

# UBS Best Of Americas Conference 2014

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September 11, 2014



# 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) and its consolidated subsidiaries’ 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 at the end of this presentation, 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 March 3, 2014, and updated on Form 10-Q on July 30, 2014. Genworth undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

## Non-GAAP And Other Items

All financial data is as of June 30, 2014 unless otherwise noted.

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

Unless otherwise noted, all references in this presentation to net income should be read as net income available to Genworth’s common stockholders.

Portions of this presentation should be used in conjunction with the accompanying audio or call transcript.

# Agenda

**Strategy & Direction**

**Historical Performance**

**Business Overview**

**Holding Company Strength**

**The Case For Genworth**

# Strategic Vision

## Two Core Businesses:

**Leading Global Mortgage Insurer**

**U.S. Life Insurer With Top Leadership Position In Long Term Care Insurance (LTC) & Competitive Positions In Life & Fixed Annuities**

### Distinct Strategic Advantages

- Have Leadership Market Positions
- Maintain Competitive Customer Service & Distribution Relationships
- Employ Experienced & Talented Workforce

### Independent Businesses

- Achieve Competitive Performance
- Support Own Infrastructure Costs
- Cover Appropriate Share Of Debt Service & Dividends
- Increase Financial Flexibility

### Operating Priorities

- Generate Cash
- Generate New Business Returns In Excess Of Related Cost Of Capital
- Improve In Force Performance

**Non-Core Businesses (International Protection & Runoff)  
Being Managed To Enhance & Generate Capital**

**Focus On Rebuilding Shareholder Value**

# Strategic Priority & Objectives

**Strategic Priority**

**Rebuild Value For Shareholders**

**Objectives**

**Improve Business Performance**

**Simplify Business Portfolio**

**Generate Capital**

**Increase Financial Strength & Flexibility**

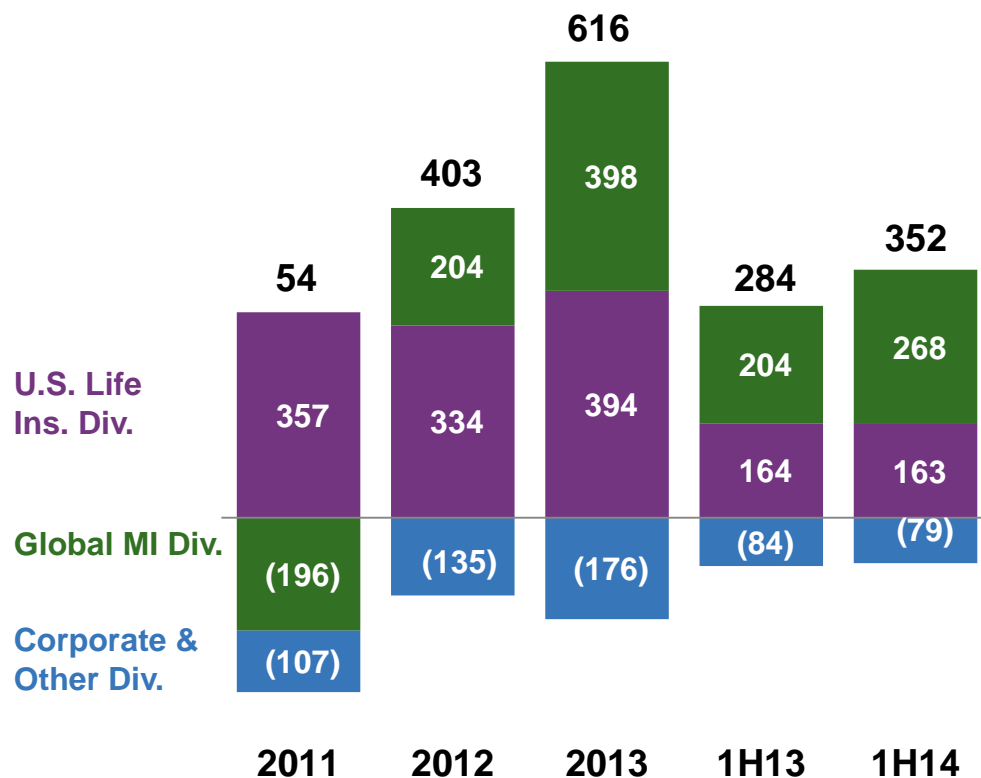
**Business Goals Align With Strategic Objectives**

# Genworth Historical Performance

## Net Operating Income<sup>1</sup>

(\$MM)

Australia MI NCI <sup>2</sup>	-	-	-	-	11
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## Highlights

### U.S. Life Insurance Division

LTC Three Part Strategy Continuing To Show Results

LTC Disabled Life Reserve Review In Process; Intend To Complete By Release Of 3Q14 Results

Life Mortality Performance Drives Results

Growing Assets Under Management In Fixed Annuities

### Global Mortgage Insurance Division

U.S. Mortgage Insurance (USMI) Impacted By Continued Improvement In Housing Market

Stable Markets & Improved Loss Performance In Australia & Canada

Partial IPO Of Australia MI Completed In May 2014

### Corporate & Other Division

International Protection Impacted By High Unemployment In Europe

Runoff Impacted By Equity Market Performance Includes Debt Service & Other Corporate Expense

<sup>1</sup>Non-GAAP Measure. See Appendix For Additional Information About Each Adjustment.

