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As filed with the Securities and Exchange Commission on April 30, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Genworth Financial, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**6311**	**33-1073076**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

6620 West Broad Street
Richmond, Virginia 23230
(804) 281-6000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Leon E. Roday, Esq.
Senior Vice President, General Counsel and Secretary
Genworth Financial, Inc.
6620 West Broad Street
Richmond, Virginia 23230
(804) 281-6000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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New York, New York 10153	**New York, New York 10019**	**New York, New York 10017**
(212) 310-8000	**(212) 424-8000**	**(212) 450-4000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. / /

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed maximum aggregate offering amount(1)(2)**	**Amount of registration fee**
Equity Units	$600,000,000	$76,020
Senior notes due 2009 (3)		
Class A Common Stock, par value $0.001 per share (4)	$600,000,000	$76,020

Purchase contracts (5)		
Total	$1,200,000,000	$152,040

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) promulgated under the Securities Act of 1933.

(2) Exclusive of accrued interest, if any.

(3) The senior notes are offered as a component of the Equity Units for no additional consideration.

(4) Shares of Class A Common Stock to be issued to the holders of Equity Units upon settlement of the purchase contracts. The actual number of shares of Class A Common Stock to be issued will not be determined until the date of settlement of the related Equity Units.

(5) The purchase contracts are offered as a component of the Equity Units for no additional consideration.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued April 30, 2004

24,000,000 Equity Units

(Initially Consisting of 24,000,000 Corporate Units)

Genworth Financial

Built on GE Heritage

% Equity Units

GE Financial Assurance Holdings, Inc., the seller and an indirect subsidiary of General Electric Company, or GE, is offering all 24,000,000 % Equity Units of Genworth Financial, Inc. to be sold in this offering.

Each Equity Unit will have a stated amount of $25 and will consist of a purchase contract issued by us and, initially, a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount senior note due May 16, 2009, issued by us, which we refer to as a Corporate Unit.

- The purchase contract will obligate you to purchase from us, no later than May 16, 2007, for a price of $25 in cash, between and shares of our Class A Common Stock, subject to anti-dilution adjustments, depending on the average closing price of our Class A Common Stock over the 20-trading day period ending on the third trading day prior to such date.
- We will also pay you quarterly contract adjustment payments at a rate of % per year of the stated amount of $25 per Equity Unit, or $ per year, as described in this prospectus.
- The notes will initially bear interest at a rate of % per year, payable, initially, quarterly. The notes will be remarketed as described in this prospectus. In connection with this remarketing the interest rate on the notes will be reset and thereafter interest will be payable at the reset rate. Following the purchase contract settlement date, interest will be payable semi-annually, regardless of whether there was a successful remarketing.
- You can create Treasury Units from Corporate Units by substituting Treasury securities for your undivided beneficial ownership interest in the notes or the applicable ownership interest in the Treasury portfolio comprising a part of the Corporate Units, and you can recreate Corporate Units by substituting your undivided beneficial ownership interest in the notes or the applicable ownership interest in the Treasury portfolio for the Treasury securities comprising a part of the Treasury Units.
- Your ownership interest in the notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.
- If there is a successful remarketing of the notes on or prior to the third business day immediately preceding May 16, 2007, and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligations under the purchase contracts, unless you have elected to settle with separate cash.

This offering of Equity Units is being made concurrently with the initial public offering of our Class A Common Stock and the offering of our % Series A Cumulative Preferred Stock by the seller pursuant to separate prospectuses. The Class A Common Stock has been approved for listing on The New York Stock Exchange under the symbol "GNW." The Corporate Units have been approved for listing on The New York Stock Exchange under the symbol "GNW Pr E." Prior to this offering, there has been no public market for the Corporate Units or our Class A Common Stock. This offering of Equity Units is contingent upon the completion of the offerings of our Class A Common Stock and Series A Cumulative Preferred Stock.

We will not receive any proceeds from the sale by the seller of the Equity Units in this offering or the Class A Common Stock or Series A Cumulative Preferred Stock in the concurrent offerings.

Investing in our Corporate Units involves risks. See "Risk Factors" beginning on page 28.

	Per Unit	Total
Price to public	$	$
Underwriting discounts and commissions	$	$
Proceeds to seller	$	$

The initial public offering price set forth above does not include accumulated contract adjustment payments and accrued interest, if any. Contract adjustment payments on the purchase contracts and interest attributable to the undivided beneficial ownership interests in the notes will accrue from , 2004.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Corporate Units to purchasers on , 2004.

Morgan Stanley **Goldman, Sachs & Co.**

Banc of America Securities LLC
Deutsche Bank Securities
Merrill Lynch & Co.

Citigroup
JPMorgan
UBS Investment Bank

Credit Suisse First Boston
Lehman Brothers

, 2004

TABLE OF CONTENTS

Prospectus Summary

This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth in "Risk Factors," before making an investment decision.

Genworth
Financial
Built on GE Heritage

We are a leading insurance company in the U.S., with an expanding international presence, serving the life and lifestyle protection, retirement income, investment and mortgage insurance needs of more than 15 million customers. We have leadership positions in key products that we expect will benefit from a number of significant demographic, governmental and market trends. We distribute our products and services through an extensive and diversified distribution network that includes financial intermediaries, independent producers and dedicated sales specialists. We conduct operations in 20 countries and have approximately 5,850 employees.

We have the following three operating segments:

- ***Protection.*** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. In 2003, we were the leading provider of individual long-term care insurance and the sixth-largest provider of term life insurance in the U.S., according to LIMRA International (in each case based upon gross written premiums). We believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. and that this channel is the largest and fastest-growing distribution channel for term life insurance. Our leadership in long-term care insurance is based upon almost 30 years of product underwriting and claims experience. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of $481 million.

- ***Retirement Income and Investments.*** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management, and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. We are an established provider of these products and, in 2003, we were the leading provider of income annuities in the U.S., according to LIMRA International (based upon total premiums and deposits). For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of $93 million.

- ***Mortgage Insurance.*** In the U.S., Canada, Australia and Europe, we offer mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. In 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of mortgage insurance in the U.S. (based upon new insurance written), and we believe we are the largest provider of private mortgage insurance outside the U.S. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of $369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), most of our interest and other financing expenses, unallocated corporate income and expenses, and the results of several small, non-core businesses that are managed outside our operating segments.

For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of $8 million.

We had $11.0 billion of total stockholder's interest and $97.8 billion of total assets as of December 31, 2003, on a pro forma basis. For the year ended December 31, 2003, on a pro forma basis, our revenues were $9.8 billion and our net earnings from continuing operations were $935 million. Upon the completion of this offering, we expect our principal life insurance companies to have financial strength ratings of "AA-" (Very Strong) from S&P, "Aa3" (Excellent) from Moody's and "A+" (Superior) from A.M. Best, and we expect our rated mortgage insurance companies to have financial strength ratings of "AA" (Very Strong) from S&P, "Aa2" (Excellent) from Moody's and "AA" (Very Strong) from Fitch. The "AA" and "AA-" ratings are the third- and fourth-highest of S&P's 21 ratings categories, respectively. The "Aa2" and "Aa3" ratings are the third- and fourth-highest of Moody's 21 ratings categories, respectively. The "A+" rating is the second-highest of A.M. Best's 15 ratings categories. The "AA" rating is the third-highest of Fitch's 24 ratings categories.

Market Environment and Opportunities

We believe we are well positioned to benefit from a number of significant demographic, governmental and market trends, including the following:

- ***Aging U.S. population with growing retirement income needs,*** resulting from large numbers of baby boomers approaching retirement and significant increases in life expectancy that heighten the risk that individuals will outlive their retirement savings.

- ***Growing lifestyle protection gap***, with individuals lacking sufficient financial resources, including insurance coverage, to maintain their desired lifestyle due to declining individual savings rates, rising healthcare and nursing home costs and a shifting of the burden for funding protection needs from governments and employers to individuals.

- ***Increasing opportunities for mortgage insurance in the U.S. and other countries***, resulting from increasing homeownership levels, expansion of low-down-payment mortgage loan offerings, favorable legislative and regulatory policies, and expansion of secondary mortgage markets that require credit enhancements.

Competitive Strengths

We believe the following competitive strengths will enable us to capitalize on opportunities in our targeted markets:

- ***Leading positions in diversified targeted markets.*** We believe our leading positions in our targeted markets, including term life and individual long-term care insurance, retirement income and mortgage insurance, provide us with the scale necessary to compete effectively in these markets as they continue to grow. We also believe our strong presence in multiple markets provides balance to our business, reduces our exposure to adverse economic trends affecting any one market and provides stable cash flow to fund growth opportunities.

- ***Product innovation and smart breadth.*** We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives, thereby positioning us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings.

- ***Extensive, multi-channel distribution network.*** We have extensive distribution reach and offer consumers access to our products through a broad network of financial intermediaries, independent producers and dedicated sales specialists. In addition, we maintain strong relationships with leading distributors by providing a high level of specialized and differentiated distribution support and by pursuing joint business improvement efforts.

- ***Technology-enhanced, scalable, low-cost operating platform.*** We have pursued an aggressive approach to cost-management and continuous process improvement. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. In addition, we have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland.

- ***Disciplined risk management with strong compliance practices.*** Risk management and regulatory compliance are critical parts of our business, and we are recognized in the insurance industry for our excellence in these areas. We employ comprehensive risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management and technology development programs. We have 130 dedicated risk management professionals supporting these efforts and approximately 200 additional professionals dedicated to legal and regulatory compliance.

- ***Strong balance sheet and high-quality investment portfolio.*** We believe our size, ratings and capital strength provide us with a significant competitive advantage. We have a diversified, high-quality investment portfolio with $59.8 billion of investment securities, as of December 31, 2003, on a pro forma basis. More than 93% of our fixed maturities had ratings equivalent to investment-grade, and less than 1% of our total investment portfolio consisted of equity securities, as of December 31, 2003, on a pro forma basis.

- ***Experienced and deep management team.*** Our senior management team has an average of approximately 17 years of experience in the financial services industry. We have adopted GE's recognized practices for successfully developing managerial talent at all levels of our organization and have instilled a performance- and execution-oriented corporate culture that we will continue to foster as an independent company.

Growth Strategies

Our objective is to increase operating earnings and enhance returns on equity. We intend to pursue this objective by focusing on the following strategies:

- ***Capitalize on attractive growth trends in three key markets.*** We have positioned our product portfolio and distribution relationships to capitalize on the attractive growth prospects in three key markets:

  Retirement income, where we believe growth will be driven by a variety of favorable demographic trends and the approximately $4.4 trillion of invested financial assets in the U.S. that are held by people within 10 years of retirement. Our products are designed to enable the growing retired population to convert their invested assets into reliable retirement income.

  Protection, particularly long-term care insurance, where we believe growth will be driven by the increasing protection needs of the expanding aging population and a shifting of the burden for funding these needs to individuals from governments and employers. For example, it is estimated that approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance.

  International mortgage insurance, where we continue to see attractive growth opportunities with the expansion of homeownership and low-down-payment loans. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003.

- ***Further strengthen and extend our distribution channels.*** We intend to further strengthen and extend our distribution channels by continuing to differentiate ourselves in areas where we believe we have distinct competitive advantages. These areas include:

  Product and service innovations, as illustrated by new product introductions, such as the introduction in 2002 of our GE Retirement Answer®, our introduction of innovative private mortgage insurance products in the European market, and our service innovations, which include programs such as our policyholder wellness initiatives in our long-term care insurance business and our AU Central® Internet platform in our mortgage insurance business.

  Collaborative approach to key distributors, which includes a joint business improvement program (originally developed by GE), called "At the Customer, For the Customer," or ACFC, and our platinum customer service desks, which have benefited our distributors and helped strengthen our relationships with them.

  Technology initiatives, such as our GENIUS® underwriting system, which makes it easier for distributors to do business with us, improves our term life and long-term care insurance underwriting speed and accuracy, and lowers our operating costs.

- ***Enhance returns on capital and increase margins.*** We believe we will be able to enhance our returns on capital and increase our margins through the following:

  Rigorous product pricing and return discipline. We intend to maintain strict product pricing disciplines that are designed to achieve our target returns on capital. Over the past two years, we introduced restructured pricing on newly issued policies in each of our operating segments and exited products that were not achieving our target returns. We expect our returns on capital to improve as the benefits of these actions emerge and as we continue our focus on maintaining target returns.

  Capital efficiency enhancements. We continually seek opportunities to use our capital more efficiently to support our business, while maintaining our ratings and strong capital position. For example, in 2003, we took actions to reduce the statutory capital required to support most of our new term and universal life insurance policies and to reduce excess capital at our mortgage insurance subsidiaries by operating at an "AA/Aa2" rating level.

  Investment income enhancements. As part of GE, the yield on our investment portfolio has been affected by the practice in recent years of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy was pursued to offset impairments and losses in our investment portfolio, fund consolidations and restructurings in our business and provide current income. As we transition to being an independent public company, our investment strategy will be to optimize investment income without relying on realized investment gains. We will seek to improve our investment yield by continuously evaluating our asset class mix and pursuing additional investment classes.

  Ongoing operating cost reductions and efficiencies. We will continually focus on reducing our cost base while maintaining strong service levels for our customers. We expect to accomplish this in each of our operating units through a wide range of cost management disciplines, including consolidating operations, using low-cost operating locations, reducing supplier costs, leveraging Six Sigma and other process improvement efforts, forming dedicated teams to identify opportunities for cost reductions and investing in new technology, particularly for web-based, digital end-to-end processes.

- ***Pursue acquisitions opportunistically.*** We intend to continue to complement our core growth strategy through selective acquisitions designed to enhance our earnings and returns, the breadth of our product portfolio, or our distribution reach. We have successfully completed the acquisition and integration of 13 key businesses since 1993. As a public company, we will have direct access to capital markets, which we believe will enable us to raise external capital in an efficient manner to facilitate selective acquisitions.

Formation of Genworth Financial, Inc.

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization and this offering.

Prior to the completion of this offering and the concurrent offerings, we will acquire substantially all of the assets and liabilities of GE Financial Assurance Holdings, Inc., or GEFAHI. GEFAHI is an indirect subsidiary of GE and a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer and mortgage contract underwriting.

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI the following securities:

- 489.5 million shares of our Class B Common Stock. GEFAHI is offering 145.0 million shares of Class A Common Stock for sale in a concurrent offering, plus up to an additional 21.75 million shares that may be sold pursuant to an over-allotment option (all of which shares will be converted from an equal number of shares of Class B Common Stock in connection with that offering). For a description of the terms of our common stock, see "Description of Capital Stock—Common Stock."

- $600 million of our % Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in this offering.

- $100 million of our % Series A Cumulative Preferred Stock, which we refer to in this prospectus as the Series A Preferred Stock. The Series A Preferred Stock is mandatorily redeemable on , 2011. For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering the Series A Preferred Stock for sale in a concurrent offering.

- A $2.4 billion short-term note, which we refer to in this prospectus as the Short-term Intercompany Note. We intend to repay this note with proceeds from the borrowings under a $2.4 billion short-term credit facility that we intend to establish with a syndicate of banks concurrently with the completion of this offering. We intend to repay the borrowings under this short-term credit facility with proceeds from the issuance of approximately $1.9 billion in senior notes and approximately $500 million in commercial paper, both of which we intend to complete shortly after the completion of this offering. For a description of the terms of the Short-term Intercompany Note, the credit facility, the senior notes and the commercial paper, see "Description of Certain Indebtedness."

