

Genworth made progress in the second quarter on executing our strategy and delivering improved financial results—with good sales momentum, strong international results and improved performance in our U.S. Mortgage Insurance business and investment income. Our complete second quarter 2010 results are available in our [earnings release](#).

We help millions of people around the world secure their financial lives, families and futures by delivering on our promises.

In the second quarter, working with our partners:

- We paid nearly \$835 million in insurance benefits to help bring protection and peace of mind to our Retirement and Protection policyholders and beneficiaries.
- Through our homeownership assistance programs, we facilitated closing more than 14,000 workouts globally, helping borrowers stay in their homes or avoid foreclosure.
- We helped more than 100,000 households in Europe—through lifestyle protection insurance—maintain regular repayments on their financial commitments.

We focus on what we do best and what's most important to our customers to drive smart growth.

In the U.S. Life Insurance and Wealth Management businesses, we're maintaining leadership positions in life insurance, long term care (LTC) insurance and wealth management—with targeted positions in annuities and senior supplemental insurance. We introduced new products, enhanced service offerings, and broadened our distribution footprint. In the second quarter:

- The total Retirement and Protection segment net operating income was \$114 million. We demonstrated strong sales growth across our life and individual long term care insurance lines over the prior year quarter—and our wealth management net flows were positive for the fifth consecutive quarter.
- Sales of term life insurance and ColonySM Term UL—a more capital efficient universal life insurance product offering consumers a competitive alternative to term life insurance—grew 56% versus the prior year quarter and 17% sequentially. Initial acceptance of our new GenGuardSM UL product also helped drive total UL sales up 13% in the quarter.
- Individual LTC insurance sales were up 36% versus the prior year quarter, the fifth sequential quarter of growth.
- Sales of our linked benefit products—including the Total Living Coverage® Annuity—also increased, up 140% versus the prior year quarter.
- We added 22 new distribution relationships in the quarter and are expanding current relationships.

- We continue to differentiate Genworth in our service offerings. Distributors are adopting Life Quick Request—our cost-effective and efficient life insurance platform—to streamline and simplify the sales process and help producers further grow their business.
- In a recent Agent’s Sales Journal survey of independent agents nationwide, Genworth ranked # 1 in the 2010 Life Insurance Carrier Report Card among 30 carriers in five of eight categories—including Most Preferred to Write—and among the top three in the remaining categories.
- Through thought leadership programs—such as our 2010 Cost of Care Survey (www.genworth.com/costofcare), America Talks and Beyond Dollars: The True Cost of Long Term Care—we are delivering valuable tools to advisors, consumers and policymakers to help them understand the real costs of care and educate them about the importance of long term care planning. And we introduced a direct response TV campaign, Help Protect Your PlanSM, to promote long term care planning and drive sales.
- In our Wealth Management business, we trained more than 2,500 investment advisors to help them plan, manage and grow their businesses—and added 77 new advisors to our business this quarter, due in part to the differentiated services we provide. We also expanded our services to help advisors create sound succession plans to ensure their businesses thrive as lead advisors retire.

In the International Mortgage Insurance (MI) and Lifestyle Protection (LP) businesses, we’re focusing on risk management and loss 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 second quarter:

- Net operating income available to Genworth shareholders for our International businesses was \$105 million, driven by strong earnings growth in Canada and Australia mortgage insurance and improved results in lifestyle protection.
- In Canada, net income available to Genworth’s common stockholders was \$45 million reflecting the reduction in ownership of Genworth MI Canada (MIC) after the initial public offering in the third quarter of 2009. MIC completed a CAD\$275 million debt issuance during the quarter. In July, MIC initiated a share repurchase offer of up to CAD\$325 million, which is scheduled to expire during the third quarter. As part of the share repurchase, Genworth expects to receive approximately \$175 million in net proceeds by year end with no percentage change in its majority ownership position.
- Australian and Canadian mortgage markets continued to improve. Our Canadian MI business grew—a 61% increase (adjusted for foreign exchange) from the prior year quarter in flow new insurance written (NIW). While bulk NIW in Australia MI increased, flow NIW slowed as expected due to higher interest rates and reduced government first-time homebuyer programs.
- In our Lifestyle Protection business, earnings increased to \$12 million from \$4 million in the prior year quarter—in part from improved loss experience and product repricing efforts.
- We also successfully broadened our distribution base in LP—including 29 new deals launched in the second quarter—and are selling products in new ways. For example, in Poland, we expanded distribution of Guaranteed Asset Protection (GAP) insurance through auto manufacturers and leasing companies.
- Our “Moment of Truth” pilot initiative in LP—aimed at driving even higher levels of service—has helped to reduce our policyholder response time on new claims from five to three days.
- In Turkey, we provided sales training for more than 3,500 lenders to help our clients grow lifestyle protection insurance.

