

Genworth has executed on our strategies to transition through this economic period and emerge even stronger—with a sharpened business focus. We have taken aggressive steps to mitigate risk and losses—and increased prices in several lines. Investment performance improved significantly—and we've fortified our capital foundation and improved financial flexibility to position us well for 2010 and beyond.

### **We carefully manage our resources and stay financially strong.**

As of September 30, we have \$7.1 billion in cash and cash equivalents—and are putting our cash back to work to increase investment yields over time:

- All of our financial strength ratings are investment grade.
- We have paid off our 2009 long-term debt—and have no additional long-term debt maturing until mid-2011. We also repurchased \$73 million of 2012 debt during the third quarter.
- Our public equity offering of common stock generated net proceeds of \$622 million, strengthening our already sound foundation.

Capital levels across our businesses exceed regulatory requirements:

- In our consolidated U.S. Life Insurance companies, we ended the third quarter with enough capital on reserve to meet more than 3 ½ times the required regulatory action capital levels.
- In our U.S. Mortgage Insurance business (USMI), we continued to execute on plans for the business to be self-contained from a capital standpoint. We maintained a risk-to-capital ratio well below the regulatory limit—providing flexibility to increase the level of attractive new business.
- In our International segment, we ended the third quarter with capital ratios well in excess of regulatory required levels.

We're realizing meaningful benefits from our risk management and mitigation efforts:

- We have achieved three consecutive quarters of increased savings through our USMI business loss mitigation efforts— \$557 million year to date, and expected total year savings of \$775-\$825 million. We're also seeing positive impacts from our loss mitigation efforts in our International Mortgage Insurance businesses.
- Efforts to reposition our investment portfolio are achieving results. Impairments declined to \$127 million from \$376 million year-over-year—and net unrealized investment losses also decreased sequentially to \$1.4 billion from \$3.0 billion in the second quarter.

## **We are delivering on our refined business strategy.**

We are building capabilities across Genworth to enhance our market positions—adding new or refined products, building our distribution footprint, and enhancing our service offerings—to support our focus on our strengths, our customers’ needs and on smart growth.

In our U.S. Life Insurance and Wealth Management businesses, we’re focusing on maintaining leadership positions in “Main Street” life insurance, long term care insurance, and turn-key asset management solutions for independent financial advisors—with targeted positions in Medicare supplement insurance and annuities, where they match our capital and risk strategies:

- Net operating earnings in our Retirement and Protection businesses were \$120 million. We achieved sequential sales growth across our life, long term care and variable annuity businesses—and wealth management flows increased for a second consecutive quarter.
- These positive trends are a result of new product introductions, distribution expansion and strong execution on the service front:
  - We added new distributors and are expanding current relationships, including a new long term care relationship with the more than 1.2 million members of the Teacher Retirement System of Texas.
  - We launched RetireReady One, a variable annuity product designed to improve a financial advisor’s ability to personalize a guaranteed income strategy for their clients.
  - Service teams are driving adoption of Life Quick Request, a cost-effective and efficient life platform, as well as enhanced underwriting capabilities, to help producers grow their business and simplify the sales process.

In our USMI business, we’re focusing on repositioning our business model to deliver higher returns with a lower risk profile—and we are successfully executing our plan for this business to be self-contained from a capital perspective. Our results were consistent with this approach:

- USMI had a net operating loss of \$116 million—at the same time our extensive focus on loss mitigation is delivering increased benefits, saving a net \$224 million in the third quarter. We expect additional benefits from increased loss mitigation resources and government modification plans moving forward.
- New business reflects a lower risk profile with higher targeted returns—driven by product, guideline and pricing changes.

In our International segment, 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:

- Net operating income for the International businesses was \$96 million, reflecting sound mortgage insurance performance in Canada and Australia as housing markets improved and economies stabilized.
- In Canada, earnings available to Genworth’s common stockholders were \$45 million reflecting the minority share IPO of Genworth MI Canada.
- In our Lifestyle Protection business, rising unemployment in Europe pressured earnings to \$18 million—down from the year prior but up sequentially in the quarter as loss mitigation efforts improved loss ratios.

- We are making significant price and contract changes to improve future results and profitability—as well as successfully expanding our distribution base, including adding nearly 50 new deals year to date in Lifestyle Protection across Continental Europe.
- With the sale of Genworth Seguros Mexico, S.A. de C.V., we're focusing on our core lifestyle protection insurance and mortgage insurance businesses in Mexico.

### **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:

- Our USMI business led the way in implementing the U.S. government Homeowner Affordability and Stability Program. Since the program's introduction, we've trained more than 2,220 lenders and/or servicers across the country on workout solutions.
- In our Wealth Management business, we trained more than 5,000 investment advisors to help them plan, manage and grow their businesses.
- In our U.S. Life Insurance companies, we're delivering programs that help producers successfully educate consumers about the need to plan for a secure retirement.

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

We're participating in industry and legislative discussions to help shape some of the most important issues facing our industry—and impacting the housing market, long term care and retirement security:

- Through our Cost of Care Survey, "Let's Talk" national campaign and Genworth's fourth annual Long Term Care Symposium, we're educating our audiences about the importance of long term care planning.
- We're actively communicating with our constituencies about healthcare reform and the CLASS Act—and have initiated a grassroots campaign to educate audiences on the deficiencies in the proposed legislation.
- Genworth's "Restore the Dream" campaign is educating regulators and policymakers about the critical role mortgage insurance plays in making homeownership more affordable.

Through the third quarter, we have contributed more than 13,000 volunteer hours worldwide and \$2.5 million in funds to charitable groups:

- Over 840 walkers have raised more than \$159,000 through our sponsorship of the Alzheimer's Association Memory Walks.
- Genworth's Putts for Charity initiative has donated to-date more than £150,000 to this year's beneficiary, SOS Children's Villages.

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

In the third quarter of 2009, working with our partners:

- We paid more than \$750 million in insurance benefits to help bring protection and peace of mind to our Retirement and Protection policyholders.
- Through our Homeownership Assistance Program, we facilitated closing nearly 4,000 workouts and pre-sales, helping borrowers stay in their homes or avoid foreclosure.
- We helped more than 100,000 households—through lifestyle protection insurance—maintain regular repayments on their financial commitments.

*Genworth Financial, Inc.*  
6620 West Broad Street  
Richmond, VA 23230  
888 GENWORTH  
genworth.com

©2009 Genworth Financial, Inc.  
All rights reserved. Genworth, Genworth  
Financial and the Genworth logo are registered  
service marks of Genworth Financial, Inc.