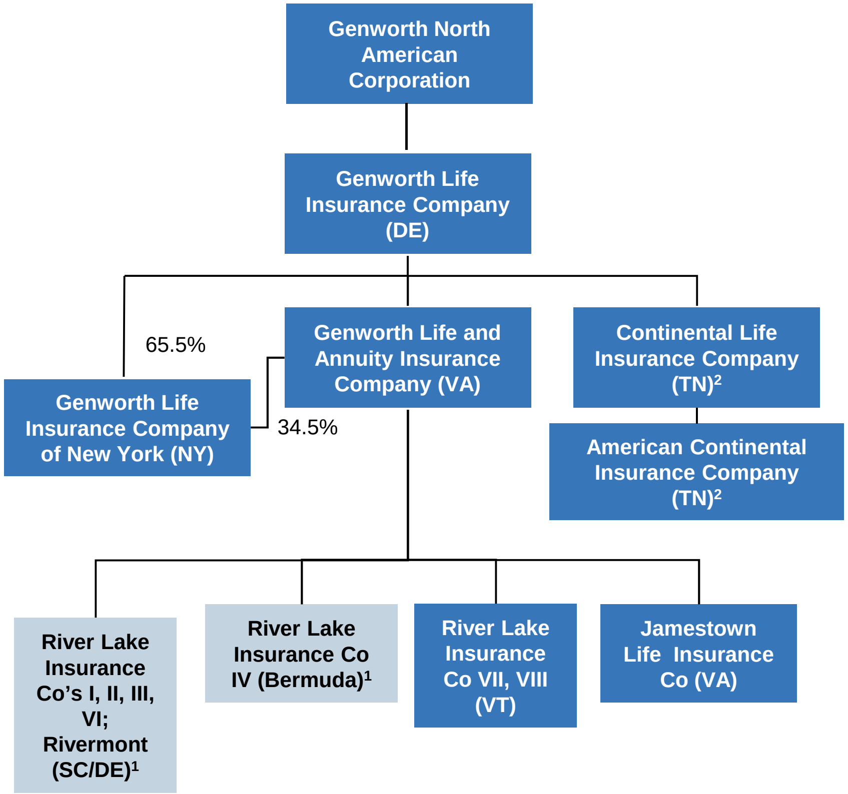
**Indirect $136MM; Debt Issued By Subsidiaries Outside Of Country**

**Multinational $293MM: Companies With Majority Of Revenues Coming From Outside The Country Of Domicile**

[1]Excludes U.S. Government Guaranteed Debt

# U.S. Life Insurance Profile

## U.S. Life Companies Legal Entity Structure




### Consolidated Life Cos. Statutory Profile

Earnings From "Consolidated" Companies Included In GLIC Unassigned Surplus

RL VII And VIII Financial Statements Are Not Currently Available To Public

### Non-Consolidated Life Cos. Statutory Profile

Good Mortality And Persistency Experience In "Non-Consolidated" Companies

Earnings Limited To Dividends And Experience Refunds

Dividends Limited By Structural Constructs

Impacts From Financial Crisis Triggered Rate Step-Up On Dutch Auction Securities Precluding Payment Of Experience Refunds & Low Returns

[1]"Non-Consolidated Companies Are U.S. Domiciled Except River Lake IV, Which Is Domiciled In Bermuda
[2]Medicare Supplement Business Disposed On October 1, 2011



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# Use Of Non-GAAP Measures

This presentation includes the non-GAAP[1] financial measure entitled "net operating income (loss)." The chief operating decision maker evaluates segment performance and allocates resources on the basis of net operating income (loss). The company defines net operating income (loss) as income (loss) from continuing operations excluding net income attributable to noncontrolling interests, after-tax net investment gains (losses) and other adjustments and infrequent or unusual non-operating items. This metric excludes net investment gains (losses) and infrequent or unusual non-operating items because the company does not consider them to be related to the operating performance of the company's segments and Corporate and Other activities. A component of the company's net investment gains (losses) is the result of impairments, the size and the timing of which can vary significantly depending on market credit cycles. In addition, the size and timing of other investment gains (losses) can be subject to the company's discretion and are influenced by market opportunities, as well as asset-liability matching considerations. Infrequent or unusual non-operating items are also excluded from net operating income (loss) if, in the company's opinion, they are not indicative of overall operating trends. While some of these items may be significant components of net income (loss) available to Genworth Financial, Inc.'s common stockholders in accordance with GAAP, the company believes that net operating income (loss), and measures that are derived from or incorporate net operating income (loss), are appropriate measures that are useful to investors because they identify the income (loss) attributable to the ongoing operations of the business. However, net operating income (loss) is not a substitute for net income (loss) available to Genworth Financial, Inc.'s common stockholders determined in accordance with GAAP. In addition, the company's definition of net operating income (loss) may differ from the definitions used by other companies. Due to the unpredictable nature of the items excluded from the company's definition of net operating income (loss), the company is unable to reconcile its outlook for net operating income (loss) to net income (loss) available to Genworth Financial, Inc.'s common stockholders presented in accordance with GAAP.