<sup>2</sup>Non-GAAP Measure. Net Operating Income Attributable To Noncontrolling Interests (NCI) In Australia MI. See Appendix.

# U.S. Life Insurance Division

## Long Term Care Insurance

Individual & Group Products Provide Protection Against The Costs Of Long Term Care Services

A Leading Provider In The Industry (Market Position (Sales))<sup>1</sup>

Individual - #1; Group - #2

Primary Distribution Channels: Brokerage General Agencies, Retail, Financial Institutions

## Life Insurance

Indexed Universal Life (IUL), Universal Life (UL), Term Life, and Combination (Life-LTC) Products Provide Protection Against Financial Hardship After The Death Of An Insured

Market Positions (Sales)<sup>2</sup>

Term (BGA) #10; UL (BGA) #17; Combination Products #4

Primary Distribution Channels: Brokerage General Agencies

## Fixed Annuities

Single Premium Deferred Annuities (SPDA), Single Premium Immediate Annuities (SPIA) & Fixed Indexed Annuities (FIA) Create Dependable Income Streams

Market Positions (Sales)<sup>3</sup>

SPDA #8; SPIA #8; FIA #16

Primary Distribution Channels: Brokerage General Agencies, Banks, Financial Institutions

<sup>1</sup>Individual (LIMRA 2013 U.S. Individual Long Term Care Report), Group (LIMRA 2013 U.S. Group Long Term Care Report); <sup>2</sup>Term & UL (LIMRA 2013 U.S. Retail Individual Life Insurance Sales Report), Combo (LIMRA 2013 Individual Life Combination Products Report, Extension Only Products); <sup>3</sup>LIMRA 2013 U.S. Individual Annuities Sales Report

# U.S. Life Insurance – 2014 Key Priorities

**1**

**Execution Of The LTC Strategy**

**2**

**Expanding The Private LTC Insurance Market**

**3**

**Developing Innovative & More Competitive UL, IUL & Combination Products & Balancing Sales Between Term & UL**



# LTC Three Part Strategy

**Obtain Significant Premium Rate Increases On Older Blocks Written Before 2002 Bringing Them Closer to Break-Even Over Time**

**Increases Approved By 43 States As Of 2Q14  
Expect Incremental Annual Net Premiums Of \$250MM To \$300MM When Fully Implemented By 2017**

**Request Smaller Rate Increases On Newer Blocks To Bring Them Back To Original Pricing Expectations**

**Increases Approved By 18 States As Of 2Q14**

**Introduce New Products That Are More Tightly Underwritten, Using More Conservative Assumptions**

**Launched Privileged Choice Flex 3 In July 2014**

# Global Mortgage Insurance (GMI) Division

## U.S. MI

A Leading Private Mortgage Insurer Offering Flow & Bulk Insurance  
Coverage In First Loss Position On Flow Insurance  
GSE Charter Requires Protection Against Default For 80% & Above Loan-To-Value (HLTV)  
HLTV Loans Purchased By GSEs Generally Insured With Private Mortgage Ins.  
Primary Distribution Channels: Large, Regional, Community & Mortgage Banks, Credit Unions

## Australia

A Leading Private Mortgage Insurer  
No Explicit Requirement For Lenders Mortgage Insurance... But Prevalent Use In The Market  
Primary Distribution Channels: Large And Regional Banks, Building Societies, Credit Unions

## Canada

A Leading Private Mortgage Insurer  
Required For HLTV Loans... Canadian Government Decides What Types Of Mortgage Products Are Eligible For Coverage Under The Guarantee  
90% Government Guarantee  
Primary Distribution Channels: Large, Regional & Mortgage Banks, Credit Unions

# GMI Division – 2014 Key Priorities

**1**

**Continued Execution Of The U.S. MI Business Return To Profitability**

**2**

**Execution Of The IPO Of Up To 40% Of Australia MI**

# Holding Company Strength

## Stable Ratings

Investment Grade: BBB- By S&P; Baa3 By Moody's

## Strong Liquidity

Cash & Liquid Asset Target Of 1.5X Interest Coverage Plus Risk Buffer Of \$350MM; ~\$1.2B Cash & Liquid Assets As Of 2Q14

## Improved Financial Leverage

Ratio of 23.9%<sup>1</sup> As Of 2Q14; Targeting 20-22% By 2016  
 No Debt Maturities Until December 2016

<sup>1</sup>Based On Moody's Investors Service, Inc. Calculation Methodology & Also Excludes Unrealized Gains/Losses & Includes Unrealized Gains On Derivatives Qualifying As Hedges & Foreign Currency Translation

