



February 19, 2009

A message to our customers, distribution partners and investors:

Genworth has taken decisive action to manage through today's challenging market conditions and strengthen our capital, liquidity and financial flexibility. I would like to highlight the progress we have made during the past year positioning Genworth to weather the economic downturn.

First, Genworth is a vital business with a focus on future growth. Consumers' needs for financial security are more important than ever and our products and services are designed to help them meet those needs.

A REFINED BUSINESS STRATEGY

We have carefully refined our business strategies to reflect current market conditions and to focus on those market segments and product lines that best fit with our strengths and profitability targets and that offer the best growth opportunities. In our **U.S. Life Insurance and Wealth Management** businesses, we are leveraging our leading positions in long term care insurance, life insurance and wealth management for independent advisors—and we complement these products and services with select retirement income offerings. Within our **U.S. Mortgage Insurance** business, we have strengthened our business model through changes in product, underwriting guidelines and pricing that provide a lower risk profile with projected higher returns, and our intensive focus on loss mitigation is delivering improvements each quarter. Our **International** businesses are focused on products and markets where we are most competitive, and we have scaled back expansion to reflect the global economic slowdown.

Secondly, in the face of difficult headwinds, Genworth has achieved significant improvements in our capital levels and ratios, liquidity positions and financial flexibility.

STATUTORY CAPITAL

Over the past three months, we have taken multiple steps to enhance our capital position, including the completion of reinsurance and other capital projects.

In our U.S. Life Insurance companies during the fourth quarter, we increased our statutory capital by more than 10 percent—to \$3.7 billion at the end of 4Q 2008, up from \$3.3 billion at the end of 3Q 2008. This \$3.7 billion is capital we hold above what is required to reserve for our liabilities. We also boosted our U.S. Life Insurance companies' consolidated Risk Based Capital (RBC) ratio to approximately 450 percent as of December 31, 2008, up from 385 percent at the end of 2007. In "normal times", we target our RBC ratio at the 350 percent level, meaning we run our company with capital appropriate to an "AA" rating level. Our current RBC level effectively positions our U.S. Life Insurance companies to deal with what will likely be challenging times continuing through 2009.

We are running our U.S. Mortgage Insurance business to be self-contained from a capital standpoint. Our risk-to-capital ratio is 14.5:1, well below the regulatory capital requirement of 25:1. Our U.S. Mortgage Insurance has more than \$950 million of capital in excess statutory requirements, and at the end of 4Q 2008, our claims-paying resources (including capital reserves, captive trusts and loss reserves) were at \$3.3 billion.

We had the strongest business performance in our International segment, with \$124 million of net operating earnings in 4Q 2008, and we remain well within risk-to-capital targets and have capital in excess of our requirements.

LIQUIDITY AND FINANCIAL FLEXIBILITY

We continue to maintain appropriate liquidity at both the holding and operating company levels and have cash reserves to help us manage the pressures of the current environment as well as prepare for possible future stress scenarios.

At year-end 2008, Genworth had a total of \$7.3 billion of cash and cash equivalents including \$860 million at the holding company level, approximately \$4.3 billion in our U.S. life insurance companies (up from \$1.4 billion at the beginning of 2008), and the remainder in other operating companies. In addition, to cover any unforeseen contingencies, we have access to \$746 million in our credit lines, which extend to 2012. After the repurchase of \$400 million of debt, we expect to retire the remaining debt maturing in 2009 out of current available funds, and we have no additional debt maturing until 2011. We also have taken actions that will reduce net annualized expenses by \$100 million to \$150 million on a run rate basis by the end of 3Q 2009.

INVESTMENT PORTFOLIO

As of December 31, 2008, Genworth's total investment portfolio was approximately \$68 billion, including cash and cash equivalents. We take a long-term investment approach and manage assets relative to liabilities to provide sufficient funding to meet all policyholder obligations. We have been diligent in writing off impaired assets in our investment portfolio while we've increased our cash position to allow for additional liquidity. While this increased level of cash lowers our overall portfolio yields, it also provides valuable additional liquidity during this challenging global market environment. We are reducing exposures to sectors where we see heightened risk and potential volatility, and we recognize the challenging economic climate will continue to impact many sectors in our portfolio. As a result, we anticipate additional investment losses in 2009 will cause our capital ratios to trend lower toward our "normal" target levels through the year. We believe that loss mitigation actions, loan modifications and bankruptcy reforms among other solutions will mitigate some of these risks.

PERSPECTIVE ON RECENT RATING ACTIONS

As you know, rating organizations regularly review Genworth and other insurers and provide their opinions regarding financial strength, operating performance and the ability to meet policyholder obligations. During the past week, several rating agencies have lowered their financial strength ratings on certain Genworth's Mortgage Insurance and U.S. Life Insurance companies. Our U.S. Life Insurance companies' ratings remain solid, in the "A" to "AA" rating categories, and are characterized as "Good" to "Excellent" in their rating descriptions. As we look at ratings for our mortgage insurance business, I think it's important to note that Genworth remains, today, one of the highest rated U.S. mortgage insurers. All of Genworth's financial strength and credit ratings remain investment grade.

These recent actions are consistent with the rating agencies' overall views in regard to ongoing market pressures on the industry. We believe that our capital and liquidity metrics, as discussed above, offer an important perspective on Genworth's financial position. We will continue to educate key constituencies—including investors and rating agencies—on our standing on all of these fronts.

When you add it all up, Genworth is taking prudent actions to manage risk, strengthen liquidity and capital levels and position our companies with financial flexibility to manage in a difficult environment. Most importantly, we will continue demonstrating our unwavering commitment—to our distribution partners, policyholders and shareholders—in meeting the investment, retirement and protection needs of our customers.

Sincerely,



Pat Kelleher
Chief Financial Officer, Genworth Financial