- A $550 million contingent non-interest-bearing note that matures on the first anniversary of the completion of this offering. We refer to this note in this prospectus as the Contingent Note. This note will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of $150 million are released and paid to us as a dividend. The release of these statutory reserves and payment of the dividend by our

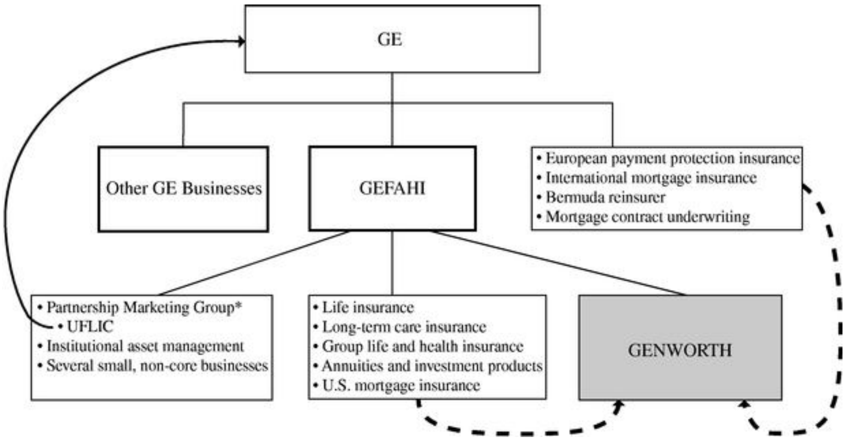
U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. If regulatory approval has been obtained by the first anniversary date but our financial ratings have not been affirmed, the term of this note will be extended for a period of up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. For a description of the terms of this note see "Description of Certain Indebtedness—Contingent Note."

The liabilities we will assume from GEFAHI include ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI, ¥3 billion of which GEFAHI currently owns and will transfer to us. We refer to these notes in this prospectus as the Yen Notes. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum.

Prior to the completion of this offering and the concurrent offerings, GEFAHI will own 100% of our outstanding common stock, which will consist solely of Class B Common Stock. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE or when GE no longer beneficially owns at least 10% of our outstanding common stock. As a result, all the shares of common stock offered in the concurrent offering consist of Class A Common Stock. Upon the completion of this offering and the concurrent offerings, GE will beneficially own approximately 70% of our outstanding common stock, assuming the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is not exercised, and 66%, if it is exercised in full. GE has informed us that, after completion of this offering, it intends, subject to market conditions, to divest its remaining interest in us as soon as practicable. GE has also informed us that, in any event, it expects to reduce its interest to below 50% within two years of the completion of this offering. GE currently expects to reduce its interest through one or more additional public offerings of our common stock, but it is not obligated to divest our shares in this or any other manner.

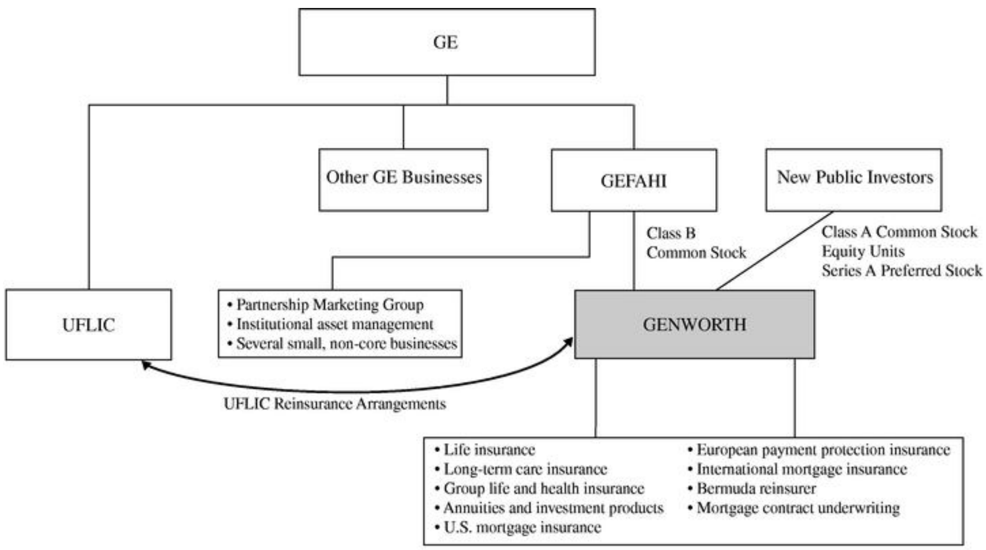
Prior to the completion of this offering, we will enter into a number of arrangements with GE governing our separation from GE and a variety of transition and other matters, including our relationship with GE while GE remains a significant stockholder in our company. These arrangements include several significant reinsurance transactions with Union Fidelity Life Insurance Company, or UFLIC, an indirect subsidiary of GE. As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, all of our in-force structured settlement contracts, substantially all of our in-force variable annuity contracts, and a block of long-term care insurance policies that we reinsured in 2000 from The Travelers Insurance Company, a subsidiary of Citigroup, Inc., which we refer to in this prospectus as Travelers. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. We are continuing new sales of structured settlement, variable annuity and long-term care insurance products, and we expect to achieve our targeted returns on these new sales. In addition, we will continue to service these blocks of business, which will preserve our operating scale and enable us to service and grow our new sales of these products. See "Arrangements Between GE and Our Company."

The diagram below shows the relationships among GE, GEFAHI and Genworth prior to the completion of our corporate reorganization. The dotted lines indicate the businesses that will be transferred to Genworth in connection with our corporate reorganization.



* The Partnership Marketing Group offers life and health insurance, auto club memberships and other financial products and services directly to consumers through affinity marketing arrangements with a variety of organizations. The Partnership Marketing Group historically included UFLIC, a subsidiary that offered the life and health insurance for these arrangements.

The diagram below shows the relationships among GE, GEFAHI and Genworth after the completion of our corporate reorganization and this offering.



In this prospectus, unless the context otherwise requires, "Genworth," "we," "us," and "our" refer to Genworth Financial, Inc. and its combined subsidiaries and include the operations of the businesses acquired from GEFAHI and other GE subsidiaries in connection with our corporate reorganization.

Unless otherwise indicated, all information in this prospectus:

- reflects the consummation of our corporate reorganization, whereby we will acquire substantially all of the assets and liabilities of GEFAHI and acquire certain other GE insurance businesses, in exchange for 489.5 million shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note, all as described under "Corporate Reorganization;"

- assumes an initial public offering price of our Class A Common Stock of $22.00 per share (the midpoint of the price range in the concurrent offering of Class A Common Stock);

- assumes the over-allotment option in the concurrent offering of Class A Common Stock has not been exercised;

- excludes up to 6.1 million shares of Class A Common Stock issuable upon the exercise of 6.1 million unvested stock appreciation rights to be granted on the date of this prospectus, at an exercise price equal to the initial public offering price in the concurrent offering of Class A Common Stock;

- excludes 10.1 million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options to be granted on the date of this prospectus, at an exercise price equal to the initial public offering price in the concurrent offering of Class A Common Stock;

- excludes 4.1 million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued on the date of this prospectus in exchange for unvested GE stock options held by our employees, at a weighted average exercise price of $25.40 per share, and 1.0 million shares of Class A Common Stock issuable upon the exercise of vested employee stock options that will be issued on the date of this prospectus in exchange for vested GE stock options held by our Chairman, President and Chief Executive Officer, at a weighted average exercise price of $16.83 per share;

- excludes up to 0.3 million shares of Class A Common Stock issuable upon the exercise of 0.3 million stock appreciation rights that will be issued on the date of this prospectus in exchange for unvested GE stock appreciation rights;

- excludes 1.4 million shares of Class A Common Stock issuable upon the lapse of restrictions on restricted stock units that will be issued on the date of this prospectus in exchange for GE restricted stock units;

- excludes up to 38.0 million shares of Class A Common Stock available for future issuance under our Genworth Omnibus Incentive Plan, less the number of shares of Class A Common Stock issuable in connection with the stock appreciation rights, stock options and restricted stock units described above; and

- excludes up to million shares of Class A Common Stock that we will be required to issue to settle the purchase contracts included in our Equity Units.

The number of our stock options, restricted stock units and stock appreciation rights that will be issued in exchange for GE stock options, restricted stock units and stock appreciation rights will depend upon the initial public offering price of our Class A Common Stock in that concurrent offering and the weighted-average stock price of GE common stock for the trading day immediately prior to the date of this prospectus. Information in this prospectus assumes a price of $30.85 per share of GE common stock, which was the weighted-average stock price on April 27, 2004.

Risks Relating to Our Company

As part of your evaluation of our company, you should consider the risks associated with our business, our separation from GE and this offering. These risks include:

- *Risks relating to our businesses*, including interest rate fluctuations, downturns and volatility in equity markets, defaults in portfolio securities, downgrades in our financial strength and credit ratings, insufficiency of reserves, legal constraints on dividend distributions by subsidiaries, illiquid investments, competition, inability to attract or retain independent sales intermediaries and dedicated sales specialists, defaults by counterparties, foreign exchange rate fluctuations, regulatory restrictions on our operations and changes in applicable laws and regulations, legal or regulatory actions, political or economic instability and the threat of terrorism;

- *Risks relating to our Protection and Retirement Income and Investments segments*, including unexpected changes in mortality and morbidity rates, accelerated amortization of deferred acquisition costs and present value of future profits, medical advances such as genetic mapping research, unexpected changes in persistency rates, increases in statutory reserve requirements and changes in tax and securities laws;

- *Risks relating to our Mortgage Insurance segment*, including the influence of large mortgage lenders and investors, decreases in the volume of high loan-to-value mortgage originations, increases in mortgage insurance cancellations, increases in the use of simultaneous second mortgages and other alternatives to private mortgage insurance, unexpected increases in mortgage insurance default rates, deterioration in economic conditions, increases in the use of captive reinsurance in the mortgage insurance market, changes in the demand for mortgage insurance that could arise as a result of efforts of large mortgage investors and legal actions under the Real Estate Settlement Practices Act and the Federal Fair Credit Reporting Act;

- *Risks relating to our separation from GE*, including the loss of benefits associated with GE's brand and reputation, our need to establish our new Genworth brand identity quickly and effectively, our inability to present financial information in this prospectus that accurately represents the results we would have achieved as a stand-alone company, the possibility that we will not be able to replace services previously provided by GE on comparable terms, uncertainty of amounts and timing of payments that we have agreed to make to GE under our tax matters agreement and other matters relating to that agreement, potential conflicts of interest with GE and GE's engaging in the same type of business as we do in the future; and

- *Risks relating to the equity units*, including the risk that the market value of our common stock will decline, less opportunity for equity appreciation than a direct investment in our Class A Common Stock, interest rate fluctuations, limited settlement rate adjustments, the effect of a bankruptcy proceeding on investors' rights to the notes, Treasury securities or the Treasury portfolio pledged to secure obligations under the purchase contracts, our rights to redeem the notes in specified events, the potential obligation for holders of equity units to pay taxes with respect to distributions on Class A Common Stock that they will not receive, the inability to settle purchase contracts before the purchase contract settlement date unless a registration statement under the Securities Act of 1933 is in effect and a prospectus covering the shares deliverable upon early settlement is available and the structural subordination of the notes to the debt and other liabilities of our subsidiaries.

For a further discussion of these and other risks, see "Risk Factors."

Additional Information

Our corporate headquarters and principal executive offices are located at 6620 West Broad Street, Richmond, Virginia 23230. Our telephone number at that address is (804) 281-6000. We maintain a variety of websites to communicate with our distributors and customers and to provide information about various insurance and investment products to the general public. None of the information on our websites is part of this prospectus.

The Offering

What are Corporate Units?

The Equity Units offered by the seller will initially consist of 24,000,000 Corporate Units, each with a stated amount of $25. You can create Treasury Units from Corporate Units in the manner described below under "How can I create Treasury Units from Corporate Units?"

What are the components of a Corporate Unit?

Each Corporate Unit initially consists of a purchase contract and a 1/40, or 2.5%, undivided beneficial ownership interest in $1,000 principal amount of our senior notes due May 16, 2009. The undivided beneficial ownership interest in notes corresponds to $25 principal amount of our notes. The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000, except in certain limited circumstances. Your undivided beneficial ownership interest in notes comprising part of each Corporate Unit is owned by you, but it will be pledged to us through the collateral agent to secure your obligation under the related purchase contract. If a special event redemption occurs prior to the earlier of the date of a successful remarketing and the purchase contract settlement date, the notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under "What is the Treasury Portfolio?", and the applicable ownership interest in the Treasury portfolio will then be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

What is a purchase contract?

Each purchase contract that is a component of a Corporate Unit obligates you to purchase, and obligates us to sell, on May 16, 2007, which we refer to as the purchase contract settlement date, for $25 in cash, a number of newly issued shares of our Class A Common Stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment under the circumstances set forth in "Description of the Purchase Contracts—Anti-Dilution Adjustments," as follows:

- if the applicable market value of our Class A Common Stock is equal to or greater than $, which we refer to as the threshold appreciation price, the settlement rate will be shares of our Class A Common Stock;

- if the applicable market value of our Class A Common Stock is less than the threshold appreciation price but greater than $, which we refer to as the reference price, the settlement rate will be a number of shares of our Class A Common Stock equal to $25 divided by the applicable market value, rounded to the nearest ten thousandth share; and

- if the applicable market value of our Class A Common Stock is less than or equal to the reference price, the settlement rate will be shares of our Class A Common Stock.

"Applicable market value" means the average of the closing price per share of our Class A Common Stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date, subject to adjustment under the circumstances set forth in "Description of the Purchase Contracts—Anti-Dilution Adjustments." The reference price is the initial public offering price of our Class A Common Stock. The "threshold appreciation price" represents a % appreciation over the reference price.

We will not issue any fractional shares of our Class A Common Stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to this fraction multiplied by the applicable market value.

You may satisfy your obligation to purchase our common stock pursuant to the purchase contracts as described under "How can I satisfy my obligation under the purchase contracts?" below.

Can I settle the purchase contract early?

You can settle a purchase contract at any time following , 2005 (12 calendar months following the completion of the concurrent initial public offering of our Class A Common Stock) but on or prior to the seventh business day immediately preceding the purchase contract settlement date, in the case of Corporate Units, and on or prior to the second business day immediately preceding the purchase contract settlement date, in the case of Treasury Units, by paying $25 cash, in which case shares of our Class A Common Stock will be issued to you pursuant to the purchase contract. In addition, if we are involved in a merger in which at least 30% of the consideration for our Class A Common Stock consists of cash or cash equivalents, you will have the right to settle a purchase contract early at the settlement rate in effect immediately prior to the closing of that merger. You may only elect early settlement in integral multiples of 40 Corporate Units and 40 Treasury Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may settle early on or prior to the second business day immediately preceding the purchase contract settlement date only in integral multiples of Corporate Units. See "Description of the Purchase Contracts—Early Settlement" and "—Early Settlement Upon Cash Merger."

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect and an available prospectus covering the shares of Class A Common Stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required by U.S. federal securities laws, we will use our commercially reasonable efforts to have a registration statement in effect and to provide a prospectus covering those shares of Class A Common Stock or other securities to be delivered in respect of the purchase contracts being settled.

What is a Treasury Unit?

A Treasury Unit is a unit created from a Corporate Unit and consists of a purchase contract and a 1/40, or 2.5%, undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount of $1,000 that matures on May 15, 2007 (the business day preceding the purchase contract settlement date or earlier) (CUSIP No. 912828AC4) which we refer to as a Treasury security. The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

How can I create Treasury Units from Corporate Units?

Each holder of Corporate Units will have the right, at any time on or prior to the seventh business day immediately preceding the purchase contract settlement date, to substitute for the related undivided beneficial ownership interest in notes or applicable ownership interests in the Treasury portfolio, as the case may be, held by the collateral agent, Treasury securities with a total principal amount at maturity equal to the aggregate principal amount of the notes underlying the undivided beneficial ownership interests in notes for which substitution is being made. Because Treasury securities and the notes are issued in minimum denominations of $1,000, holders of Corporate Units may make this substitution only in integral multiples of 40 Corporate Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may substitute Treasury securities for the applicable ownership interests in the Treasury portfolio only in integral multiples of Corporate Units. This substitution will create Treasury Units, and the notes underlying the undivided beneficial ownership interest in notes, or the applicable ownership interests in the Treasury portfolio, will be released to the holder and such notes will be separately tradable from the Treasury Units.

How can I recreate Corporate Units from Treasury Units?

Each holder of Treasury Units will have the right, at any time on or prior to the seventh business day immediately preceding the purchase contract settlement date, to substitute for the related Treasury securities held by the collateral agent, notes or applicable ownership interests in the Treasury portfolio, as the case may be, having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made. Because Treasury securities and the notes are issued in minimum denominations of $1,000, holders of Treasury Units may make these substitutions only in integral multiples of 40 Treasury Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Treasury Units may substitute applicable ownership interests in the Treasury portfolio for Treasury securities only in integral multiples of Corporate Units. This substitution will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be separately tradable from the Corporate Units.