# The Case For Genworth

**Balanced Portfolio Of Businesses**

**Strong Capital & Liquidity Positions**

**Committed Strategy That Is Starting To Show Results**

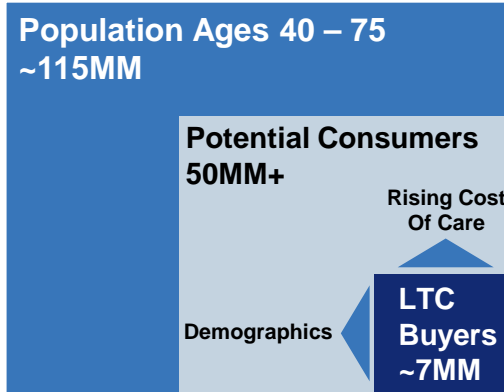
**Leading Positions In Long Term Care & Mortgage Insurance With  
Upside Potential**

# Appendix

# Long Term Care Business Overview

## LTC Market Opportunity

### Increasing Need For LTC Financing Solutions



### Consumer Need – Clear And Growing

- 1 In 6 People In The US Will Be 65+ By 2020<sup>1</sup>
- ~70% Of People 65+ Will Need Long Term Care

### Cost Of Care – Significant And Increasing

- National Median Nursing Home Costs Up From \$66,000 (2007) To \$88,000 (2013)<sup>2</sup>

### Public Finances Strained – Medicaid, Medicare

~18 Carriers Of LTC Insurance... Provides Continued Opportunity To Lead Market (Product, Pricing, Underwriting Advancements)

Sources: U.S. Census, LIMRA, Genworth Consumer Segmentation

<sup>1</sup>2010 US Census; Commonwealth Fund <sup>2</sup>Genworth 2014 Cost Of Care Study – Cost For Private Room (Rounded)

## Commercial Strategy

### Primary Consumer Targets

- Married, Preferred Health, Age 50 – 65  
(Premium Discounts Offered To Enhance Risk Pool)

### Evolving Product Structures To Lower Risk Profile While Providing Strong Consumer Value

### Broadening Product Portfolio To Offer A Fuller Spectrum Of LTC Funding Solutions

### Continue To Leverage Diverse Distribution

## Differentiated Capabilities

### Extensive Industry Experience / Risk Insights

- Have Been Issuing LTC Policies Since 1974;
- Largest Claims History... \$10B Paid / ~200K Claims

### Disciplined Underwriting Approach

- Cognitive Screens, Medical Records, Rx Drug Reports

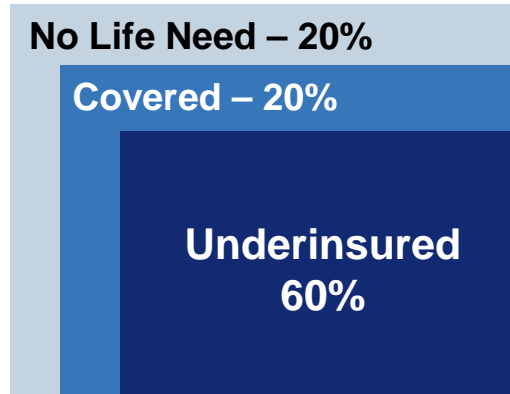
### Industry Leading Service / Claims Management

- Expert Policyholder & Claims Handling Teams;
- Strong Distribution Relationships & Services

# Life Insurance Business Overview

## Market Opportunity

Large Consumer Need... “Coverage Gap”



**40% Recognize Need For More Coverage**

**Middle Market Households In The United States Show Greatest Need For Life Insurance Coverage**

Estimated Coverage Need Of \$4.2 Trillion

Source: LIMRA 2012 Closing The Life Insurance Gap;

Federal Reserve Board 2010 SCF Data

Source: LIMRA 2013 U.S. Individual Life Insurance Sales Survey

## Commercial Strategy

**Target Middle Income To Mass Affluent Consumers In The United States**

Focus On Preferred Health - Aligned With Genworth Risk Appetite

**Shifting Sales Mix From Term To Permanent Products**

Strategic Focus On High Growth IUL + Combo Products...  
More Capital Efficient & Better Risk/Return Profile

**Leverage Independent Distribution**

Remains Highest Sellers Of UL & Combo Products

## Differentiated Capabilities

**Strong Mortality Experience And Disciplined Underwriting Model**

Has Led To Favorable Mortality Experience

**Industry Leading, Low Cost Service Model**

Easy To Transact Business For Complex Products

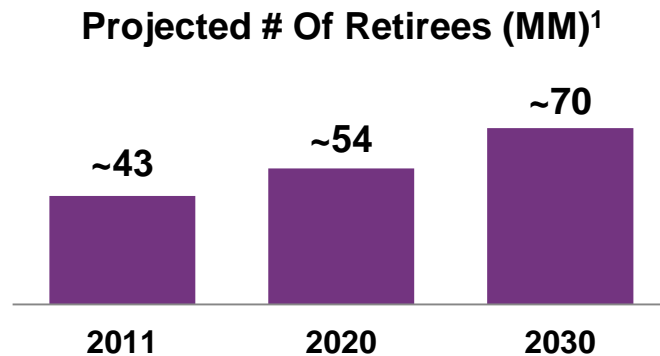
**Strong Distribution Relationships And Services**



# Fixed Annuities Business Overview

## Market Opportunity

Increasing Retirement Income Need...