In this presentation, the company also references the non-GAAP financial measure entitled "operating return on equity" or "operating ROE." The company defines operating ROE as net operating income (loss) divided by average ending Genworth Financial, Inc.'s stockholders' equity, excluding accumulated other comprehensive income (loss) (AOCI) in average ending Genworth Financial, Inc.'s stockholders' equity. Management believes that analysis of operating ROE enhances understanding of the efficiency with which the company deploys its capital. However, operating ROE as defined by the company should not be viewed as a substitute for GAAP net income (loss) available to Genworth Financial, Inc.'s common stockholders divided by average ending Genworth Financial, Inc.'s stockholders' equity. Due to the unpredictable nature of net income (loss) available to Genworth Financial, Inc.'s common stockholders and average ending Genworth Financial, Inc.'s stockholders' equity excluding AOCI, the company is unable to reconcile its outlook for operating ROE to GAAP net income (loss) available to Genworth Financial, Inc.'s common stockholders divided by average ending Genworth Financial, Inc.'s stockholders' equity.

[1]U.S. Generally Accepted Accounting Principles

# Definition of Select Operating Performance Measures

This presentation contains selected operating performance measures including "sales," "assets under management" and "insurance in force" or "risk in force" which are commonly used in the insurance and investment industries as measures of operating performance.

Management regularly monitors and reports sales metrics as a measure of volume of new and renewal business generated in a period. Sales refer to: (1) annualized first-year premiums for term life, long term care and Medicare supplement insurance; (2) new and additional premiums/deposits for universal life and term universal insurance, linked-benefits, fixed and variable products; (3) gross flows and net flows, which represent gross flows less redemptions, for the wealth management business; (4) written premiums and deposits, gross of ceded reinsurance and cancellations, and premium equivalents where the company earns a fee for administrative services only business, for lifestyle protection insurance business; and (5) new insurance written for mortgage insurance. Sales do not include renewal premiums on policies or contracts written during prior periods. The company considers annualized first-year premiums, new premiums/deposits, gross and net flows, written premiums, premium equivalents and new insurance written to be a measure of the company's operating performance because they represent a measure of new sales of insurance policies or contracts during a specified period, rather than a measure of the company's revenues or profitability during that period.

Management regularly monitors and reports assets under management for the wealth management business, insurance in force and risk in force. Assets under management for the wealth management business represent third-party assets under management that are not consolidated in the company's financial statements. Insurance in force for the life, international mortgage and U.S. mortgage insurance businesses is a measure of the aggregate face value of outstanding insurance policies as of the respective reporting date. For the risk in force in the international mortgage insurance business, the company has computed an "effective" risk in force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in force has been calculated by applying to insurance in force a factor of 35% that represents the highest expected average per-claim payment for any one underwriting year over the life of the company's businesses in Canada, Australia and New Zealand. Risk in force for the U.S. mortgage insurance business is the obligation that is limited under contractual terms to the amounts less than 100% of the mortgage loan value. The company considers assets under management for the wealth management business, insurance in force and risk in force to be measures of the company's operating performance because they represent a measure of the size of the business at a specific date which will generate revenues and profits in a future period, rather than a measure of the company's revenues or profitability during that period.

This presentation also includes a metric related to loss mitigation activities for the U.S. mortgage insurance business. The company defines loss mitigation activities as rescissions, cancellations, borrower loan modifications, repayment plans, lender- and borrower-titled presales, claims administration and other loan workouts. Estimated savings related to rescissions are the reduction in carried loss reserves, net of premium refunds and reinstatement of prior rescissions. Estimated savings related to loan modifications and other cure related loss mitigation actions represent the reduction in carried loss reserves. For non-cure related actions, including presales, the estimated savings represent the difference between the full claim obligation and the actual amount paid. The company believes that this information helps to enhance the understanding of the operating performance of the U.S. mortgage insurance business as loss mitigation activities specifically impact current and future loss reserves and level of claim payments.