What payments am I entitled to as a holder of Corporate Units?

Holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes, equivalent to the rate of % per year on the undivided beneficial ownership interest in notes (or distributions on the applicable ownership interests in the Treasury portfolio if the notes have been replaced by the Treasury portfolio) and contract adjustment payments payable by us at the rate of % per year on the stated amount of $25 per Corporate Unit until the earliest of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement) and the most recent quarterly payment date on or before any early settlement of the related purchase contracts (in the case of early settlement other than upon a cash merger).

What payments will I be entitled to if I convert my Corporate Units to Treasury Units?

Holders of Treasury Units will be entitled to receive quarterly contract adjustment payments payable by us at the rate of % per year on the stated amount of $25 per Treasury Unit. There will be no distributions in respect of the Treasury securities that are a component of the Treasury Units but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the notes that were released to them when they created the Treasury Units as long as they continue to hold such notes.

Do we have the option to defer current payments?

No, we do not have the right to defer the payment of contract adjustment payments in respect of the Corporate Units or Treasury Units or the payment of interest on the notes.

What are the payment dates for the Corporate Units and Treasury Units?

The payments described above in respect of the Equity Units will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing August 16, 2004. We will make these payments to the person in whose name the Equity Unit is registered at the close of business on the first day of the month in which the payment date falls.

What is remarketing?

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a special event redemption, remarketing of the notes will be attempted on May 9, 2007 (the fifth business day immediately preceding the purchase contract settlement date) and, if the remarketing on that date fails, on May 10, 2007 (the fourth business day immediately preceding the purchase contract settlement date) and, if the remarketing on that date fails, on May 11, 2007 (the third business day immediately preceding the purchase contract settlement date), the fifth, fourth and third business days, respectively, immediately preceding the purchase contract settlement date of May 16, 2007. The remarketing agent will use its reasonable efforts to obtain a price for the notes to be remarketed that results in proceeds of at least 100% of the aggregate principal amount of such notes.

Upon a successful remarketing, the portion of the proceeds equal to the total principal amount of the notes underlying the Corporate Units will automatically be applied to satisfy in full the Corporate Unit holders' obligations to purchase Class A Common Stock under the related purchase contracts. If any proceeds remain after this application, the remarketing agent will remit such proceeds for the benefit of the holders. We will separately pay a fee to the remarketing agent for its services as remarketing agent. Corporate Unit holders whose notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

What happens if the notes are not successfully remarketed?

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a special event redemption, if (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes in a remarketing on or prior to May 11, 2007 (the third business day immediately preceding the purchase contract settlement date), other than to us, at a price equal to or greater than 100% of the aggregate principal amount of the notes remarketed, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed final remarketing, holders of all notes will have the right to put their notes to us for an amount equal to the principal amount of their notes, plus accrued and unpaid interest, on the purchase contract settlement date. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the notes underlying such Corporate Units unless, prior to 5:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the collateral agent $25 in cash. This settlement with separate cash may only be effected in integral multiples of 40 Corporate Units. Unless a holder of Corporate Units has settled the related purchase contracts with separate cash on or prior to the purchase contract settlement date, the holder will be deemed to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes against such holder's obligations to us under the related purchase contracts, thereby satisfying such obligations in full, and we will deliver to the holder our Class A Common Stock pursuant to the related purchase contracts.

Do I have to participate in the remarketing?

You may elect not to participate in any remarketing and to retain the notes underlying the undivided beneficial ownership interests in notes comprising part of your Corporate Units by (1) creating Treasury Units at any time on or prior to the seventh business day immediately prior to the purchase contract settlement date or (2) notifying the purchase contract agent of your intention to pay cash to satisfy your obligation under the related purchase contracts on or prior to the seventh business day before the purchase contract settlement date and delivering the cash payment required under the purchase contracts to the collateral agent on or prior to the sixth business day before the purchase contract settlement date. You can only elect to satisfy your obligation in cash in increments of 40 Corporate Units. See "Description of the Purchase Contracts—Notice to Settle with Cash."

If I am holding a note as a separate security from the Corporate Units, can I still participate in a remarketing of the notes?

If you hold notes separately you may elect, in the manner described in this prospectus, to have your notes remarketed by the remarketing agent along with the notes underlying the Corporate Units. See "Description of the Notes—Optional Remarketing of Notes that are not Included in Corporate Units." You may also participate in any remarketing by recreating Corporate Units from your Treasury Units at any time on or prior to the seventh business day immediately prior to the purchase contract settlement date.

How can I satisfy my obligation under the purchase contracts?

You may satisfy your obligations under the purchase contracts as follows:

- in the case of the Corporate Units, through the automatic application of the portion of the proceeds of the remarketing of the notes equal to the principal amount of the notes underlying the Corporate Units, as described under "What is remarketing?" above;
- through early settlement as described under "Can I settle the purchase contract early?" above;
- in the case of Corporate Units, through cash settlement as described under "Do I have to participate in the remarketing?" above;
- through the automatic application of the proceeds of the Treasury securities in the case of the Treasury Units or proceeds from the Treasury portfolio equal to the principal amount of the notes in the case of Corporate Units if the Treasury portfolio has replaced the notes as a component of the Corporate Units; or
- in the case of Corporate Units, through exercise of the put right as described under "What happens if the notes are not successfully remarketed?" above.

In addition, your obligations under the purchase contracts will be terminated without any further action upon the termination of the purchase contracts as a result of our bankruptcy, insolvency or reorganization.

If you settle a purchase contract early (other than as a result of a cash merger early settlement), or if your purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, you will have no right to receive any accrued but unpaid contract adjustment payments.

What interest payments will I receive on the notes or on the undivided beneficial ownership interests in notes?

The notes will bear interest initially at the rate of % per year from the original issuance date to the purchase contract settlement date, initially payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year until the purchase contract settlement date. On and after the purchase contract settlement date, interest on each note will be payable semi-annually in arrears on May 16 and November 16 of each year, commencing November 16, 2007, at the reset interest rate or, if the interest rate has not been reset, at the rate of % per year. Interest will be payable to the person in whose name the note is registered at the close of business on the first day of the month in which the interest payment date falls.

When will the interest rate on the notes be reset and what is the reset rate?

The interest rate on the notes will be reset on May 16, 2007 in connection with the remarketing as described above under "What is remarketing?" The reset rate will be the interest rate determined by the remarketing agent as the rate the notes should bear in order for the aggregate principal amount of notes remarketed to have an aggregate market value on the remarketing date of at least 100% of the aggregate principal amount of such notes. The reset rate may be higher or lower than the initial interest rate of the notes depending on the results of the remarketing and market conditions at that time. The interest rate on the notes will not be reset if there is not a successful remarketing and the notes will continue to bear interest at the initial interest rate. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

When may the notes be redeemed?

The notes are redeemable at our option, in whole but not in part, upon the occurrence and continuation of a tax event or an accounting event at any time prior to the earlier of the date of a successful remarketing and the purchase contract settlement date, as described in this prospectus under "Description of the Notes—Optional Redemption—Special Event." Following any such redemption of the notes, which we refer to as a special event redemption, the redemption price for the notes that are a component of the Corporate Units will be paid to the collateral agent who will use a portion of the redemption price to purchase the Treasury portfolio described below and remit any remaining proceeds to the holders. Thereafter, the applicable ownership interests in the Treasury portfolio will replace the notes as a component of the Corporate Units and will be pledged to us through the collateral agent. Holders of notes that are not a component of the Corporate Units will receive directly the redemption price paid in such special event redemption.

What is the Treasury portfolio?

If a special event redemption as described under "Description of the Notes—Optional Redemption—Special Event" occurs prior to the earlier of the date of a successful remarketing and the purchase contract settlement date, the notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to May 15, 2007 (the day immediately prior to the purchase contract settlement date) in an aggregate amount equal to the principal amount of the notes included in Corporate Units, and

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the business day immediately preceding each scheduled interest payment after the date of the special event redemption and on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on such interest payment date on the principal amount of the notes included in the Corporate Units.

What is the ranking of the notes?

The notes will rank equally with all of our other unsecured and unsubordinated obligations. The notes will not be obligations of or guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to policyholders and contractholders), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets. As of December 31, 2003, on a pro forma basis, our subsidiaries had outstanding $81,629 million of total liabilities, including $1,618 million of debt (excluding, in each case, intercompany liabilities). The indenture under which the notes will be issued will not limit our ability, or the ability of our subsidiaries, to issue or incur other debt or issue preferred stock. As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to meet our obligations, including our obligations to pay interest on the notes. See "Risk Factors—Risks Relating to Our Business—As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations, including our obligation to pay interest on the notes and make contract adjustment payments on the purchase contracts." and "Description of the Notes."

What are the principal United States federal income tax consequences related to Equity Units and notes?

An owner of Equity Units will be treated as owning an undivided beneficial interest in the purchase contract and the notes, the applicable ownership interests in the Treasury portfolio or Treasury securities constituting the Equity Unit, and by purchasing the Equity Units you agree to treat the purchase contracts and notes, the applicable ownership interests in the Treasury portfolio or Treasury securities in that manner for all tax purposes. The indenture under which the notes will be issued will require you to allocate all of the purchase price paid for Equity Units to your undivided interest in notes, which will establish your initial tax basis in your interest in each purchase contract as $0 and your initial tax basis in your undivided interest in notes as $25. You will be required to include in gross income interest payments on the notes when such interest is paid or accrued in accordance with your regular method of tax accounting. If the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a special event redemption, a beneficial owner of Corporate Units will generally be required to include in gross income its allocable share of any interest payments made with respect to the applicable ownership interests in the Treasury portfolio and, if appropriate, original issue discount on the applicable ownership interests in the Treasury portfolio as it accrues on a constant yield to maturity basis, or, if appropriate, acquisition discount on the applicable ownership interests in the Treasury portfolio. We intend to report contract adjustment payments as income to you, but you may want to consult your tax advisor concerning possible alternative characterizations.

FOR ADDITIONAL INFORMATION, SEE "CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES."

Are there conditions to the closing of this offering of the Equity Units?

This offering of Equity Units is conditioned upon the completion of the offerings of the Class A Common Stock and the Series A Preferred Stock by the seller. The offerings of the Class A Common Stock and the Series A Preferred Stock are conditioned upon the completion of this offering.

What are the rights and privileges of the Class A Common Stock?

The shares of our Class A Common Stock that you will be obligated to purchase under the purchase contracts have one vote per share for all matters on which stockholders are entitled to vote, except:

- holders of Class A Common Stock will have the right separately to elect and remove a specified number of directors, and
- holders of Class B Common Stock will have the right (1) separately to elect and remove a specified number of directors, and (2) to approve significant corporate actions, including mergers, acquisitions, dispositions and incurrences of debt.

The specific number of directors that holders of the Class A Common Stock and the Class B Common Stock will have the separate rights to elect and remove will vary, depending upon the percentage of our common stock owned by GE. See "Description of Capital Stock—Common Stock."

What are the uses of proceeds from the offering?

We will not receive any proceeds this offering of Equity Units by the seller.

The Offering—Explanatory Diagrams

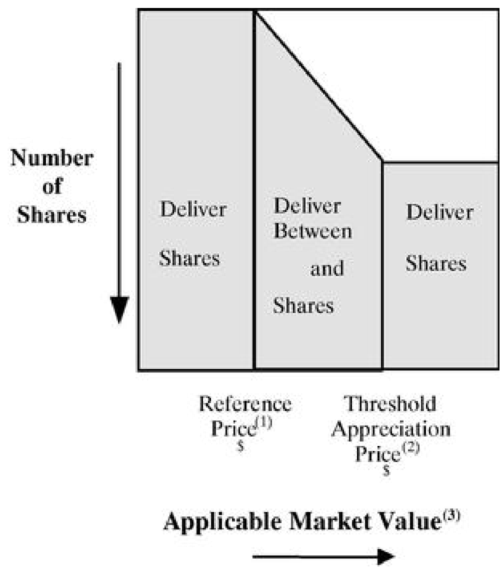
The following diagrams illustrate some of the key features of the purchase contracts, undivided beneficial ownership interests in notes, Corporate Units and Treasury Units.

The following diagrams assume that the notes are successfully remarketed, there has not been a special event redemption and the interest rate on the notes is reset on the reset effective date.

Purchase Contract

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our Class A Common Stock on the purchase contract settlement date. In addition, these purchase contracts include unsecured contract adjustment payments as shown in the diagrams on the following pages.

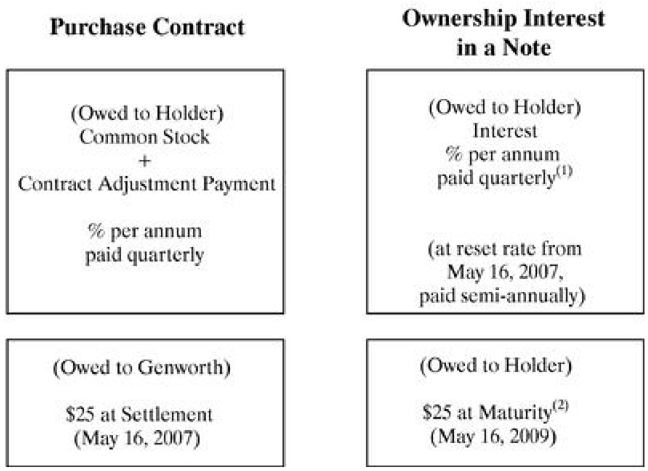
Number of Shares Delivered
Upon Settlement of a Purchase Contract on the
Purchase Contract Settlement Date



Notes:
(1) The "reference price" is the initial public offering price of our Class A Common Stock.
(2) The "threshold appreciation price" represents a % appreciation over the reference price.
(3) The "applicable market value" means the average of the closing price per share of our Class A Common Stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date.

Corporate Units

A Corporate Unit consists of two components as described below:



Notes:

(1) Each owner of an undivided beneficial ownership interest in notes will be entitled to 1/40, or 2.5%, of each interest payment paid in respect of a $1,000 principal amount note.

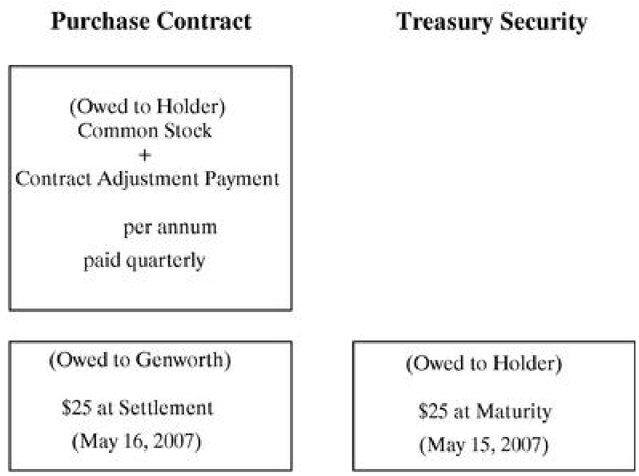
(2) Notes will be issued in minimum denominations of $1,000, except in limited circumstances. Each undivided beneficial ownership interest in notes represents a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount note.

- The holder of a Corporate Unit owns the undivided beneficial ownership interest in notes that forms a part of the Corporate Unit but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

- If the Treasury portfolio has replaced the notes as a result of a special event redemption prior to the purchase contract settlement date, the applicable ownership interests in the Treasury portfolio will replace the notes as a component of the Corporate Unit. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization or the holder creates a Treasury Unit, the proceeds from the applicable ownership interest in the Treasury portfolio will be used to satisfy the holder's obligation under the related purchase contract.

