Genworth
Financial

May 7, 2009

A message to our customers, distributors and other partners:

I'd like to update you on Genworth's position and share some thoughts about our direction moving forward.

During the first quarter, our results reflect continued investment value challenges and pressures in the U.S. housing market. At the same time, I'm encouraged by the substantial progress we're making in four primary areas:

- The fundamental performance of our businesses as we execute our refined specialist strategy;
- The steps we've taken to enhance our capital and liquidity;
- Our execution on risk management and mitigation fronts; and
- Our steadfast commitment to meet our customers' needs.

Let's start with our fundamental performance. We've focused our businesses on the areas we believe are the most attractive from a market standpoint in today's environment; meet the needs of our customers; and best fit with our strengths. And in each area of focus, we've put in place strategies to manage our capital and risk.

In Retirement and Protection, we refined our specialist strategy around Main Street life insurance, long term care insurance, wealth management products and support services through independent advisors, and selective retirement income offerings that fit our risk appetite and return requirements. Our sales levels this quarter were very consistent with this refined specialist strategy, capital management plans, current ratings, and the impact of the market environment. While our underlying operating performance was in line with our expectations, it was overshadowed by the impact of lower investment valuations on certain classes of assets and first quarter equity market performance.

In International, we've aligned our businesses around geographies with attractive market and regulatory conditions for profitable growth, while managing our product and underwriting risk. We're concentrating our efforts around Lifestyle Protection in Europe and select new markets, and focusing on Canada and Australia in Mortgage Insurance. We're rigorously managing risk as economies around the world continue to slow down. At the same time, we're targeting new business efforts selectively—and for good profitability. We saw sound performance overall in the segment, particularly in Canada and Australia, despite the slowing economies.

In U.S. Mortgage Insurance, we're seeing the results of our work to reposition the business to a lower risk profile with much higher returns—driven by product, guideline, underwriting, and pricing changes. Our extensive focus on loss mitigation is really demonstrating clear benefits quarter after quarter. We're also delivering on our plans to be self-contained from a capital perspective while writing a targeted level of very attractive new business with a good opportunity to increase that level of new business later this year.

In our Investment portfolio, we're actively working to mitigate risks and get better risk-adjusted returns over time. We're beginning to see the benefits of the risk management actions we've taken to defensively position our portfolio. For example, we've reduced our holdings in riskier asset classes and have seen declining impairments for Alt-A and subprime residential mortgage-backed securities as a result. In addition, our commercial real estate loan and commercial mortgage-backed securities portfolios are performing very well.

Turning now to our capital, I'm pleased with the progress we've made delivering on our capital strategies. Across all our businesses, our capital levels exceed targeted ratings or regulatory requirements and are positioned to withstand declines in the markets. We're managing new business levels effectively to manage our capital; and our expense reduction activities are right on target.

We maintain substantial liquidity, holding a total of $7.1 billion of cash and cash equivalents at the end of the first quarter. Our holding company resources remain well in excess of our current operating needs—including the remaining $660 million in 2009 debt we plan to retire that matures in May and June. As a reminder, we have no additional debt maturing until 2011.

On top of this foundation, we've been pursuing additional strategies to gain another level of capital flexibility to handle various market conditions as we look forward. These strategies include selected asset sales and various government programs.

In this regard, on May 7 we announced our intent to sell a minority stake in our Canadian Mortgage Insurance Operations in an initial public offering in Canada, subject to customary regulatory reviews and market conditions. For more information on this announcement, please refer to our press release on the Investor section of genworth.com.

This was a difficult quarter from an overall earnings perspective, but we've made clear progress delivering on our refined specialist strategies. And, we're taking the necessary steps to continue to strengthen our financial foundation and prepare for unforeseen circumstances, given today's realities.

We're also delivering on our commitment to our customers. For instance, in the first quarter, we fulfilled our obligations to our Retirement and Protection policyholders by paying nearly $800 million in insurance benefits—bringing peace of mind to our customers. Through our Homeowners Assistance program, we helped more than 6,200 people stay in their homes or avoid foreclosure. And, we helped more than 36,000 households achieve financial security through the protection offered by our lifestyle protection insurance products.

For more than 137 years, we've been providing solutions to help more than 15 million people worldwide achieve financial security. Our employees are passionate about our purpose, because we know it's never been more important than in today's environment.

Thanks for your continued support of Genworth.

Michael D. Fraizer
Chairman and Chief Executive Officer