### Retirement Income Market Poised To Grow

\$12 Trillion Available For Retirement  
Investment In 2010... ~\$22 Trillion By 2020<sup>2</sup>

### Large Market For Guaranteed Income

\$650B Of Assets Projected To Be Converted  
Into Annuities By Current Pre-Retiree + Retiree  
Population<sup>3</sup>

<sup>1</sup>LIMRA Analysis Of U.S. Census Current Population Survey, March 2011 & National Population Projections, 2009 + SSA Table Population Data (2006). <sup>2</sup> LIMRA, Based On 2001, 2007 & 2010 Survey Of Consumer Finances. <sup>3</sup> LIMRA 2012 Retirement Study

## Commercial Strategy

**Maintain Broad, Diversified Product Portfolio To Help Compete In Different Market Conditions**

### Disciplined Pricing Approach

Bi-Weekly Re-Pricing To Balance Sales And Target Return Objectives

### Focus On BGA & (Regional) Bank Distribution

Better Shelf-Space Presence / Lower Turnover Versus Wires And Large Banks

## Differentiated Capabilities

### Active Profitability / Risk Management

Flexible Product Designs... Allows For Rapid Changes In Rates, Floors, Benefits

Dynamic Asset Liability Management Strategy

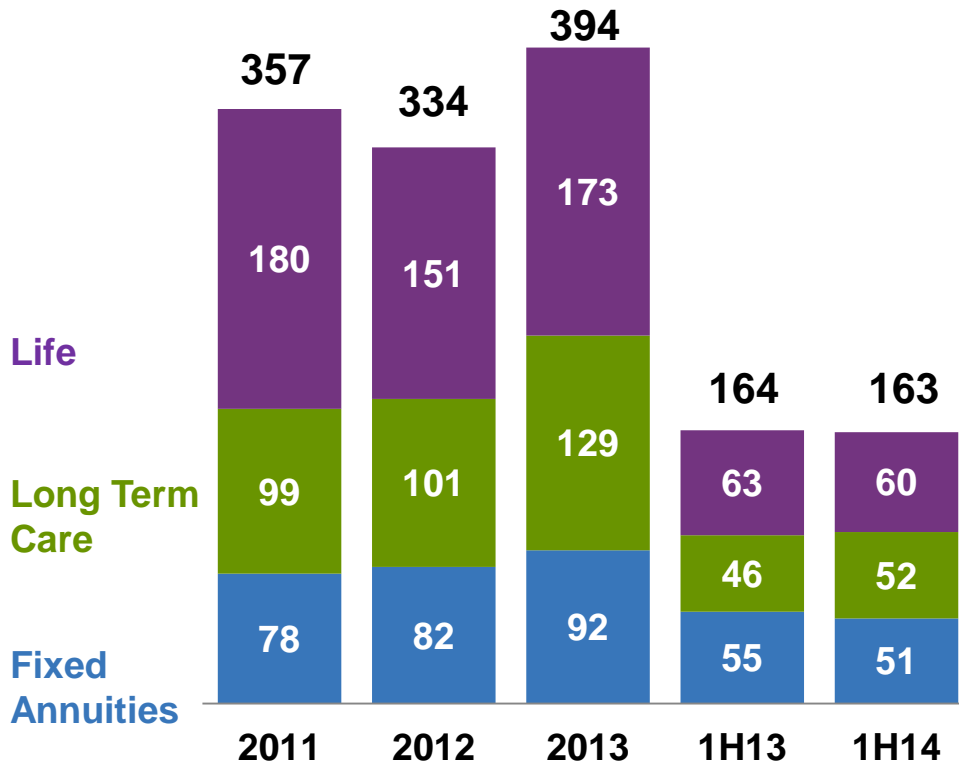
### Multiple Distribution Channel Presence

Leverage Leading LTC + Life Product Distribution Relationships

# U.S. Life Insurance Historical Performance

## Net Operating Income

(\$MM)



Risk-Based Capital Ratio	2011	2012	2013	1H13	1H14
	405%	431%	487%	444%	~490%

## Highlights

### Life Insurance

Mortality Performance Drives Results  
 Unfavorable Unlocking In 2012; Favorable Unlocking In 2013

### LTC

Three Part Strategy Continuing To Show Results  
 Disabled Life Reserve Review In Process; Intend To Complete By Release Of 3Q14 Results

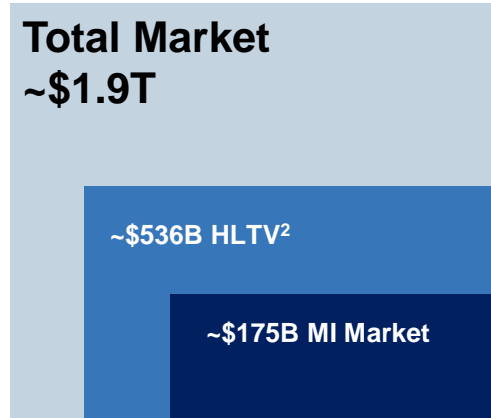
### Fixed Annuities

Results Impacted By Mortality & Investment Performance  
 Growing Assets Under Management