Treasury Units

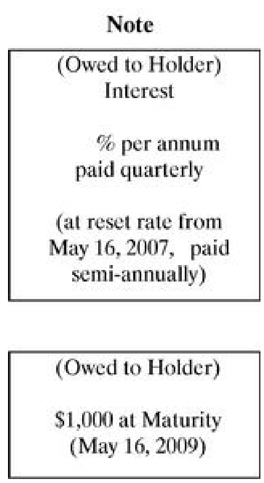
A Treasury Unit consists of two components as described below:



- The holder of a Treasury Unit owns the ownership interest in the Treasury security that forms a part of the Treasury Unit but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization or the holder recreates a Corporate Unit, the proceeds from the Treasury security will be used to satisfy the holder's obligation under the related purchase contract.

The Notes

Notes have the terms described below[(1)]:



Notes:

(1) Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, Treasury Units may only be created with integral multiples of 40 Corporate Units. As a result, the creation of 40 Treasury Units will release $1,000 principal amount of the notes held by the collateral agent.

Summary Historical and Pro Forma Financial Information

The following table sets forth summary historical combined and pro forma financial information. You should read this information in conjunction with the information under "Selected Historical and Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes included elsewhere in this prospectus.

Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer and mortgage contract underwriting. In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI 489.5 million shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note.

We have prepared our combined financial statements as if Genworth had been in existence throughout all relevant periods. Our historical combined financial information and statements include all businesses that were owned by GEFAHI including those that will not be transferred to us, as well as the other insurance businesses that we will acquire from other GE subsidiaries, each in connection with our corporate reorganization.

The unaudited pro forma information set forth below reflects our historical combined financial information, as adjusted to give effect to the transactions described under "Selected Historical and Pro Forma Financial Information" as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information. The following transactions are reflected in the pro forma financial information:

- the removal of certain businesses of GEFAHI that will not be transferred to us in connection with our corporate reorganization, including the Partnership Marketing Group business, an institutional asset management business and several other small businesses;
- the removal of certain liabilities that we will not assume, including an aggregate of $1.691 billion of commercial paper issued by GEFAHI and short-term borrowings from General Electric Capital Corporation of $548 million that were outstanding as of December 31, 2003;
- the reinsurance transactions with UFLIC, including a capital contribution of $1.836 billion that we will make to UFLIC;
- the issuance of equity and debt securities that we will issue to GEFAHI in exchange for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization; and
- the other adjustments described in the notes to the unaudited pro forma financial statements under "Selected Historical and Pro Forma Financial Information."

The unaudited pro forma information below is based upon available information and assumptions that we believe are reasonable. The unaudited pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had the transactions described above occurred on the dates indicated. The unaudited pro forma information also should not be considered representative of our future financial condition or results of operations.

In addition to the pro forma adjustments to our historical combined financial statements, various other factors will have an effect on our financial condition and results of operations after the completion of this offering, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(Amounts in millions, except per share amounts)	Historical					Pro forma
	Years ended December 31,					Year ended December 31,
	2003(1)	2002	2001	2000(2)	1999	2003
Combined Statement of Earnings Information						
Revenues:						
Premiums	$ 6,703	$ 6,107	$ 6,012	$ 5,233	$ 4,534	$ 6,252
Net investment income	4,015	3,979	3,895	3,678	3,440	2,928
Net realized investment gains	10	204	201	262	280	38
Policy fees and other income	943	939	993	1,053	751	557
Total revenues	11,671	11,229	11,101	10,226	9,005	9,775
Benefits and expenses:						
Benefits and other changes in policy reserves	5,232	4,640	4,474	3,586	3,286	4,191
Interest credited	1,624	1,645	1,620	1,456	1,290	1,358
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823	1,813	1,626	1,614
Amortization of deferred acquisition costs and intangibles(3)	1,351	1,221	1,237	1,394	1,136	1,144
Interest expense	140	124	126	126	78	138
Total benefits and expenses	10,289	9,438	9,280	8,375	7,416	8,445
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,851	1,589	1,330
Provision for income taxes	413	411	590	576	455	395
Net earnings from continuing operations	$ 969	$ 1,380	$ 1,231	$ 1,275	$ 1,134	$ 935
Pro forma earnings from continuing operations per share:						
Basic	$ 1.98					$ 1.91
Diluted	$ 1.98					$ 1.91
Pro forma shares outstanding:						
Basic	489.5					489.5
Diluted	490.0					490.0
Selected Segment Information						
Total revenues:						
Protection	$ 6,153	$ 5,605	$ 5,443	$ 4,917		$ 5,839
Retirement Income and Investments	3,781	3,756	3,721	3,137		2,707
Mortgage Insurance	982	946	965	895		982
Affinity(4)	566	588	687	817		—
Corporate and Other	189	334	285	460		247
Total	$ 11,671	$ 11,229	$ 11,101	$ 10,226		$ 9,775
Net earnings (loss) from continuing operations:						
Protection	$ 487	$ 554	$ 538	$ 492		$ 481
Retirement Income and Investments	151	186	215	250		93
Mortgage Insurance	369	451	428	414		369
Affinity(4)	16	(3)	24	(13)		—
Corporate and Other	(54)	192	26	132		(8)
Total	$ 969	$ 1,380	$ 1,231	$ 1,275		$ 935

(Dollar amounts in millions)	Historical					Pro forma
	December 31,					December 31,
	2003(1)	2002	2001	2000(2)	1999	2003
Combined Statement of Financial Position Information						
Total investments	$ 78,693	$ 72,080	$ 62,977	$ 54,978	$ 48,341	$ 59,778
All other assets	24,738	45,277	41,021	44,598	27,758	38,034
Total assets	$ 103,431	$ 117,357	$ 103,998	$ 99,576	$ 76,099	$ 97,812
Policyholder liabilities	$ 66,545	$ 63,195	$ 55,900	$ 48,291	$ 45,042	$ 66,046
Non-recourse funding obligations(5)	600	—	—	—	—	600
Short-term borrowings	2,239	1,850	1,752	2,258	990	2,400
Long-term borrowings	529	472	622	175	175	529
All other liabilities	17,718	35,088	31,559	35,865	18,646	17,275
Total liabilities	$ 87,631	$ 100,605	$ 89,833	$ 86,589	$ 64,853	$ 86,850
Accumulated nonowner changes in stockholder's interest	$ 1,672	$ 835	$ (664)	$ (424)	$ (862)	$ 1,006
Total stockholder's interest	15,800	16,752	14,165	12,987	11,246	10,962
U.S. Statutory Information						
Statutory capital and surplus	7,021	7,207	7,940	7,119	6,140	
Asset valuation reserve	413	390	477	497	500	

(1) On August 29, 2003, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses for aggregate cash proceeds of approximately $2.1 billion, consisting of $1.6 billion paid to us and $0.5 billion paid to other GE affiliates, plus pre-closing dividends. See note 4 to our combined financial statements, included elsewhere in this prospectus.

(2) During 2000, we consummated three significant business combinations:

- In July 2000, we reinsured 90% of Travelers' long-term care insurance portfolio and acquired certain related assets for $411 million;
- In April 2000, we acquired 97% of Phoenix American Life Insurance Company for $284 million; and
- Effective March 2000, we acquired the insurance policies and related assets of Toho Mutual Life Insurance Company. Our Japanese life insurance business assumed $21.6 billion of policyholder liabilities and $0.3 billion of accounts payable and accrued expenses and acquired $20.3 billion in cash, investments and other tangible assets through this transaction. We sold this business on August 29, 2003, and its results have been presented as discontinued operations.

(3) As of January 1, 2002, we adopted Statement of Financial Accounting Standards 142,*Goodwill and Other Intangible Assets,* and, in accordance with its provisions, discontinued amortization of goodwill. Goodwill amortization was $84 million, $70 million and $53 million for the years ended December 31, 2001, 2000 and 1999, respectively, excluding goodwill amortization included in discontinued operations.

(4) Reflects the results of businesses that are owned by GEFAHI but will not be transferred to us in connection with our corporate reorganization, including (a) the Partnership Marketing Group business, (b) an institutional asset management business, and (c) several other small businesses that are not part of our core ongoing business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information."

(5) Reflects non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by a wholly-owned captive reinsurance subsidiary of our company to fund certain statutory reserves. Both principal and interest payments are guaranteed by a third-party insurance company.

Recent Developments

The following table sets forth our historical combined and pro forma financial information as of March 31, 2004 and for the three months ended March 31, 2004 and March 31, 2003. The pro forma financial information is prepared on a basis comparable to the pro forma financial information set forth under "Selected Historical and Pro Forma Financial Information," except that the financial position information as of March 31, 2004 is adjusted to give effect to the transactions described in that section as if each had occurred as of that date.

	Historical		Pro forma	
	Three months ended March 31,		Three months ended March 31,	
(Amounts in millions, except per share amounts)	2004	2003	2004	2003
Combined Statement of Earnings Information				
Revenues:				
Premiums	$ 1,722	$ 1,585	$ 1,619	$ 1,476
Net investment income	1,020	993	755	722
Net realized investment gains	16	21	15	20
Policy fees and other income	263	233	166	137
Total revenues	3,021	2,832	2,555	2,355
Benefits and expenses:				
Benefits and other changes in policy reserves	1,348	1,253	1,086	996
Interest credited	396	409	330	343
Underwriting, acquisition, and insurance expenses, net of deferrals	508	488	414	404
Amortization of deferred acquisition costs and intangibles	345	300	286	251
Interest expense	47	28	45	27
Total benefits and expenses	2,644	2,478	2,161	2,021
Earnings from continuing operations before income taxes	377	354	394	334
Provision for income taxes	117	100	128	94
Net earnings from continuing operations	$ 260	$ 254	$ 266	$ 240
Pro forma earnings from continuing operations per share:				
Basic	$ 0.53	$ 0.52	$ 0.54	$ 0.49
Diluted	$ 0.53	$ 0.52	$ 0.54	$ 0.49
Pro forma shares outstanding:				
Basic	489.5	489.5	489.5	489.5
Diluted	490.0	490.0	490.0	490.0
Selected Segment Information				
Total revenues:				
Protection	$ 1,566	$ 1,476	$ 1,489	$ 1,397
Retirement Income and Investments	976	955	725	686
Mortgage Insurance	263	227	263	227
Affinity	139	137	—	—
Corporate and Other	77	37	78	45
Total	$ 3,021	$ 2,832	$ 2,555	$ 2,355
Net earnings (loss) from continuing operations:				
Protection	$ 124	$ 131	$ 123	$ 124
Retirement Income and Investments	31	42	32	26
Mortgage Insurance	103	85	103	85
Affinity	(2)	—	—	—
Corporate and Other	4	(4)	8	5
Total	$ 260	$ 254	$ 266	$ 240

The increases in historical and pro forma net earnings for the three months ended March 31, 2004 compared with the three months ended March 31, 2003 include, in each case, $12 million due to the favorable impact of changes in foreign exchange rates.

(Dollar amounts in millions)	Historical As of March 31, 2004	Pro forma As of March 31, 2004
Combined Statement of Financial Position Information		
Total investments	$ 81,466	$ 61,776
All other assets	25,070	38,430
Total assets	$ 106,536	$ 100,206
Policyholder liabilities	$ 67,346	$ 66,841
Non-recourse funding obligations	600	600
Short-term borrowings	2,497	2,401
Long-term borrowings	516	516
All other liabilities	18,152	17,580
Total liabilities	$ 89,111	$ 87,938
Accumulated nonowner changes in stockholder's interest	$ 2,976	$ 1,987
Total stockholder's interest	17,425	12,268

Protection

The following table sets forth the historical and pro forma results of operations relating to our Protection segment.

	Historical		Pro forma	
	Three months ended March 31,		Three months ended March 31,	
(Dollar amounts in millions)	2004	2003	2004	2003
Revenues				
Life insurance	$ 373	$ 360	$ 373	$ 360
Long-term care insurance	606	572	529	493
European payment protection insurance	416	370	416	370
Group life and health insurance	171	174	171	174
Total revenues	$ 1,566	$ 1,476	$ 1,489	$ 1,397
Segment net earnings				
Life insurance	$ 57	$ 55	$ 57	$ 55
Long-term care insurance	40	42	39	35
European payment protection insurance	20	22	20	22
Group life and health insurance	7	12	7	12
Total segment net earnings	$ 124	$ 131	$ 123	$ 124
Annualized first-year premiums and deposits(1)				
Life insurance(2)	$ 37	$ 44	$ 37	$ 44
Long-term care insurance	42	62	42	62
Group life and health insurance	26	21	26	21
Total annualized first-year premiums and deposits	$ 105	$ 127	$ 105	$ 127
Gross written premiums				
European payment protection insurance	$ 179	$ 373	$ 179	$ 373

(1) Annualized first-year premiums and deposits reflect the amount of business we generated during each period shown and do not include renewal premiums or deposits on policies written during prior periods. We consider annualized first-year premiums and deposits to be a measure of our operating performance because they represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

(2) Includes annualized first-year premiums of $26 million and $31 million in the three months ended March 31, 2004 and 2003, respectively, and deposits of $11 million and $13 million in the three months ended March 31, 2004 and 2003, respectively.

Segment net earnings decreased by $7 million, or 5%, to $124 million for the three months ended March 31, 2004 from $131 million for the three months ended March 31, 2003. This decrease was primarily the result of decreases in net earnings for group life and health, long-term care and European payment protection insurance products, offset in part by an increase in net earnings for life insurance products. The decrease in group life and health insurance was primarily attributable to higher lapse rates in our dental insurance and administration fee products, as well as higher claims incidence in our life insurance products. The decrease in long-term care insurance was primarily attributable to the loss of $4 million of investment income resulting from a reallocation of capital from our long-term care insurance business to our Corporate and Other segment. The decrease in long-term care insurance was offset in part by growth of the in-force block. The decrease in European payment protection insurance was primarily the result of increased claims in our run-off block of U.K. travel insurance and the loss of certain foreign tax benefits, offset in part by $3 million due to the favorable impact of changes in foreign exchange rates.

Pro forma segment net earnings decreased $1 million, or 1%, to $123 million for the three months ended March 31, 2004 from $124 million for the three months ended March 31, 2003. Pro forma segment net earnings differ from historical segment net earnings due primarily to the reinsurance with UFLIC of the block of long-term care insurance policies that we reinsured from Travelers in 2000. Pro forma net earnings for long-term care insurance increased $4 million, or 11%, to $39 million for the three months ended March 31, 2004 from $35 million for the three months ended March 31, 2003.

Annualized first-year premiums and deposits for our life insurance products decreased $7 million, or 16%, to $37 million for the three months ended March 31, 2004 from $44 million for the three months ended March 31, 2003. This decrease was primarily a result of term life insurance price increases implemented in March 2003 that contributed to lower sales of term life insurance in the remainder of 2003 and the three months ended March 31, 2004.

In the third quarter of 2003, we started selling our newest long-term care insurance products in selected markets. These products were priced to achieve our target returns on capital and to reflect new features and benefits, trends in lapse rates, interest rates, morbidity and adverse claims experience in certain higher risk policyholder classes. Our pricing strategy for these products has contributed to lower sales in recent periods, with annualized first-year premiums for our long-term care insurance products decreasing $20 million, or 32%, to $42 million for the three months ended March 31, 2004 from $62 million for the three months ended March 31, 2003. We believe that our pricing strategy is appropriate relative to the underlying risk exposure of these products and that it will lead to increased net earnings over time.

Gross written premiums for our European payment protection insurance products decreased $194 million, or 52%, to $179 million for the three months ended March 31, 2004 from $373 million for the three months ended March 31, 2003. To enable us to achieve our targeted returns on capital on our European payment protection insurance products, we decided not to renew certain distribution relationships in the U.K. market. As a result of that decision, gross written premiums in the U.K. decreased by 84%, to $46 million for the three months ended March 31, 2004 from $279 million for the three months ended March 31, 2003. This decline in the U.K. was partially offset in Continental Europe, where gross written premiums increased by 42%, to $133 million for the three months ended March 31, 2004 from $94 million for the three months ended March 31, 2003.

Annualized first-year premiums for our group life and health insurance products increased $5 million, or 24%, to $26 million for the three months ended March 31, 2004 from $21 million for the three months ended March 31, 2003. This increase was primarily a result of a 53% increase in annualized first-year premiums attributable to growth in our dental, disability and life insurance products.

Retirement Income and Investments

The following table sets forth the historical and pro forma results of operations relating to our Retirement Income and Investments segment.