These operating measures enable the company to compare its operating performance across periods without regard to revenues or profitability related to policies or contracts sold in prior periods or from investments or other sources.



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# Cautionary Note Regarding Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will" or words of similar meaning and include, but are not limited to, statements regarding the outlook for the company's future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks, including the following:

•*Risks relating to the company's businesses*, including downturns and volatility in global economies and equity and credit markets; downgrades or potential downgrades in the company's financial strength or credit ratings; interest rate fluctuations and levels; adverse capital and credit market conditions (including the impact on the potential extension, replacement or refinancing of the company's credit facilities); the valuation of fixed maturity, equity and trading securities; defaults, downgrades or other events impacting the value of the company's fixed maturity securities portfolio; defaults on the company's commercial mortgage loans or the mortgage loans underlying the company's investments in commercial mortgage-backed securities and volatility in performance; goodwill impairments; defaults by counterparties to reinsurance arrangements or derivative instruments; an adverse change in risk based capital and other regulatory requirements; insufficiency of reserves; legal constraints on dividend distributions by the company's subsidiaries; competition; availability, affordability and adequacy of reinsurance; loss of key distribution partners; regulatory restrictions on the company's operations and changes in applicable laws and regulations; legal or regulatory investigations or actions; the failure of or any compromise of the security of the company's computer systems; the occurrence of natural or man-made disasters or a pandemic; the effect of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act; changes in the accounting standards issued by the Financial Accounting Standards Board or other standard-setting bodies; impairments of or valuation allowances against the company's deferred tax assets; changes in expected morbidity and mortality rate; accelerated amortization of deferred acquisition costs and present value of future profits; reputational risks as a result of rate increases on certain in force long term care insurance products; medical advances, such as genetic research and diagnostic imaging, and related legislation; unexpected changes in persistency rates; ability to continue to implement actions to mitigate the impact of statutory reserve requirements; the failure of demand for long term care insurance to increase; political and economic instability or changes in government policies; foreign exchange rate fluctuations; unexpected changes in unemployment rates; unexpected increases in mortgage insurance default rates or severity of defaults; the significant portion of high loan to value insured international mortgage loans which generally result in more and larger claims than lower loan-to-value ratios; competition with government owned and government sponsored enterprises offering mortgage insurance; changes in international regulations reducing demand for mortgage insurance; increases in mortgage insurance default rates; failure to meet, or have waived to the extent needed, the minimum statutory capital requirements and hazardous financial condition standards; uncertain results of continued investigations of insured U.S. mortgage loans; possible rescissions of coverage and the results of objections to the company's rescissions; the extent to which loan modifications and other similar programs may provide benefits to the company; unexpected changes in unemployment and underemployment rates in the United States; further deterioration in economic conditions or a further decline in home prices in the United States; problems associated with foreclosure process defects in the United States that may defer claim payments; changes to the role or structure of Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac); competition with government owned and government sponsored enterprises offering U.S. mortgage insurance; changes in regulations that affect the U.S. mortgage insurance business; the influence of Fannie Mae, Freddie Mac and a small number of large mortgage lenders and investors; decreases in the volume of high loan to value mortgage originations or increases in mortgage insurance cancellations in the United States; increases in the use of alternatives to private mortgage insurance in the United States and reductions by lenders in the level of coverage they select; the impact of the use of reinsurance with reinsurance companies affiliated with U.S. mortgage lending customers; legal actions under the Real Estate Settlement Procedures Act of 1974; and potential liabilities in connection with the company's U.S. contract underwriting services;

•*Other risks*, including the risk that adverse market or other conditions might delay or impede the planned IPO of the company's mortgage insurance business in Australia; the possibility that in certain circumstances the company will be obligated to make payments to General Electric Company (GE) under the tax matters agreement with GE even if the company's corresponding tax savings are never realized and payments could be accelerated in the event of certain changes in control; and provisions of the company's certificate of incorporation and bylaws and the tax matters agreement with GE may discourage takeover attempts and business combinations that stockholders might consider in their best interests; and

•*Risks relating to the company's common stock*, including the suspension of dividends and stock price fluctuations.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

# Securities Legend

The disclosure in this presentation relating to the company's planned minority IPO of its Australian mortgage insurance business is not an offer to sell, or a solicitation of an offer to buy, any securities. The securities referred to in this disclosure have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933. If an offer of securities which requires disclosure in Australia is made, a disclosure document for the offer will be prepared at that time. Any person who wishes to apply to acquire securities will need to complete the application form that will be in or will accompany the disclosure document. In addition, this disclosure is not intended for public distribution in Australia.