# U.S. MI Business Overview

## Market Size – Originations<sup>1</sup>

### 2013 U.S. Originations



## Commercial Strategy

**Deliver Reliable Products And A Differentiated Customer Experience Through Underwriting, Technology And Great Customer Service**

**Segmented Approach Based On Different Customer Needs**

**Competitive Price And Guidelines**

**Counterparty Strength – Consolidated Risk-To-Capital Ratio Of 14.6:1 As Of 2Q14**

## Differentiated Capabilities

### Underwriting

Improved Efficiency With A Focus On Quick, Reliable Turn Times

### Technology

Integrating With Customer Origination Systems & Leading Product & Pricing Engines

### Customer Service

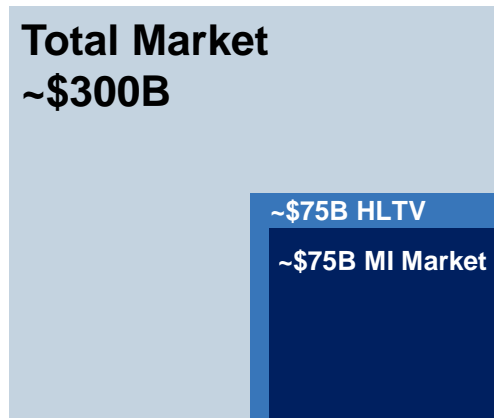
Experienced, Knowledgeable Sales Force With Deep Customer Understanding

<sup>1</sup>Inside Mortgage Finance <sup>2</sup>Includes Primary Traditional Private MI, FHA & VA HLTV Originations

# Australia Business Overview

## Market Size – Originations<sup>1</sup>

### 2013 Australia Originations



## Commercial Strategy

### Strengthen Market Leadership Position Through:

- Enhancing The Value Proposition By Understanding The Product And Delivery Requirements Of Customers
- Maintain A Consistently High Level Of Service Through Technology And Process Efficiency
- Proactively Engaging With Industry And Regulators To Highlight Value Of Lenders Mortgage Insurance (LMI) To The Financial System

## Differentiated Capabilities

- Deep Integration With Lenders Processes... Electronically Linked Systems
- Exceptional Customer Service With On-Site & Dedicated Relationship Resources
- Risk & Product Management With Over 40 Years Of LMI Experience & Extensive Data & Risk Tools
- Extensive Portfolio Analysis & Peer Benchmarking

<sup>1</sup>Australia Bureau Of Statistics & Management Estimates

# Canada Business Overview

## Market Size – Originations<sup>1</sup>

### 2013 Canada Originations

**Total Market**  
**~\$270B**

~\$75B HLTV

~\$70B MI Market

## Commercial Strategy

### Grow Leading Position Through:

- Lender Tailored Solutions With Dedicated Relationship Leaders And Underwriting Teams
- High Level Of Service Through Technology And Process Efficiency

## Differentiated Capabilities

- Deep Integration With Lenders Processes... Electronically Linked Systems
- Proprietary Scoring Model / Database With Over 25 Years Of Data
- Disciplined Underwriting Supported By Automated Systems
- Extensive Portfolio Analysis And Peer Benchmarking

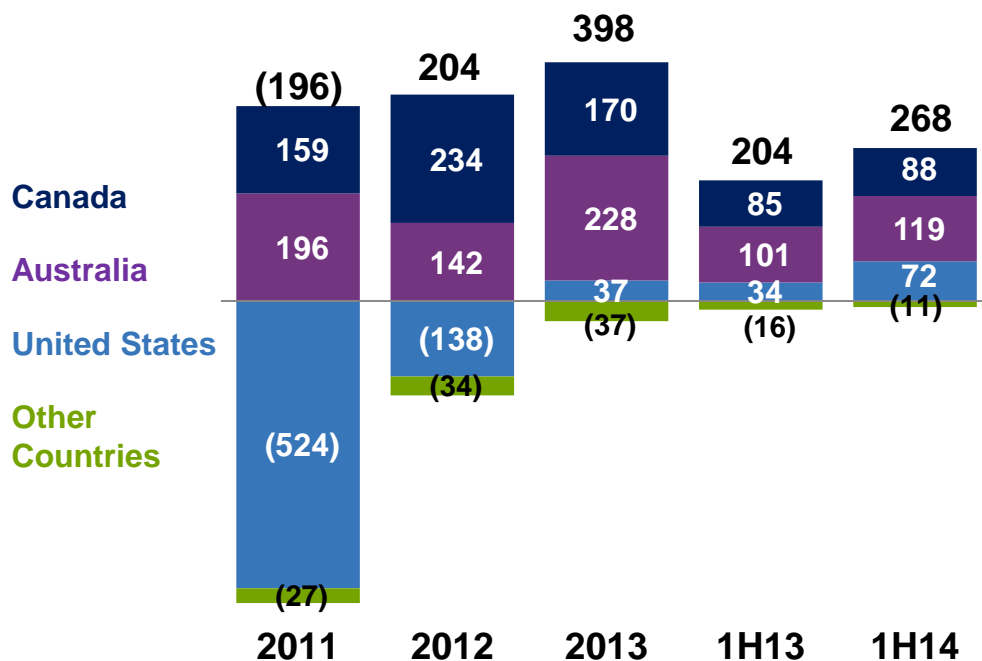
<sup>1</sup>Management Estimates

# GMI Historical Performance

## Net Operating Income

(\$MM)