	Historical		Pro forma	
	Three months ended March 31,		Three months ended March 31,	
	2004	2003	2004	2003
(Dollar amounts in millions)				
Revenues				
Spread-based retail products	$ 788	$ 781	$ 584	$ 562
Spread-based institutional products	76	95	76	95
Fee-based products	112	79	65	29
Total revenues	$ 976	$ 955	$ 725	$ 686
Segment net earnings				
Spread-based retail products	$ 22	$ 33	$ 17	$ 19
Spread-based institutional products	6	11	6	11
Fee-based products	3	(2)	9	(4)
Total segment net earnings	$ 31	$ 42	$ 32	$ 26
Annualized first-year premiums and deposits(1)				
Spread-based retail products(2)	$ 643	$ 683	$ 643	$ 683
Spread-based institutional products(3)	501	783	501	783
Fee-based products	517	557	517	557
Total annualized first-year premiums and deposits	$ 1,661	$ 2,023	$ 1,661	$ 2,023

(1) Annualized first-year premiums and deposits reflect the amount of business we generated during each period shown and do not include renewal premiums or deposits on policies written during prior periods. We consider annualized first-year premiums and deposits to be a measure of our operating performance because they represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

(2) Includes annualized first-year premiums of $277 million and $258 million in the three months ended March 31, 2004 and 2003, respectively, and deposits of $366 million and $425 million in the three months ended March 31, 2004 and 2003, respectively.

(3) Deposits on spread-based institutional products include contracts that have matured but are redeposited with our company. For the three months ended March 31, 2004 and 2003, the amounts of customer redeposits were $177 million and $275 million, respectively.

Segment net earnings decreased $11 million, or 26%, to $31 million for the three months ended March 31, 2004 from $42 million for the three months ended March 31, 2003. This decrease was primarily the result of declining yields on invested assets, resulting in lower earnings from our spread-based retail and institutional products. The decrease was also the result of favorable mortality experience in our structured settlement business during the three months ended March 31, 2003 that did not recur in the three months ended March 31, 2004. Segment net earnings were favorably affected by an increase in fees earned pursuant to new arrangements we entered into, effective as of January 1, 2004, to provide investment administrative services related to a pool of municipal guaranteed investment contracts, or GICs, issued by affiliates of GE.

Pro forma segment net earnings increased $6 million, or 23%, to $32 million for the three months ended March 31, 2004 from $26 million for the three months ended March 31, 2003. Pro forma segment net earnings differ from historical segment net earnings due to the reinsurance with UFLIC of our in-force blocks of structured settlements and substantially all of our in-force blocks of variable annuities. Pro forma net earnings for spread-based retail products decreased $2 million in the three months ended March 31, 2004 from the three months ended March 31, 2003, and historical net earnings decreased $11 million over the same periods. Pro forma net earnings for fee-based products increased $13 million in the three months ended March 31, 2004 from the three months ended March 31, 2003, and historical net earnings increased $5 million over the same periods.

Annualized first-year premiums and deposits for our spread-based retail products decreased $40 million, or 6%, to $643 million for the three months ended March 31, 2004 from $683 million for the three months ended March 31, 2003. This decrease was primarily the result of lower sales of structured settlements and deposits for fixed annuities, offset in part by an increase in sales of income annuities. The decrease in structured settlements was primarily due to our decision to write those contracts on an opportunistic basis where we are able to achieve our targeted returns. The decrease in fixed annuities was primarily due to lower minimum guaranteed crediting rates introduced throughout 2003, which resulted in lower sales in the three months ended March 31, 2004, compared to the three months ended March 31, 2003. Deposits for our spread-based institutional products decreased $282 million, or 36%, to $501 million for the three months ended March 31, 2004 from $783 million for the three months ended March 31, 2003. The decrease in spread-based institutional products was primarily due to fewer requests for bids following the announcement in November 2003 of our planned separation from GE. We believe this decrease was due primarily to the limited availability to our customers of information about our company prior to the completion of this offering. Deposits for our fee-based products decreased $40 million, or 7%, to $517 million for the three months ended March 31, 2004 from $557 million for the three months ended March 31, 2003. This decrease was primarily the result of lower sales of variable annuities, which we believe was attributable to a market shift to variable annuity products with certain guaranteed benefit features that we did not offer during the three months ended March 31, 2004.

Mortgage Insurance

The following table sets forth the historical results of operations relating to our Mortgage Insurance segment. The Mortgage Insurance segment's results are not affected by any of the pro forma adjustments.

	Historical	
	Three months ended March 31,	
(Dollar amounts in millions)	2004	2003
Revenues		
U.S. mortgage insurance	$ 154	$ 170
International mortgage insurance	109	57
Total revenues	$ 263	$ 227
Segment net earnings		
U.S. mortgage insurance	$ 59	$ 57
International mortgage insurance	44	28
Total segment net earnings	$ 103	$ 85
New insurance written		
U.S. mortgage insurance	$ 6,798	$ 14,530
International mortgage insurance	10,905	6,257
Total new insurance written	$ 17,703	$ 20,787

Segment net earnings increased $18 million, or 21%, to $103 million for the three months ended March 31, 2004 from $85 million for the three months ended March 31, 2003. This increase was primarily the result of a $16 million increase in international net earnings, attributable to higher levels of insurance in force and invested assets. The increase in our international net earnings included $9 million due to the favorable impact of changes in foreign exchange rates. Net earnings of our U.S. mortgage business increased $2 million, primarily as a result of lower underwriting costs due to lower mortgage refinance activity. The lower mortgage refinancing activity resulted in increased persistency in our U.S. mortgage insurance business, with policy cancellation rates in our U.S. flow mortgage insurance business decreasing to 32% for the three months ended March 31, 2004 from 53% for the three months ended March 31, 2003.

New insurance written decreased $3,084 million, or 15%, to $17,703 million for the three months ended March 31, 2004 from $20,787 million for the three months ended March 31, 2003. This decrease was primarily the result of a $7,732 million decrease in U.S. new insurance written, primarily attributable to lower mortgage refinancing activity. The decrease in U.S. new insurance written was offset in part by a $4,648 million increase in international new insurance written. The increase in our international new insurance written included $2,168 million due to the favorable impact of changes in foreign exchange rates.

Affinity

Segment net earnings on a historical basis decreased $2 million to a ($2) million loss for the three months ended March 31, 2004. Pro forma financial information is not presented for the Affinity segment because we will not acquire any of the Affinity segment businesses from GEFAHI.

Corporate and Other

Segment net earnings increased $8 million, or 200%, to $4 million for the three months ended March 31, 2004 from $(4) million for the three months ended March 31, 2003. Pro forma segment net earnings increased $3 million, or 60%, to $8 million for the three months ended March 31, 2004 from $5 million for the three months ended March 31, 2003. The increase in net earnings was due primarily to $4 million of increased investment income resulting from a reallocation of capital from our long-term care insurance business to our Corporate and Other segment. The increase in net earnings was also the result of increases in policy fees and other income that were offset in part by an increase in interest expense, both of which related to the securitization entities that were consolidated in our financial statements in connection with our adoption of FASB Interpretation 46, *Consolidation of Variable Interest Entities*, on July 1, 2003. Pro forma net earnings in our Corporate and Other segment were higher than historical segment net earnings due to higher invested assets in the Corporate and Other segment after giving effect to the reinsurance transactions with UFLIC.

New Accounting Pronouncement

On January 1, 2004 we adopted American Institute of Certified Public Accountants Statement of Position 03-1 ("SOP 03-1"),*Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*. SOP 03-1 provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. Prior to adopting SOP 03-1 we held reserves for both variable annuity guaranteed minimum death benefits and the higher-tier annuitization benefit on two-tiered annuities. To record these reserves in accordance with SOP 03-1, we released $10 million, or 7%, of our two-tiered annuity reserves as well as $3 million of guaranteed minimum death benefit reserves. After giving effect to the impact of the additional deferred acquisition cost amortization related to these reserve releases, we recorded a $5 million benefit in cumulative effect of accounting changes, net of taxes, which is not reflected in net earnings from continuing operations.

Risk Factors

You should carefully consider the following risks before investing in our Equity Units. These risks could materially affect our business, results of operations or financial condition and cause the trading price of our Equity Units, the notes and the Class A Common Stock to decline. You could lose part or all of your investment.

Risks Relating to Our Businesses

Interest rate fluctuations could adversely affect our business and profitability.

Our insurance and investment products are sensitive to interest rate fluctuations and expose us to the risk that falling interest rates will reduce our "spread," or the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must pay policyholders and contractholders. Because we may reduce the interest rates we credit on most of these products only at limited, pre-established intervals, and because some of them have guaranteed minimum crediting rates, declines in interest rates may adversely affect the profitability of those products. For example, interest rates declined to unusually low levels from 2001 to 2003. During this period, our net earnings from spread-based products, such as fixed and income annuities and guaranteed investment contracts, declined from $207 million for the year ended December 31, 2001 to $138 million for the year ended December 31, 2003.

During periods of increasing market interest rates, we must offer higher crediting rates on interest-sensitive products, such as universal life insurance and fixed annuities, and we must increase crediting rates on in-force products to keep these products competitive. In addition, increases in market interest rates may cause increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders seek to shift assets to products with perceived higher returns. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations. An increase in policy surrenders and withdrawals also may require us to accelerate amortization of deferred acquisition costs or other intangibles or cause an impairment of goodwill, which would reduce our net earnings.

Our long-term care insurance products also expose us to the risk of interest rate fluctuations. The pricing and expected future profitability of these products are based in part on expected investment returns. Over time, long-term care insurance products generally produce positive cash flows as customers pay periodic premiums, which we invest as we receive them. Declining interest rates may reduce our ability to achieve our targeted investment margins and may adversely affect the profitability of our long-term care insurance products.

In our mortgage insurance business, rising interest rates generally reduce the volume of new mortgages, resulting in a decrease in the volume of new insurance written. Rising interest rates also can increase the monthly mortgage payments for insured homeowners with adjustable rate mortgages, or ARMs, which could have the effect of increasing default rates on ARM loans and thereby increasing our exposure on our mortgage insurance policies. This is particularly relevant in our non-U.S. mortgage insurance business, where ARMs are the predominant mortgage product. Declining interest rates increase the rate at which insured borrowers refinance their existing mortgages, thereby resulting in cancellations of the mortgage insurance covering the refinanced loans. Declining interest rates also generally are associated with home price appreciation, which may provide insured borrowers the option of canceling their mortgage insurance coverage earlier than we anticipated in pricing that coverage. These cancellations could have an adverse effect on our results from our mortgage insurance business.

Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed-income securities also may decide to prepay their obligations in order to borrow at lower market rates, which exacerbates the risk that we may have to invest the cash proceeds of these securities in lower-yielding or lower-credit instruments. Declining interest rates from 2001 to 2003 contributed to a decrease in our weighted average investment yield from 6.5% for the year ended December 31, 2001 to 5.2% for the year ended December 31, 2003. For additional information regarding our investment portfolio, see "Business—Investments." For additional information regarding the sensitivity of the fixed maturities in our investment portfolio to interest rate fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

Downturns and volatility in equity markets could adversely affect our business and profitability.

Significant downturns and volatility in equity markets could have an adverse effect on our financial condition and results of operations in three principal ways. First, market downturns and volatility may cause potential new purchasers of our products to refrain from purchasing products, such as variable annuities and variable life insurance, that have returns linked to the performance of the equity markets and may cause current policyholders and contractholders to withdraw cash values from those products. The sharp declines in the equity markets during 2001 and 2002 have had adverse impacts on our sales of variable annuities and other products linked to equity markets. For example, our deposits for variable annuities decreased by 28% from $2,309 million for the year ended December 31, 2001 to $1,667 million for the year ended December 31, 2002.

Second, downturns and volatility in equity markets can have an adverse effect on the revenues and returns from our separate account and private asset management products and services. Because these products depend on fees related primarily to the value of assets under management, declines in the equity markets have reduced our revenues by reducing the value of the investment assets we manage. For example, the recent equity market downturn caused a reduction in the value of the separate account assets underlying our variable life insurance policies, variable annuities and assets under management. As a result, our policy fees and other income in our Retirement Income and Investments segment decreased by 7% from $243 million for the year ended December 31, 2002 to $225 million for the year ended December 31, 2003. In addition, some of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum income payments tied to the investment performance of the assets held within the variable annuity. A significant market decline could result in declines in account values which could increase our payments under the guaranteed minimum death benefits and certain income payments in connection with variable annuities, which could have an adverse effect on our financial condition and results of operations.

Third, we are exposed to equity risk on our holdings of common stock and other equities. An economic downturn, corporate malfeasance or a variety of other factors could cause declines in the value of our equity portfolio and cause our net earnings to decline. For additional information regarding the sensitivity of the equity securities in our investment portfolio to equity market fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

Defaults in our fixed-income securities portfolio may reduce our earnings.

Issuers of the fixed-income securities that we own may default on principal and interest payments. As of each of December 31, 2003 and 2002, 93% of our fixed maturities had ratings equivalent to investment-grade. Nevertheless, as a result of the economic downturn and recent corporate malfeasance, the number of companies defaulting on their debt obligations increased dramatically in 2001 and 2002. As of December 31, 2003 and 2002, we had fixed maturities in or near default (where the issuer has missed payment of principal or interest or entered bankruptcy) with a fair value of $190 million and $181 million, respectively. An economic downturn, further events of corporate malfeasance or a variety of other factors could cause declines in the value of our fixed maturities porfolio and cause our net earnings to decline.

We recognized gross capital gains of $473 million, $790 million and $814 million for the years ended December 31, 2003, 2002 and 2001, respectively. We realized these capital gains in part to offset default-related losses during those periods. However, capital gains may not be available in the future, and if they are, we may elect not to recognize capital gains to offset losses.

A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and adversely affect our financial condition and results of operations.

Financial strength ratings, which various ratings organizations publish as measures of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintaining public confidence in our products, the ability to market our products and our competitive position. A downgrade in our financial strength ratings, or the announced potential for a downgrade, could have a significant adverse effect on our financial condition and results of operations in many ways, including:

- reducing new sales of insurance products, annuities and other investment products;
- adversely affecting our relationships with independent sales intermediaries and our dedicated sales specialists;
- materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders;
- requiring us to reduce prices for many of our products and services to remain competitive; and
- adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

In connection with our initial public offering and separation from GE, our principal life insurance companies were downgraded from financial strength ratings of "AA" (Very Strong) by S&P and "Aa2" (Excellent) by Moody's, to "AA-" (Very Strong) and "Aa3" (Excellent), respectively. In addition, as a result of our 2003 decision to reduce excess capital at our mortgage insurance subsidiaries, our mortgage insurance companies were downgraded from financial strength ratings of "AAA" (Extremely Strong) by S&P and Fitch and "Aaa" (Exceptional) by Moody's to "AA" (Very Strong) by S&P and Fitch and "Aa2" (Excellent) by Moody's. Although we do not believe that these downgrades have negatively affected our business overall in any material respect, we cannot assure you that they will not have an adverse effect over time or that our ratings will not be further downgraded in the future. The "AA" and "AA-" ratings are the third- and fourth-highest of S&P's 21 ratings categories, respectively. The "Aa2" and "Aa3" ratings are the third- and fourth-highest of Moody's 21 ratings categories, respectively. The "AA" rating is the third-highest of Fitch's 24 ratings categories.

The charters of the Federal National Mortgage Corporation, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, only permit them to buy high loan-to-value mortgages that are insured by a "qualified insurer," as determined by each of them. Their current rules effectively provide that they will accept mortgage insurance only from private mortgage insurers with financial strength ratings of at least "AA-" by S&P and "Aa3" by Moody's. If our mortgage insurance companies' financial strength ratings decrease below the thresholds established by Fannie Mae and Freddie Mac, we would not be able to insure mortgages purchased by Fannie Mae or Freddie Mac. Approximately 68% of the loans we insured in the U.S. during the year ended December 31, 2003 were sold to either Fannie Mae or Freddie Mac. An inability to insure mortgage loans sold to Fannie Mae or Freddie Mac, or their transfer of our existing policies to an alternative mortgage insurer, would have an adverse effect on our financial condition and results of operations.