In the U.S. Mortgage Insurance (USMI) business, we continue to focus on loss mitigation efforts and loan modifications—helping borrowers stay in their homes and ensuring we pay only legitimate claims—to deliver higher returns with a lower risk profile. In the second quarter:

- USMI had a net operating loss of \$40 million—an improvement from \$134 million in the prior year quarter. At the same time, our extensive focus on loss mitigation is delivering continued benefits—\$450 million year-to-date.
- Flow NIW increased sequentially as the U.S. housing market began to recover and we continue to take steps to increase sound new business—including implementing our expanded underwriting guidelines in April and expanding our share of market with select lender segments.
- Responding to our customers’ requests, we improved our underwriting turn time by 67%—helping lenders increase loan closings before the June 30th homebuyer tax credit expiration.

- More than 10,000 mortgage professionals from over 90 customers have received training through Genworth during the first half of 2010 on a variety of topics, including the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act.

We keep our promises by maintaining a strong and flexible financial foundation.

We rigorously manage capital and risk—and are continuing to optimize our investment portfolio—to stay financially strong, fund our business lines and support future growth:

- Efforts to reduce risk and diversify our investment portfolio are achieving results—both realized losses and impairments decreased in the second quarter on a sequential and year-over-year basis. Net unrealized investment gains were \$29 million, net of taxes and other items, as of June 30, 2010, compared to \$0.9 billion of net unrealized investment losses, net of taxes and other items, as of March 31, 2010.
- We completed our cash redeployment plans—putting a total of \$3.5 billion of excess cash back to work—ahead of declines in rates and yields. As of June 30, we had \$4.6 billion in cash and cash equivalents.
- The holding company issued \$400 million of debt during the quarter and used \$200 million of the proceeds to re-pay a portion of our borrowings under the credit facilities. And, we have no long-term debt maturing until mid-2011.
- Capital levels across our businesses exceed company targeted and regulatory requirements—and all of our financial strength ratings are investment grade.
- Ongoing loss mitigation efforts are continuing to achieve results. Savings in our USMI business were a net \$217 million in the second quarter, including \$160 million in savings from various loan modification programs including the Home Affordable Modification Program. And, loss ratios in our International MI businesses also improved sequentially in both Canada and Australia.

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

We actively participate in industry, legislative and community discussions to advocate policies and actions that promote financial security and sound homeownership:

In the U.S.:

- We are working with industry partners to create programs that help bring stability to the financial system—and engaging with policymakers to help frame the implementation of Financial Services Regulatory Reform legislation. We also worked with legislators to include mortgage insurance as part of the qualified residential mortgage provision in the legislation—recognizing the important role of mortgage insurance in helping to restore the housing market.
- We continued efforts to educate opinion leaders and others about the critical role mortgage insurance plays in making homeownership more affordable, including highlighting our “Restore the Dream” website through an online campaign during June’s Homeownership Month.
- Genworth continues to lead the industry efforts to educate policymakers and other legislative leaders about the importance of long term care planning—including hosting the fifth annual Long Term Care Symposium in Washington, D.C in June.
- We are actively engaged in monitoring the design and implementation of the CLASS Act provision—part of the recently enacted healthcare reform legislation—as the program is implemented by the government. We see a continued need and role for private long term care insurance, and we are educating our constituencies on what the CLASS program does and does not do to help finance long term care.

Internationally:

- In Canada, we launched National Homeownership Week in April to help first-time homebuyers better understand the home-buying process.
- In Australia, we convened key customers, industry leaders and government officials to discuss population growth and future impacts on the mortgage industry.
- In Europe, we continue to work with governments and regulators to advocate a more stable and prudent framework for mortgage markets—helping create homeownership opportunities for first-time homebuyers.

We reach out and give back in the communities where we live and work to help make the world more secure.

- Through the second quarter, we contributed more than 13,500 volunteer hours worldwide to support over 135 organizations. In June alone, during our Global Month of Service, more than 3,000 Genworth volunteers engaged in 133 projects across Genworth's communities.
- Genworth's Putts4Charity initiative in Europe—a cooperative effort with The Tours Players Foundation—reached a milestone in the second quarter, surpassing €500,000 in contributions since the program began in 2007.
- Recognizing our exemplary employee volunteer and community efforts, Genworth received the Community Service Award from the Financial Services Roundtable in June.

Genworth Quick Facts

With a heritage dating back to 1871, today Genworth Financial, Inc. (NYSE: GNW) is a publicly-traded, Fortune 500® global financial security company with more than \$100 billion in assets. We work with an extensive network of distribution partners in more than 25 countries—and our 6,000-plus employees are committed to be there when our 15 million customers need us most. For more information, visit genworth.com.

Executive Leadership

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