Australia MI NCI	-	-	-	-	11
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Canada MCT <sup>1</sup> Ratio	162%	170%	223%	216%	230%
Australia PCA <sup>2</sup> Ratio	157%	149%	148%	134%	154%
U.S. MI RTC <sup>3</sup> Ratio	28.8:1	30.4:1	19.5:1	22.4:1	14.6:1

## Highlights

### Canada

- Stable Economic Environment & Improved Loss Performance
- Strong Credit Quality Of Recent Books
- 2012 Reflected \$78MM Benefit From New Government Guarantee Framework

### Australia

- Stable Economic Environment & Improved Loss Performance
- Partial IPO Of Australia MI Completed In May 2014

### United States

- Impacted By Continued Improvement In Housing Market
- Strong Loss Mitigation Performance
- 2009+ Books ~50% Of Risk In Force As Of 2Q14
- Draft GSE Eligibility Standards (PMIERS) Released In July 2014

<sup>1</sup>Minimum Capital Test; <sup>2</sup>Prescribed Capital Amount; <sup>3</sup>Consolidated Risk-To-Capital

# Investment Portfolio Overview

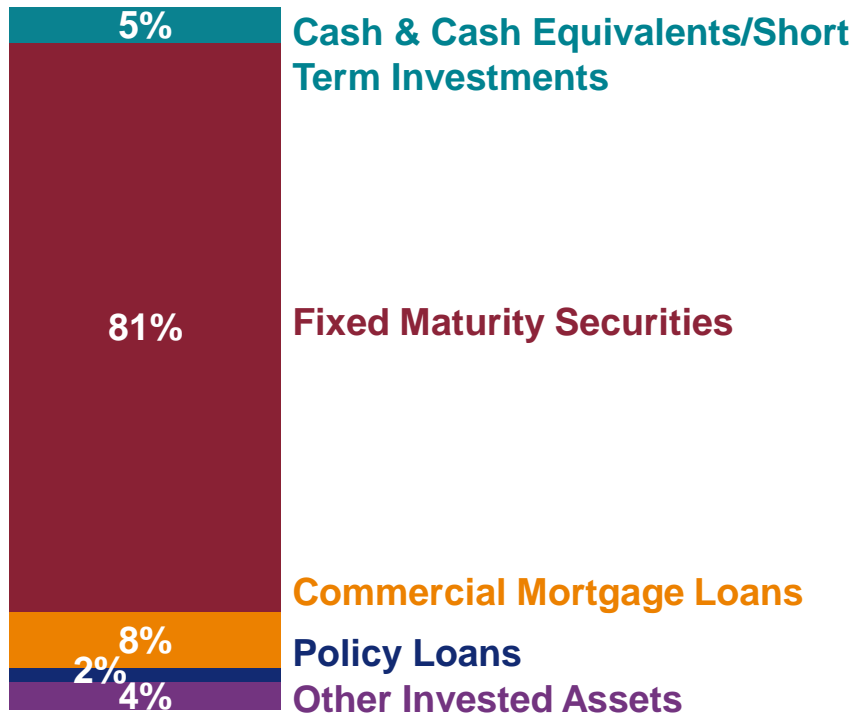
## Investment Portfolio (As Of 6/30/14)

Actively Reinvesting Cash

High Quality Portfolio

Strong Commercial Mortgage Loans

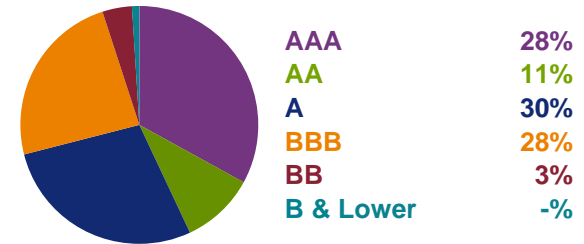
\$76.9B



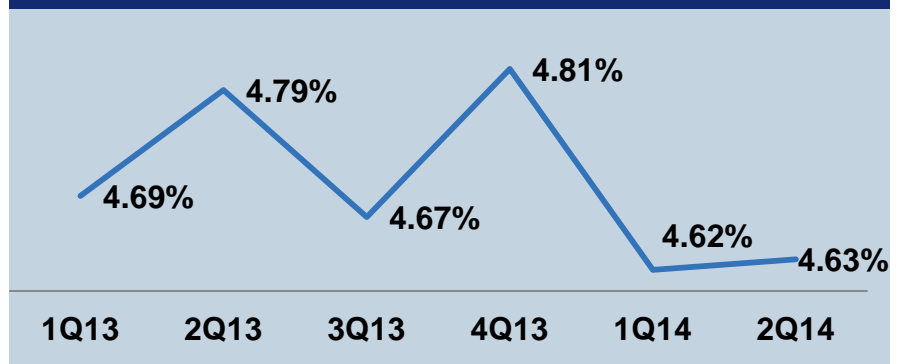
## Fixed Maturities & Cash

Overall Credit Quality Remains Strong With 96% Of Fixed Maturities Rated Investment Grade