In 2003, the U.S. Office of Federal Housing Enterprise Oversight announced a risk-based capital rule that treats credit enhancements issued by private mortgage insurers with financial strength ratings of "AAA" more favorably than those issued by "AA" rated insurers. Neither Fannie Mae nor Freddie Mac has adopted policies that distinguish between "AA" rated and "AAA" rated mortgage insurers. However, if Fannie Mae or Freddie Mac adopts policies that treat "AAA" rated insurers more favorably than "AA" rated insurers, our competitive position may suffer.

Our mortgage insurance subsidiaries in Canada and Australia are also subject to local regulations that require them to maintain specified financial strength ratings to continue their operations.

In addition to the financial strength ratings of our insurance subsidiaries, ratings agencies also publish credit ratings for our company. The credit ratings have an impact on the interest rates we pay on the money we borrow. Therefore, a downgrade in our credit ratings could increase our cost of borrowing and have an adverse effect on our financial condition and results of operations.

The ratings of our insurance subsidiaries are not evaluations directed to the protection of investors in our common stock.

The ratings of our insurance subsidiaries described under "Business—Financial Strength Ratings" reflect each rating agency's current opinion of each subsidiary's financial strength, operating performance and ability to meet obligations to policyholders and contractholders. These factors are of concern to policyholders, contractholders, agents, sales intermediaries and lenders. Ratings are not evaluations directed to the protection of investors in our common stock. They are not ratings of our common stock and should not be relied upon when making a decision to buy, hold or sell our shares of common stock or any other security. In addition, the standards used by rating agencies in determining financial strength are different from capital requirements set by state insurance regulators. We may need to take actions in response to changing standards set by any of the ratings agencies, as well as statutory capital requirements, which could cause our business and operations to suffer.

If our reserves for future policy benefits and claims are inadequate, we may be required to increase our reserve liabilities, which could adversely affect our results of operations and financial condition.

We establish reserve liabilities to provide for future obligations under our insurance policies, annuities and other investment products, and mortgage insurance contract underwriting arrangements. Reserves do not represent an exact calculation of liability, but rather are estimates of expected net policy and contract benefits and claims payments over time. Our reserving assumptions and estimates require significant judgments and, therefore, are inherently uncertain. We cannot determine with precision the ultimate amounts that we will pay for actual benefit and claim payments, the timing of those payments, or whether the assets supporting our policy and contract liabilities will increase to the levels we estimate before payment of benefits or claims. We continually monitor our reserves. If we conclude that our reserves are insufficient to cover actual or expected policy and contract benefits and claims payments, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which could adversely affect our results of operations and financial condition. For more information on how we set our reserves, see "Business—Reserves."

As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations.

We will act as a holding company for our insurance subsidiaries and will not have any significant operations of our own. Dividends from our subsidiaries and permitted payments to us under our tax sharing arrangements with our subsidiaries will be our principal sources of cash to pay stockholder dividends and to meet our obligations. These obligations will include our operating expenses, interest and principal on debt and contract adjustment payments on our Equity Units. These obligations also include amounts we will owe to GE under the tax matters agreement that we and GE will enter into prior to the completion of this offering. If the cash we receive from our subsidiaries pursuant to dividend payment and tax sharing arrangements is insufficient for us to fund any of these obligations, we may be required to raise cash through the incurrence of debt, the issuance of additional equity or the sale of assets.

The payment of dividends and other distributions to us by our insurance subsidiaries is regulated by insurance laws and regulations. In general, dividends in excess of prescribed limits are deemed "extraordinary" and require insurance regulatory approval. See "Regulation." During the years ended December 31, 2003, 2002 and 2001, we received dividends from our insurance subsidiaries of $1,472 million ($1,400 million of which were deemed "extraordinary"), $840 million ($375 million of which were deemed "extraordinary") and $410 million (none of which were deemed "extraordinary"), respectively. In addition, during the years ended December 31, 2003, 2002 and 2001, we received dividends from insurance subsidiaries related to discontinued operations of $495 million, $62 million and $0, respectively. Based on statutory results as of December 31, 2003, our subsidiaries could pay dividends of $1,121 million to us in 2004 without obtaining regulatory approval. However, as a result of the dividends we will pay in connection with our corporate reorganization, most of our insurance subsidiaries will not be able to pay us any additional dividends for the twelve months following this offering without prior regulatory approval. As part of our corporate reorganization, we will retain cash at the holding company level which we believe will be adequate to fund our dividend payments, debt service, obligations under the tax matters agreement and other obligations until our subsidiaries can resume paying dividends to us. In addition, the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our stockholders, are subject to various conditions imposed by the rating agencies for us to maintain our ratings.

Some of our investments are relatively illiquid.

Our investments in privately placed fixed maturities, mortgage loans, policy loans, limited partnership interests, real estate and restricted investments held by securitization entities are relatively illiquid. These asset classes represented approximately 30% of the carrying value of our total cash and invested assets as of December 31, 2003, on a pro forma basis. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. For example, our floating rate funding agreements generally contain "put" provisions through which a contractholder may terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. As of December 31, 2003, the aggregate amount of our outstanding funding agreements with put option features was approximately $2.4 billion, and the aggregate amount of funding agreements with put option notice periods of 30 days or less was $450 million. If an unexpected number of contractholders exercise this right and we are unable to access other liquidity sources, we may have to liquidate assets quickly. Our inability to quickly dispose of illiquid investments could have an adverse effect on our financial condition and results of operations.

Intense competition could negatively affect our ability to maintain or increase our market share and profitability.

Our businesses are subject to intense competition. We believe the principal competitive factors in the sale of our products are product features, price, commission structure, marketing and distribution arrangements, brand, reputation, financial strength ratings and service.

Many other companies actively compete for sales in our protection and retirement income and investments markets, including other major insurers, banks, other financial institutions and specialty providers. The principal direct and indirect competitors for our mortgage insurance business include other private mortgage insurers, as well as federal and state governmental and quasi-governmental agencies in the U.S., including the Federal Housing Administration, or FHA, and to a lesser degree, the Veterans Administration, or VA, Fannie Mae and Freddie Mac, as well as local and state housing finance agencies. We also compete in our mortgage insurance business with structured transactions in the capital markets and with other financial instruments designed to manage credit risk, such as credit default swaps and credit linked notes, with lenders who forego mortgage insurance, or self-insure, on loans held in their portfolios, and with lenders that provide mortgage reinsurance through captive mortgage reinsurance programs. In Canada and some European countries, our mortgage insurance business competes directly with government entities, which provide comparable mortgage insurance. Government entities with which we compete typically do not have the same capital requirements and do not have the same profit objectives as we do. Although private companies, such as our company, establish pricing terms for their products to achieve targeted returns, these government entities may offer products on terms designed to accomplish social or political objectives or reflect other non-economic goals.

In many of our product lines, we face competition from competitors that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher financial strength ratings than we do. Many competitors offer similar products and use similar distribution channels. The substantial expansion of banks' and insurance companies' distribution capacities and expansion of product features in recent years have intensified pressure on margins and production levels and have increased the level of competition in many of our business lines.

We may be unable to attract and retain independent sales intermediaries and dedicated sales specialists.

We distribute our products through financial intermediaries, independent producers and dedicated sales specialists. We compete with other financial institutions to attract and retain commercial relationships in each of these channels, and our success in competing for sales through these sales intermediaries depends upon factors such as the amount of sales commissions and fees we pay, the breadth of our product offerings, the strength of our brand, our perceived stability and our financial strength ratings, the marketing and services we provide to them and the strength of the relationships we maintain with individuals at those firms. From time to time, due to competitive forces, we have experienced unusually high attrition in particular sales channels for specific products. Our inability to continue to recruit productive independent sales intermediaries and dedicated sales specialists, or our inability to retain strong relationships with the individual agents at our independent sales intermediaries, could have an adverse effect on our financial condition and results of operations.

If the counterparties to our reinsurance arrangements or to the derivative instruments we use to hedge our business risks default, we may be exposed to risks we had sought to mitigate, which could adversely affect our financial condition and results of operations.

We use reinsurance and derivative instruments to mitigate our risks in various circumstances. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit risk with respect to our reinsurers. We cannot assure you that our reinsurers will pay the reinsurance recoverable owed to us now or in the future or that they will pay these recoverables on a timely basis. A reinsurer's insolvency or inability or unwillingness to make payments under the terms of its reinsurance agreement with us could have an adverse effect on our financial condition and results of operations.

Prior to the completion of this offering, we will cede to UFLIC, effective as of January 1, 2004, policy obligations under our structured settlement contracts, which had reserves of $12.0 billion, and our variable annuity contracts, which had general account reserves of $2.8 billion and separate account reserves of $7.9 billion, in each case as of December 31, 2003. These contracts represent substantially all of our contracts that were in force as of December 31, 2003 for these products. In addition, effective as of January 1, 2004, we will cede to UFLIC policy obligations under a block of long-term care insurance policies that we reinsured from Travelers, which had reserves of $1.5 billion as of December 31, 2003. UFLIC has agreed to establish trust accounts for our benefit to secure its obligations under the reinsurance arrangements, and General Electric Capital Corporation, an indirect subsidiary of GE, or GE Capital, has agreed to maintain UFLIC's risk-based capital above a specified minimum level. If UFLIC becomes insolvent notwithstanding this agreement, and the amounts in the trust accounts are insufficient to pay UFLIC's obligations to us, our financial condition and results of operations could be materially adversely affected. See "Arrangements between GE and our Company—Reinsurance Transactions."

In addition, we use derivative instruments to hedge various business risks. We enter into a variety of derivative instruments, including options, forwards, interest rate and currency swaps and options to enter into interest rate and currency swaps with a number of counterparties. If our counterparties fail to honor their obligations under the derivative instruments, our hedges of the related risk will be ineffective. That failure could have an adverse effect on our financial condition and results of operations.

Fluctuations in foreign currency exchange rates and international securities markets could negatively affect our profitability.

Our international operations generate revenues denominated in local currencies. For the years ended December 31, 2003, 2002 and 2001, respectively, 18%, 14% and 14% of our revenues, and 26%, 12% and 11% of our net earnings from continuing operations were generated by our international operations. We generally invest cash generated by our international operations in securities denominated in local currencies. As of December 31, 2003 and 2002, approximately 5% of our invested assets were held by our international operations and were invested primarily in non-U.S.-denominated securities. Although investing in securities denominated in local currencies limits the effect of currency exchange rate fluctuation on local operating results, we remain exposed to the impact of fluctuations in exchange rates as we translate the operating results of our foreign operations into our combined financial statements. We currently do not hedge this exposure, and as a result, period-to-period comparability of our results of operations is affected by fluctuations in exchange rates. For example, our net earnings for the year ended December 31, 2003 included approximately $25 million due to the favorable impact of changes in foreign exchange rates. In addition, because we derive a significant portion of our earnings from non-U.S.-denominated revenue, our results of operations could be adversely affected to the extent the dollar value of non-U.S.-denominated revenue is reduced due to a strengthening U.S. dollar.

In addition, our investments in non-U.S.-denominated securities are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. Non-U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the U.S. For additional information regarding the sensitivity of our net earnings to foreign currency exchange rate fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

Our insurance businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth.

Our insurance operations are subject to a wide variety of laws and regulations. State insurance laws regulate most aspects of our U.S. insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and licensed. Our non-U.S. insurance operations are regulated principally by insurance regulatory authorities in the jurisdictions in which they are domiciled.

State laws in the U.S. grant insurance regulatory authorities broad administrative powers with respect to, among other things:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;
- regulating unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements;
- establishing statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance regulators and the National Association of Insurance Commissioners, or NAIC, regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations are often made for the benefit of the consumer at the expense of the insurer and thus could have an adverse effect on our financial condition and results of operations.

Our mortgage insurance business is subject to additional laws and regulations. For a discussion of the risks associated with those laws and regulations, see "—Risks Relating to Our Mortgage Insurance Business—Changes in regulations that affect the mortgage insurance business could affect our operations significantly and could reduce the demand for mortgage insurance."

Currently, the U.S. federal government does not regulate directly the business of insurance. However, federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation and taxation. In addition, legislation has been introduced in the U.S. Senate, which, if enacted, would establish comprehensive and exclusive federal regulation over all "interstate insurers." This legislation would repeal the McCarran-Ferguson antitrust exemption for the business of insurance. It would also establish a Federal Insurance Regulatory Commission within the Department of Commerce that would have exclusive regulatory jurisdiction over life and property and casualty insurers that do business in more than one U.S. jurisdiction. The legislation would establish comprehensive federal regulatory oversight over such insurers, including licensing, solvency supervision, accounting and auditing practices, form and rate approval, and market conduct examination. In particular, the legislation would provide for price regulation of life insurance products, which is not now a feature of state regulation of life insurance and could affect the profitability of this business. The legislation also would establish a National Insurance Guaranty Fund which may be empowered to collect pre-funded assessments that are different from, and potentially greater than, current state guaranty fund assessment levels.

The Federal Trade Commission and the Federal Communications Commission have promulgated regulations governing telemarketing practices, including the implementation of a national Do-Not-Call

Registry. These regulations require telemarketers under the jurisdiction of either agency to consult the Do-Not-Call Registry periodically and to remove from telemarketing lists any telephone numbers on that registry before making telemarketing calls. Under the McCarran-Ferguson Act, insurers are not subject to these regulations to the extent that their telemarketing activities constitute the "business of insurance" regulated by state law. Nevertheless, we believe it is not clear whether either agency will attempt to assert jurisdiction over any insurer that engages in telemarketing activities. We believe these regulations already have had an adverse effect, and may have a further adverse effect, on our sales of insurance products, such as long-term care insurance, that we market partly through telemarketing calls.

Our international operations are subject to regulation in the relevant jurisdictions in which they operate, which in many ways is similar to that of the state regulation outlined above. See "Regulation—International Regulation."

Many of our customers and independent sales intermediaries also operate in regulated environments. Changes in the regulations that affect their operations also may affect our business relationships with them and their ability to purchase or to distribute our products. Accordingly, these changes could have an adverse effect on our financial condition and results of operation.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may increase materially our direct and indirect compliance and other expenses of doing business, thus having an adverse effect on our financial condition and results of operations. For a further discussion of the regulatory framework in which we operate, see "Regulation."

Legal and regulatory investigations and actions are common in the insurance business and may result in financial losses and harm our reputation.

We face significant risks of litigation and regulatory investigations and actions in connection with our activities as an insurer, financial services provider, employer, investment adviser, securities issuer, investor and taxpayer. These lawsuits and regulatory actions may be difficult to assess or quantify and may seek recovery of very large or indeterminate amounts, including punitive and treble damages, which may remain unknown for substantial periods of time. A substantial legal liability or a significant regulatory action against us could have an adverse effect on our financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have an adverse effect on our business.

Life insurance companies historically have been subject to substantial litigation resulting from policy disputes and other matters. Most recently, they have faced extensive claims, including class-action lawsuits, alleging improper life insurance sales practices. Judgments or negotiated settlements of such claims have had an adverse impact on the financial condition and results of operations of other insurance companies. We recently agreed to settle one such case and have established what we believe are adequate reserves to bring the matter to a conclusion. Substantial legal liability in any of these or future legal or regulatory actions could have an adverse financial effect or cause significant reputational harm. For further details regarding the litigation in which we are involved, see "Business—Legal Proceedings."

We have significant operations in India that could be adversely affected by changes in the political or economic stability of India or government policies in India, the U.S. or Europe.

Through an arrangement with an affiliate of GE, we have a substantial team of professionals in India who provide a variety of services to our insurance operations, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing. See "Arrangements Between GE and Our Company—Relationship with GE—Arrangements Regarding Our Operations in India." The development of our operations center in India has been facilitated partly by the liberalization policies pursued by the Indian government over the past decade.

The current government of India, formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by previous governments. However, we cannot assure you that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting our business could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

The political climate in the U.S. also could change so that it would not be practical for us to use international operations centers, such as call centers. This could adversely affect our ability to maintain or create low-cost operations outside the U.S. For example, a bill recently introduced in the U.S. Senate, entitled "The Call Center Consumer's Right To Know Act," would, if enacted, require employees of call centers used by a U.S. company to disclose their physical location at the beginning of each telephone call. An identical bill recently was introduced in the U.S. House of Representatives. Similar legislation also is pending in several states in which we operate. We believe the intent of this legislation is to alert consumers to the use of call centers that are located outside the U.S. If enacted, this legislation could result in consumer pressure to curtail our use of low-cost operations outside the U.S., which could reduce the cost benefits we currently realize from using them.

Similarly, the political or regulatory climate in Europe could change in ways which would inhibit our ability to use international operations centers. For example, changes in European privacy regulations, or more stringent interpretation or enforcement of these regulations, could require us to curtail our use of low-cost operations in India to service our European businesses, which could reduce the cost benefits we currently realize from using these operations.

The continued threat of terrorism, the occurrence of terrorist acts and ongoing military actions could adversely affect our financial condition and results of operations.

The continued threat of terrorism and ongoing military actions, as well as heightened security measures in response to these threats and actions, may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. These consequences could have an adverse effect on the value of the assets in our investment portfolio. We cannot predict whether, and the extent to which, companies in which we maintain investments may suffer losses as a result of financial, commercial or economic disruptions, or how any such disruptions might affect the ability of those companies to pay interest or principal on their securities. The continued threat of terrorism also could result in increased reinsurance prices and potentially cause us to retain more risk than we otherwise would retain if we were able to obtain reinsurance at lower prices. In addition, the occurrence of terrorist actions could result in higher claims under our insurance policies than we had anticipated. For example, we incurred approximately $25 million in losses related to the terrorist events of September 11, 2001.

Risks Relating to Our Protection and Retirement Income and Investments Segments

We may face losses if morbidity rates, mortality rates or unemployment rates differ significantly from our pricing expectations.

We set prices for our life insurance, long-term care insurance, European payment protection insurance and some annuity products based upon expected claims and payment patterns, using assumptions for morbidity rates, or likelihood of sickness, and mortality rates, or likelihood of death, of our policyholders and contractholders. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are lower, than our pricing assumptions, we could be required to make greater payments under long-term care insurance policies and annuity contracts than we had projected. Conversely, if mortality rates are higher than our pricing assumptions, we could be required to make greater payments under our life insurance and European payment protection policies and annuity contracts with guaranteed minimum death benefits than we had projected.

The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our long-term care insurance products. Long-term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years after pricing assumptions have been established. Moreover, as a relatively new product in the market, long-term care insurance does not have the extensive claims experience history of life insurance, and as a result, our ability to forecast future claim rates for long-term care insurance is more limited than for life insurance.

We use assumptions regarding unemployment levels in pricing our European payment protection insurance. If those unemployment levels are higher than our pricing assumptions, the claims frequency could be higher for our European payment protection insurance business than we had projected.

We may be required to accelerate the amortization of deferred acquisition costs and the present value of future profits, which would increase our expenses and reduce profitability.

Deferred acquisition costs, or DAC, represent costs which vary with and are primarily related to the sale and issuance of our insurance policies and investment contracts that are deferred and amortized over the estimated life of the related insurance policies. These costs include commissions in excess of ultimate renewal commissions, direct mail and printing costs, sales material and some support costs, such as underwriting and policy and contract issuance expenses. Under U.S. GAAP, DAC is deferred and recognized over the expected life of the policy or contract in relation to either the premiums or gross profits from that policy or contract. In addition, when we acquire a block of insurance policies or investment contracts, we assign a portion of the purchase price to the right to receive future net cash flows from existing insurance and investment contracts and policies. This intangible asset, called the present value of future profits, or PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. We amortize the value of this intangible asset in a manner similar to the amortization of DAC.

Our amortization of DAC and PVFP generally depends upon anticipated profits from investments, surrender and other policy and contract charges and mortality and maintenance expense margins. Unfavorable experience with regard to expected expenses, investment returns, mortality, morbidity or withdrawals or lapses may cause us to accelerate the amortization of DAC or PVFP, or both, or to record a charge to increase benefit reserves.

We regularly review DAC and PVFP to determine if they are recoverable from future income. If these costs are not recoverable, they are charged to expenses in the financial period in which we make this determination. For example, if we determine that we are unable to recover DAC from profits over the life of a block of insurance policies or annuity contracts, or if withdrawals or surrender charges associated with early withdrawals do not fully offset the unamortized acquisition costs related to those policies or annuities, we would be required to recognize the additional DAC amortization as a current-period expense. In recent years, the portion of estimated product margins required to amortize DAC and PVFP has increased in most of our lines of business, with the most significant impact on investment products, primarily as the result of lower investment returns. We also regularly review the recoverability of PVFP for impairment. As of December 31, 2003 and 2002, respectively, we had $5.8 billion and $5.3 billion of DAC, and $1.2 billion and $1.3 billion of PVFP. We amortized $1.3 billion of DAC and PVFP as a current-period expense for the year ended December 31, 2003, compared to $1.2 billion for the year ended December 31, 2002 and $1.2 billion for the year ended December 31, 2001.

We may be required to recognize impairment in the value of our goodwill, which would increase our expenses and reduce our profitability.

Goodwill represents the excess of the amount we paid to acquire our subsidiaries and other businesses over the fair value of their net assets at the date of the acquisition. Under U.S. GAAP, we test the carrying value of goodwill for impairment at least annually at the "reporting unit" level, which is either an operating segment or a business one level below the operating segment. Goodwill is impaired if the fair value of the reporting unit as a whole is less than the fair value of the identifiable assets and liabilities of the reporting unit, plus the carrying value of goodwill, at the date of the test. For example, goodwill may become impaired if the fair value of a reporting unit as a whole were to decline by an amount greater than the decline in the value of its individual identifiable assets and liabilities. This may occur for various reasons, including changes in actual or expected earnings or cash flows of a reporting unit, generation of earnings by a reporting unit at a lower rate of return than similar businesses or declines in market prices for publicly traded businesses similar to our reporting units. If any portion of our goodwill becomes impaired, we would be required to recognize the amount of the impairment as a current-period expense. When we adopted Statement of Financial Accounting Standards 142 with respect to recognizing impairment of goodwill, effective January 1, 2002, we recognized a $376 million impairment, net of tax, relating to our domestic auto and homeowners' insurance business (included in discontinued operations), primarily as a result of heightened price competition in the auto insurance industry.

Our reputation in the long-term care insurance market may be adversely affected if we were to raise premiums on our in-force long-term care insurance products.

Unlike several of our competitors, we have never increased premiums on any in-force long-term care policies that we have issued. Although the terms of all our long-term care insurance policies permit us to increase premiums during the premium-paying period, any implementation of a premium increase could have an adverse effect on our reputation, our ability to market and sell new long-term care insurance products and our ability to retain existing policyholders.

Genetic mapping research and other medical advances could adversely affect the financial performance of our life insurance, long-term care insurance and annuities businesses.

Genetic mapping research includes procedures focused on identifying key genes that render an individual predisposed to specific diseases, such as cancer or Alzheimer's disease. Other medical advances, such as diagnostic imaging technologies, also may be used to detect the early onset of diseases such as cancer and heart disease. We believe that if individuals learn through genetic testing or other medical advances that they are predisposed to particular conditions that may reduce life longevity or require long-term care, they will be more likely to purchase our life and long-term care insurance policies or not to permit existing polices to lapse. In contrast, if individuals learn that they are genetically unlikely to develop the conditions that reduce longevity or require long-term care, they will be less likely to purchase our life and long-term care insurance products, but more likely to purchase certain annuity products. In addition, such individuals that are existing policyholders will be more likely to permit their policies to lapse.

If we were to gain access to the same genetic or other medical information as our prospective policyholders and contractholders, then we would be able to take this information into account in pricing our life and long-term care insurance policies and annuity contracts. However, there are a number of regulatory proposals that would make genetic and other medical information confidential and unavailable to insurance companies. For example, the U.S. Senate recently passed and sent to the U.S. House of Representatives a bill that would prohibit group health plans, health insurers and employers from making enrollment decisions or adjusting premiums on the basis of genetic testing information. Health plans and health insurers also would be prohibited from requiring genetic testing.

The Bush Administration has expressed support for the legislation. However, the House has not taken action on the legislation, and it is not clear whether the bill will be enacted or whether life or long-term care insurance underwriting also would be affected by the final legislation. Legislators in certain states have recently introduced similar legislation. If these regulatory proposals were enacted, prospective policyholders and contractholders would only disclose this information if they chose to do so voluntarily. These factors could lead us to reduce sales of products affected by these regulatory proposals and could result in a deterioration of the risk profile of our portfolio, which could lead to payments to our policyholders and contractholders that are higher than we anticipated.

We may face losses if there are significant deviations from our assumptions regarding the future persistency of our insurance policies and annuity contracts.

The prices and expected future profitability of our life insurance, long-term care insurance, group life and health insurance and deferred annuity products are based in part upon expected patterns of premiums, expenses and benefits, using a number of assumptions, including those related to persistency, which is the probability that a policy or contract will remain in-force from one period to the next. The effect of persistency on profitability varies for different products. For most of our life insurance, group life and health insurance, and deferred annuity products, actual persistency that is lower than our persistency assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract. For the years ended December 31, 2003, 2002 and 2001, persistency in our life insurance and fixed annuity businesses has been slightly higher than assumed, while persistency in our variable annuity and group life and health insurance businesses has been slightly lower than we had assumed.

For our long-term care insurance and some other health insurance policies, actual persistency in later policy durations that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in-force longer than we assumed, then we could be required to make greater benefit payments than we had anticipated when we priced these products. This risk is particularly significant in our long-term care insurance business because we do not have the experience history that we have in many of our other businesses. As a result, our ability to predict persistency for long-term care insurance is more limited than for many other products. Some of our long-term care insurance policies have experienced higher persistency than we had assumed, which has resulted in adverse claims experience.

Because our assumptions regarding persistency experience are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual persistency experience is different from those assumptions. Although some of our products permit us to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability. Moreover, many of our products do not permit us to increase premiums or limit those increases during the life of the policy or contract. Significant deviations in experience from pricing expectations regarding persistency could have an adverse effect on the profitability of our products.

Regulation XXX may have an adverse effect on our financial condition and results of operations by requiring us to increase our statutory reserves for term life and universal life insurance or incur higher operating costs.

The Model Regulation entitled "Valuation of Life Insurance Policies," commonly known as "Regulation XXX," was promulgated by the NAIC and adopted by nearly all states as of January 1, 2001. It requires insurers to establish additional statutory reserves for term and universal life insurance policies with long-term premium guarantees. Virtually all our newly issued term and universal life insurance business is now affected by Regulation XXX.

In response to this regulation, we have increased term and universal life insurance statutory reserves and changed our premium rates for term and universal life insurance products. We also have implemented reinsurance and capital management actions to mitigate the impact of Regulation XXX. However, we cannot assure you that there will not be regulatory or other challenges to the actions we have taken to date. The result of those challenges could require us to increase statutory reserves or incur higher operating costs.

We also cannot assure you that we will be able to continue to implement actions to mitigate the impact of Regulation XXX on future sales of term and universal life insurance products. If we are unable to continue to implement those actions, we may be required to increase statutory reserves or incur higher operating costs than we currently anticipate. We also may have to implement measures that may be disruptive to our business. For example, because term and universal life insurance are particularly price-sensitive products, any increase in premiums charged on these products in order to compensate us for the increased statutory reserve requirements or higher costs of reinsurance may result in a significant loss of volume and adversely affect our life insurance operations.

Changes in tax laws could make some of our products less attractive to consumers.

Changes in tax laws could make some of our products less attractive to consumers. For example, in September 2001, the U.S. Congress enacted the Economic Growth and Taxpayer Relief Reconciliation Act of 2001. This act contains provisions that have significantly lowered individual income tax rates. These reductions effectively reduce the benefits of federal income tax deferral on the build-up of value of life insurance and annuity products. The act also includes provisions that repeal the federal estate tax over a ten-year period. Some of these changes could reduce our sales of life insurance and annuity products and result in the increased surrender of these products.

In May 2003, U.S. President George Bush signed into law the Jobs and Growth Tax Relief Reconciliation Act of 2003, which reduced the federal income tax that investors are required to pay on long-term capital gains and on some dividends paid on stock. This reduction may provide an incentive for some of our customers and potential customers to shift assets into mutual funds and away from products, including annuities, designed to defer taxes payable on investment returns. Because the income taxes payable on long-term capital gains and some dividends paid on stock have been reduced, investors may decide that the tax-deferral benefits of annuity contracts are less advantageous than the potential after-tax income benefits of mutual funds or other investment products that provide dividends and long-term capital gains. A shift away from annuity contracts and other tax-deferred products would reduce our income from sales of these products, as well as the assets upon which we earn investment income.

We cannot predict whether any other legislation will be enacted, what the specific terms of any such legislation will be or how, if at all, this legislation or any other legislation could have an adverse effect on our financial condition and results of operations.

Changes in U.S. federal and state securities laws may affect our operations and our profitability.

U.S. federal and state securities laws apply to investment products that are also "securities," including variable annuities and variable life insurance policies. As a result, some of our subsidiaries and the policies and contracts they offer are subject to regulation under these federal and state securities laws. Our insurance subsidiaries' separate accounts are registered as investment companies under the Investment Company Act of 1940. Some variable annuity contracts and variable life insurance policies issued by our insurance subsidiaries also are registered under the Securities Act of 1933. Other subsidiaries are registered as broker-dealers under the Securities Exchange Act of 1934 and are members of, and subject to, regulation by the National Association of Securities Dealers, Inc. In addition, some of our subsidiaries also are registered as investment advisers under the Investment Advisers Act of 1940.

Securities laws and regulations are primarily intended to ensure the integrity of the financial markets and to protect investors in the securities markets or investment advisory or brokerage clients. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with those laws and regulations. Changes to these laws or regulations that restrict the conduct of our business could have an adverse effect on our financial condition and results of operations.

Risks Relating to Our Mortgage Insurance Segment

Fannie Mae, Freddie Mac and a small number of large mortgage lenders exert significant influence over the U.S. mortgage insurance market.

Our mortgage insurance products protect mortgage lenders and investors from default-related losses on residential first mortgage loans made primarily to home buyers with high loan-to-value mortgages—generally, those home buyers who make down payments of less than 20% of their home's purchase price. The largest purchasers of mortgage loans in the U.S. are Fannie Mae and Freddie Mac, which were created by Congressional charter to ensure that mortgage lenders have sufficient funds to continue to finance home purchases. In 2003, Fannie Mae purchased approximately 38% of all the mortgage loans originated in the U.S., and Freddie Mac purchased approximately 22%, according to statistics published by *Inside the GSEs*. Fannie Mae's and Freddie Mac's charters generally prohibit them from purchasing any mortgage with a face amount that exceeds 80% of the home's value, unless that mortgage is insured by a qualified insurer or the mortgage seller retains at least a 10% participation in the loan or agrees to repurchase the loan in the event of default. As a result, high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance. These provisions in Fannie Mae's and Freddie Mac's charters create much of the demand for private mortgage insurance in the U.S. For the year ended December 31, 2003, Fannie Mae and Freddie Mac purchased approximately 68% of the mortgage loans that we insured. As a result, a change in these provisions could have an adverse effect on our financial condition and results of operations.

In addition, increasing consolidation among mortgage lenders in recent years has resulted in significant customer concentration for mortgage insurers. Ten mortgage lenders accounted for approximately 48% of our flow new insurance written for the year ended December 31, 2003, compared to approximately 40% for the year ended December 31, 1998, and flow insurance premiums received from these lenders represented approximately 46% of the flow insurance premiums we received for the year ended December 31, 2003, compared to 36% for the year ended December 31, 1998.

As a result of the significant concentration in mortgage originators and purchasers, Fannie Mae, Freddie Mac and the largest mortgage lenders possess substantial market power which enables them to influence our business and the mortgage insurance industry in general. Although we actively monitor and develop our relationships with Fannie Mae, Freddie Mac and our largest mortgage lending customers, a deterioration in any of these relationships, or the loss of business from any of our key customers, could have an adverse effect on our financial condition and results of operations.