Investing Cash As Market Opportunities Develop, While Maintaining Appropriate Liquidity



## Reported Yield



# Use Of Non-GAAP Measures

This presentation includes the non-GAAP financial measure entitled "net operating income (loss)" and "net operating income attributable to noncontrolling interests in Australia MI." 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 the after-tax effects of income attributable to noncontrolling interests, net investment gains (losses), goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions and infrequent or unusual non-operating items. Gains (losses) on insurance block transactions are defined as gains (losses) on the early extinguishment of non-recourse funding obligations, early termination fees for other financing restructuring and/or resulting gains (losses) on reinsurance restructuring for certain blocks of business. The company 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 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. Goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt and gains (losses) on insurance block transactions are also excluded from net operating income (loss) because in the company's opinion, they are not indicative of overall operating trends. Other 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.

The following transactions were excluded from net operating income (loss) for the periods presented as they related to the loss on the early extinguishment of debt. In the second quarter of 2014, the company paid an early redemption payment of approximately \$2 million, net of taxes and portion attributable to noncontrolling interests, related to the early redemption of Genworth MI Canada Inc.'s notes that were scheduled to mature in 2015. In the third quarter of 2013, the company paid a make-whole expense of approximately \$20 million, net of taxes, related to the early redemption of Genworth Holdings' notes that were scheduled to mature in 2015. In the fourth quarter of 2012, we repurchased principal of approximately \$100 million of Genworth Holdings' notes that mature in June 2014 for an after-tax loss of \$4 million. In the fourth quarter of 2012, we also repurchased \$20 million of non-recourse funding obligations resulting in an after-tax gain of approximately \$3 million. During 2011, we acquired \$175 million aggregate principal amount of our non-recourse funding obligations, plus accrued interest, for an after-tax gain of \$31 million.

In the third quarter of 2012, we completed a life block transaction resulting in an after-tax loss of \$6 million. In January 2012, we also completed a life block transaction resulting in an after-tax loss of approximately \$41 million.

We recorded after-tax goodwill impairments of \$86 million related to our lifestyle protection insurance business in the third quarter of 2012 and \$19 million related to our reverse mortgage business recorded in the fourth quarter of 2011. There was a \$36 million gain related to the sale of our Medicare supplement insurance business recorded in the fourth quarter of 2011.

There were no infrequent or unusual items excluded from net operating income (loss) during the periods presented other than a \$13 million, net of taxes, expense recorded in the second quarter of 2013 related to restructuring costs.

While some of these items may be significant components of net income (loss) available to Genworth'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), including net operating income (loss) per common share on a basic and diluted basis, are appropriate measures that are useful to investors because they identify the income (loss) attributable to the ongoing operations of the business. Management also uses net operating income (loss) as a basis for determining awards and compensation for senior management and to evaluate performance on a basis comparable to that used by analysts. However, the items excluded from net operating income (loss) have occurred in the past and could, and in some cases will, recur in the future. Net operating income (loss) and net operating income (loss) per common share on a basic and diluted basis are not substitutes for net income (loss) available to Genworth's common stockholders or net income (loss) available to Genworth's common stockholders per common share on a basic and diluted basis 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. A reconciliation of net operating income (loss) of the company's segments and Corporate and Other activities to net income available to Genworth's common stockholders is included in this appendix.

Adjustments to reconcile net income attributable to Genworth's common stockholders and net operating income assume a 35% tax rate and are net of the portion attributable to noncontrolling interests. Net investment gains (losses) are also adjusted for deferred acquisition costs and other intangible amortization and certain benefit reserves.

<sup>1</sup> U.S. Generally Accepted Accounting Principles



# Reconciliation Of Net Operating Income To Net Income

(Amounts in millions)	Years ended December 31,			Six months ended	
	2013	2012	2011	June 30, 2014	2013
<b>U.S. Life Insurance Division</b>					
U.S. Life Insurance segment:					
Life Insurance	\$ 173	\$ 151	\$ 180	\$ 60	\$ 63
Long-Term Care Insurance	129	101	99	52	46
Fixed Annuities	92	82	78	51	55
Total U.S. Life Insurance segment	394	334	357	163	164
<b>Total U.S. Life Insurance Division</b>	394	334	357	163	164
<b>Global Mortgage Insurance Division</b>					
International Mortgage Insurance segment:					
Canada	170	234	159	88	85
Australia <sup>(1)</sup>	228	142	196	119	101
Other Countries	(37)	(34)	(27)	(11)	(16)
Total International Mortgage Insurance segment	361	342	328	196	170
U.S. Mortgage Insurance segment	37	(138)	(524)	72	34
<b>Total Global Mortgage Insurance Division</b>	398	204	(196)	268	204
<b>Corporate and Other Division</b>					
International Protection segment	24	24	91	9	7
Runoff segment	66	46	27	27	22
Corporate and Other	(266)	(205)	(225)	(115)	(113)
<b>Total Corporate and Other Division</b>	(176)	(135)	(107)	(79)	(84)
<b>NET OPERATING INCOME</b>	616	403	54	352	284
<b>ADJUSTMENTS TO NET OPERATING INCOME:</b>					
Net investment gains (losses), net	(11)	(1)	(100)	10	(13)
Expenses related to restructuring, net	(13)	-	-	-	(13)
Gains (losses) on early extinguishment of debt, net	(20)	(1)	31	(2)	-
Goodwill impairment, net	-	(86)	(19)	-	-
Gains (losses) from life block transactions, net	-	(47)	-	-	-
Gain on sale of business, net	-	-	36	-	-
Income (loss) from discontinued operations, net of taxes	(12)	57	36	-	(14)
<b>NET INCOME AVAILABLE TO GENWORTH FINANCIAL, INC.'S COMMON STOCKHOLDERS</b>	560	325	38	360	244
Add: net income attributable to noncontrolling interests	154	200	139	87	77
<b>NET INCOME</b>	\$ 714	\$ 525	\$ 177	\$ 447	\$ 321

<sup>(1)</sup>Adjusted for 33.8% owned by noncontrolling interests after the initial public offering of the Australian mortgage insurance business on May 21, 2014. The following table shows Australia's net operating income assuming 100% ownership and then adjusts for the portion related to noncontrolling interests.

	Years ended December 31,			Six months ended June 30,	
	2013	2012	2011	2014	2013
Australia's Net Operating Income	\$ 228	\$ 142	\$ 196	\$ 130	\$ 101
Less: Net Operating Income Attributable to Noncontrolling Interests	-	-	-	11	-
Australia's Net Operating Income Available to Genworth Financial, Inc.'s Common Stockholders	\$ 228	\$ 142	\$ 196	\$ 119	\$ 101

# Definition Of Selected Operating Performance Measures

The company reports selected operating performance measures including "sales" and "risk in force" which are commonly used in the insurance industry 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 and long term care insurance products; (2) annualized first-year deposits plus five percent of excess deposits for universal and term universal life insurance products; (3) 10 percent of premium deposits for linked-benefits products; (4) new and additional premiums/deposits for fixed annuities; 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/deposits, premium equivalents, new premiums/deposits 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 risk in force. 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 percent of the mortgage loan value. The company considers risk in force to be a measure of the company's operating performance because it represents 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 information 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. Estimated savings related to claims mitigation activities represent amounts deducted or "curtailed" from claims due to acts or omissions by the insured or the servicer with respect to the servicing of an insured loan that is not in compliance with obligations under the company's master policy. For non-cure related actions, including presales, the estimated savings represent the difference between the full claim obligation and the actual amount paid. Loans subject to the company's loss mitigation actions, the results of which have been included in the company's reported estimated loss mitigation savings, are subject to re-default and may result in a potential claim in future periods, as well as potential future loss mitigation savings depending on the resolution of the re-defaulted loan. 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 performance 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.

# 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, but not limited to, 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; the valuation of fixed maturity, equity and trading securities; defaults 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; availability, affordability and adequacy of reinsurance; defaults by counterparties to reinsurance arrangements or derivative instruments; an adverse change in risk-based capital and other regulatory requirements; insufficiency of reserves and required increases to reserve liabilities; legal and regulatory constraints on dividend distributions by the company's subsidiaries; competition, including from government-owned and government-sponsored enterprises (GSEs) offering mortgage insurance; 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 and confidential information contained therein; the occurrence of natural or man-made disasters or a pandemic; the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act; ineffective or inadequate risk management program; changes in accounting and reporting standards; goodwill impairments; impairments of or valuation allowances against the company's deferred tax assets; significant deviations from the company's assumptions in its insurance policies and annuity contracts; accelerated amortization of deferred acquisition costs and present value of future profits; ability to increase premiums on in force and future long term care insurance products, including any current rate actions and any future rate actions; the failure of demand for life insurance, long term care insurance and fixed annuity products to increase; medical advances, such as genetic research and diagnostic imaging, and related legislation; ability to continue to implement actions to mitigate the impact of statutory reserve requirements; political and economic instability or changes in government policies; fluctuations in foreign currency exchange rates and international securities markets; the significant portion of the company's international mortgage insurance risk in force with high loan-to-value ratios; increases in U.S. mortgage insurance default rates; failure to meet, or have waived to the extent needed, the company's U.S. mortgage insurance subsidiaries' minimum statutory capital requirements and hazardous financial condition standards; the influence of Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac) and a small number of large mortgage lenders and investors and changes to the role or structure of Fannie Mae and Freddie Mac; failure to meet the revised GSE eligibility standards or the capital required to meet the revised standards may be higher than anticipated; ability to realize the benefits of the company's rescissions and curtailments; the extent to which loan modifications and other similar programs may provide benefits to the company; deterioration in economic conditions or a decline in home prices in the United States; problems associated with foreclosure process defects in the United States that may defer claim payments; 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 the company's U.S. mortgage lending customers; and potential liabilities in connection with the company's U.S. contract underwriting services;

*Other risks*, including the risk that the anticipated benefits of the announced expense reduction are not realized and the company may lose key personnel related to actions like this as well as general uncertainty in the timing of the company's turnaround; 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.