Our mortgage insurance business is one of the members of the Mortgage Insurance Companies of America, or MICA. In 1999, several large mortgage lenders and a coalition of financial services and housing-related trade associations, including MICA, formed FM Watch, now known as FM Policy Focus, a lobbying organization that supports expanded federal oversight and legislation relating to the role of Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac have criticized and lobbied against the positions taken by FM Policy Focus. These lobbying activities could, among other things, polarize Fannie Mae, Freddie Mac and members of FM Policy Focus. As a result of this possible polarization, our relationships with Fannie Mae and Freddie Mac may limit our opportunities to do business with some mortgage lenders, and our relationships with mortgage lenders who are members of FM Policy Focus may limit our ability to do business with Fannie Mae and Freddie Mac, as well as with mortgage lenders who are not members of FM Policy Focus and are opposed to these efforts. Any of these outcomes could have an adverse effect on our financial condition and results of operations.

A decrease in the volume of high loan-to-value home mortgage originations or an increase in the volume of mortgage insurance cancellations could result in a decline in our revenue.

We provide mortgage insurance primarily for high loan-to-value mortgages. Factors that could lead to a decrease in the volume of high loan-to-value mortgage originations include:

- a change in the level of home mortgage interest rates;
- a decline in economic conditions generally, or in conditions in regional and local economies;
- the level of consumer confidence, which may be adversely affected by economic instability, war or terrorist events;
- declines in the price of homes;
- adverse population trends, including lower homeownership rates;
- high rates of home price appreciation, which in times of heavy refinancing affect whether refinanced loans have loan-to-value ratios that require mortgage insurance; and
- changes in government housing policy encouraging loans to first-time homebuyers.

A decline in the volume of high loan-to-value mortgage originations would reduce the demand for mortgage insurance and, therefore, could have an adverse effect on our financial condition and results of operations.

In addition, a significant percentage of the premiums we earn each year in our U.S. mortgage insurance business are renewal premiums from insurance policies written in previous years. We estimate that approximately 70% of our gross premiums written for the year ended December 31, 2003 were renewal premiums. As a result, the length of time insurance remains in force is an important determinant of our mortgage insurance revenues. Fannie Mae, Freddie Mac and many other mortgage investors in the U.S. generally permit a homeowner to ask his loan servicer to cancel his mortgage insurance when the principal amount of the mortgage falls below 80% of the home's value. Factors that tend to reduce the length of time our mortgage insurance remains in force include:

- declining interest rates, which may result in the refinancing of the mortgages underlying our insurance policies with new mortgage loans that may not require mortgage insurance or that we do not insure;
- significant appreciation in the value of homes, which causes the size of the mortgage to decrease below 80% of the value of the home and enables the borrower to request cancellation of the mortgage insurance; and
- changes in mortgage insurance cancellation requirements under applicable federal law or mortgage insurance cancellation practices by mortgage lenders and investors.

These factors contributed to an increase in our policy cancellation rates from 43% for the year ended December 31, 2002 to 54% for the year ended December 31, 2003. A further increase in the volume of mortgage insurance cancellations in the U.S. generally would reduce the amount of our insurance in force and have an adverse effect on our financial condition and results of operations. These factors are less significant in our non-U.S. operations because we generally receive a single payment for mortgage insurance at the time a loan closes, and this premium typically is not refundable if the policy is canceled.

Continued increases in the volume of "simultaneous second" mortgages could have an adverse effect on the U.S. market for mortgage insurance.

High loan-to-value mortgages can consist of two simultaneous loans, known as "simultaneous seconds," comprising a first mortgage with a loan-to-value ratio of 80% and a simultaneous second mortgage for the excess portion of the loan, instead of a single mortgage with a loan-to-value ratio of more than 80%. Simultaneous second loans are often known as "80-10-10 loans" because they frequently consist of a first mortgage with an 80% loan-to-value ratio, a second mortgage with a 10% loan-to-value ratio and the remaining 10% paid in cash by the buyer, rather than a single mortgage with a 90% loan-to-value ratio.

Over the past several years, the volume of simultaneous seconds as an alternative to loans requiring mortgage insurance has increased substantially. We believe this recent increase in simultaneous second loans reflects the following factors:

- the lower monthly cost of simultaneous second loans compared to the cost of mortgage insurance, as a result of the current low-interest-rate environment and the emerging popularity of 15- and 30-year amortizing simultaneous seconds;
- the tax deductibility in most cases of interest on a second mortgage, in contrast to the non-deductibility of mortgage insurance payments; and
- negative consumer, broker and realtor perceptions about mortgage insurance.

Further increases in the volume of simultaneous seconds may cause corresponding decreases in the use of mortgage insurance for high loan-to-value mortgages, which could have an adverse effect on our financial condition and results of operations.

The amount of mortgage insurance we write could decline significantly if mortgage lenders and investors select other alternatives to private mortgage insurance to protect against default risk or if lenders select lower coverage levels of mortgage insurance.

Lenders may seek to mitigate their mortgage default risks through a variety of alternatives to private mortgage insurance other than simultaneous second mortgages. These alternatives include:

- using government mortgage insurance programs, including those of the FHA, the VA and Canada Mortgage and Housing Corporation, or CMHC;
- holding mortgages in their own loan portfolios and self-insuring;
- using programs, such as those offered by Fannie Mae and Freddie Mac, requiring lower mortgage insurance coverage levels;
- originating and securitizing loans in mortgage-backed securities whose underlying mortgages are not insured with private mortgage insurance or which are structured so that the risk of default lies with the investor, rather than a private mortgage insurer; and
- using credit default swaps or similar instruments, instead of private mortgage insurance, to transfer credit risk on mortgages.

A decline in the use of private mortgage insurance in connection with high loan-to-value home mortgages for any reason would reduce the size of the mortgage insurance market and could have an adverse effect on our financial condition and results of operations.

Our claims expenses would increase and our results of operations would suffer if the rate of defaults on mortgages covered by our mortgage insurance increases or the severity of such defaults exceeds our expectations.

Our premium rates vary depending upon the perceived risk of a claim on the insured loan and take into account factors such as the loan-to-value ratio, our long-term historical loss experience, whether the mortgage provides for fixed payments or variable payments, the term of the mortgage and the borrower's credit history. We establish renewal premium rates for the life of a mortgage insurance policy upon issuance, and we cannot cancel the policy or adjust the premiums after the policy is issued. As a result, we cannot offset the impact of unanticipated claims with premium increases on policies in force, and we cannot refuse to renew mortgage insurance coverage. The premiums we agree to charge upon writing a mortgage insurance policy may not adequately compensate us for the risks and costs associated with the coverage we provide for the entire life of that policy.

The long-term profitability of our mortgage insurance business depends upon the accuracy of our pricing assumptions. If defaults on mortgages increase because of an economic downturn or for reasons we failed to take into account adequately, we would be required to make greater claim payments than we planned when we priced our policies. Future claims on our mortgage insurance policies may not match the assumptions made in our pricing. An increase in the amount or frequency of claims beyond the levels contemplated by our pricing assumptions could have an adverse effect on our financial condition and results of operations. In recent years, our results of operations have benefited from historically low loss ratios because of significant home price appreciation and low levels of defaults. Increases from these recent historic lows could have an adverse effect on our financial condition and results of operations.

As of December 31, 2003, approximately 79% of our risk in force had not yet reached its anticipated highest claim frequency years, which are generally between the third and seventh year of the loan. As a result, we expect our loss experience on these loans will increase as policies continue to age. If the claim frequency on the risk in force significantly exceeds the claim frequency that was assumed in setting premium rates, our financial condition, results of operations and cash flows would be adversely affected.

A deterioration in economic conditions may adversely affect our loss experience in mortgage insurance.

Losses in our mortgage insurance business generally result from events, such as unemployment, divorce or illness, that reduce a borrower's ability to continue to make mortgage payments. The amount of the loss we suffer, if any, depends in part on whether the home of a borrower who defaults on a mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. A deterioration in economic conditions generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect housing values, which increases our risk of loss.

A substantial economic downturn across the entire U.S. could have a significant adverse effect on our financial condition and results of operations. We also may be particularly affected by economic downturns in states where a large portion of our business is concentrated. As of December 31, 2003, approximately 51% of our risk in force was concentrated in 10 states, with 8% in Florida, 7% in California and 7% in Texas. Similarly, our mortgage insurance operations in Canada, Australia and the U.K. are concentrated in the largest cities in those countries. Continued and prolonged adverse economic conditions in these states or cities could result in high levels of claims and losses, which could have an adverse effect on our financial condition and results of operations.

A significant portion of our risk in force consists of loans with high loan-to-value ratios, which generally result in more and larger claims than loans with lower loan-to-value ratios.

Mortgage loans with higher loan-to-value ratios typically have claim incidence rates substantially higher than mortgage loans with lower loan-to-value ratios. In our U.S. mortgage insurance business as of December 31, 2003:

- 13% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 95%;
- 42% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 90% but less than or equal to 95%;
- 42% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 80% but less than or equal to 90%; and
- 3% of our risk in force consisted of mortgage loans with original loan-to-value ratios less than or equal to 80%.

In Canada, Australia and New Zealand, the risks of having a portfolio with a significant portion of high loan-to-value mortgages are greater than in the U.S. and Europe because we generally agree to cover 100% of the losses associated with mortgage defaults in those markets, compared to percentages in the U.S. and Europe that are typically 12% to 35% of the loan amount. In our non-U.S. mortgage insurance business as of December 31, 2003:

- less than 1% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 95%;
- 27% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 90% but less than or equal to 95%;
- 36% of our risk in force consisted of mortgage loans with original loan-to-value ratios greater than 80% but less than or equal to 90%; and
- 37% of our risk in force consisted of mortgage loans with original loan-to-value ratios less than or equal to 80%.

Although mortgage insurance premiums for higher loan-to-value ratio loans generally are higher than for loans with lower loan-to-value ratios, the difference in premium rates may not be sufficient to compensate us for the enhanced risks associated with mortgage loans bearing higher loan-to-value ratios.

We cede a portion of our U.S. mortgage insurance business to mortgage reinsurance companies affiliated with our mortgage lending customers, and this reduces our profitability; recent changes in our ceding policies are likely to result in a reduction in business from some lenders.

We, like other mortgage insurers, offer opportunities to our mortgage lending customers that are designed to allow them to participate in the risks and rewards of the mortgage insurance business. Many of the major mortgage lenders with which we do business have established captive mortgage reinsurance subsidiaries. These reinsurance subsidiaries assume a portion of the risks associated with the lender's insured mortgage loans in exchange for a percentage of the premiums. In most cases, our reinsurance coverage is an "excess of loss" arrangement with a limited band of exposure for the reinsurer. This means that we are required to pay the first layer of losses arising from defaults in the covered mortgages, the reinsurer indemnifies us for the next layer of losses, and we pay any losses in excess of the reinsurer's obligations. The effect of these arrangements historically has been a reduction in the profitability and return on capital of this business to us. Approximately 75% of our primary new risk written as of December 31, 2003 was subject to captive mortgage reinsurance, compared to approximately 77% as of December 31, 2002 and 61% as of December 31, 2001. Premiums ceded to these reinsurers were approximately $139 million, $113 million and $76 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Most large mortgage lenders have developed reinsurance operations that obtain net premium cessions from mortgage insurers of 25% to 40%. To increase our return on capital, we announced in August 2003 that, effective January 1, 2004, we generally would not renew, on their existing terms, our existing excess-of-loss risk sharing arrangements with net premium cessions in excess of 25%. We expect that these actions will result in a significant reduction in business from these lenders.

If efforts by Fannie Mae and Freddie Mac to reduce the need for mortgage insurance are successful, they could adversely affect the results of our U.S. mortgage insurance business.

Freddie Mac has sought changes to the provisions of its Congressional charter that requires private mortgage insurance for low-down-payment mortgages and has lobbied the U.S. Congress for amendments that would permit Fannie Mae and Freddie Mac to use alternative forms of default loss protection or otherwise forego the use of private mortgage insurance. In October 1998, the U.S. Congress passed legislation to amend Freddie Mac's charter to give it flexibility to use alternative structures to protect against mortgage default. Although this charter amendment was quickly repealed, we cannot predict whether similar legislation may be proposed or enacted in the future.

Fannie Mae and Freddie Mac have the ability to implement new eligibility requirements for mortgage insurers. They also have the authority to increase or reduce required mortgage insurance coverage percentages and to alter or liberalize underwriting standards on low-down-payment mortgages they purchase. We cannot predict the extent to which any new requirements may be enacted or how they may affect the operations of our mortgage insurance business, our capital requirements and our products.

In light of recent events concerning Freddie Mac's accounting disclosures and other matters, we believe regulatory changes governing the operations of Freddie Mac, Fannie Mae and other government-sponsored enterprises could occur. We cannot predict what the nature of these changes will be or what effect they may have on our business.

Changes in the policies of the Federal Home Loan Banks could reduce the demand for U.S. mortgage insurance.

The Federal Home Loan Banks, or FHLBs, purchase single-family conforming mortgage loans originated by participating member institutions. Although the FHLBs are not required to purchase insurance for mortgage loans, they currently use mortgage insurance on substantially all mortgage loans with a loan-to-value ratio above 80% and have become a source of increasing new business for us. If the FHLBs were to purchase uninsured mortgage loans or increase the loan-to-value ratio threshold above which they require mortgage insurance, the market for mortgage insurance could decrease, and our mortgage insurance business could be adversely affected.

We compete with government-owned and government-sponsored entities in our mortgage insurance business, and this may put us at a competitive disadvantage on pricing and other terms and conditions.

Our mortgage insurance business competes with many different government-owned and government-sponsored entities in the U.S., Canada and some European countries. In the U.S., these entities include principally the FHA and, to a lesser degree, the VA, Fannie Mae and Freddie Mac, as well as local and state housing finance agencies. In Canada, we compete with the CMHC, a Crown corporation owned by the Canadian government. In Europe, these entities include public mortgage guarantee facilities in The Netherlands, Sweden, Finland and Italy.

Those competitors may establish pricing terms and business practices that may be influenced by motives such as advancing social housing policy or stabilizing the mortgage lending industry, which may not be consistent with maximizing return on capital or other profitability measures. In addition, those governmental entities typically do not have the same capital requirements that we and other mortgage insurance companies have and therefore may have financial flexibility in their pricing and capacity that could put us at a competitive disadvantage in some respects. In the event that a government-owned or sponsored entity in one of our markets determines to reduce prices significantly or alter the terms and conditions of its mortgage insurance or other credit enhancement products in furtherance of social or other goals rather than a profit motive, we may be unable to compete in that market effectively, which could have an adverse effect on our financial condition and results of operations.

We compete in Canada with the CMHC, which is owned by the Canadian government and, as a sovereign entity, provides mortgage lenders with 100% capital relief from applicable bank regulatory requirements on loans that it insures. In contrast, lenders receive only 90% capital relief on loans we insure. CMHC also operates the Canadian Mortgage Bond Program, which provides lenders the ability to efficiently guaranty and securitize their mortgage loan portfolios. If we are unable to effectively distinguish ourselves competitively with our Canadian mortgage lender customers, we may be unable to compete effectively with the CMHC as a result of the more favorable capital relief it can provide or the other products and incentives that it offers to lenders.

Changes in regulations that affect the mortgage insurance business could affect our operations significantly and could reduce the demand for mortgage insurance.

In addition to the general regulatory risks that are described above under "—Our insurance businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth," we are also affected by various additional regulations relating particularly to our mortgage insurance operations.

U.S. federal and state regulations affect the scope of our competitors' operations, which has an effect on the size of the mortgage insurance market and the intensity of the competition in our mortgage insurance business. This competition includes not only other private mortgage insurers, but also U.S. federal and state governmental and quasi-governmental agencies, principally the FHA, and to a lesser degree, the VA, which are governed by federal regulations. Increases in the maximum loan amount that the FHA can insure, and reductions in the mortgage insurance premiums the FHA charges, can reduce the demand for private mortgage insurance. The FHA has also streamlined its down-payment formula and made FHA insurance more competitive with private mortgage insurance in areas with higher home prices. These and other legislative and regulatory changes could cause demand for private mortgage insurance to decrease.

Our U.S. mortgage insurance business, as a credit enhancement provider in the residential mortgage lending industry, also is subject to compliance with various federal and state consumer protection laws, including the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Homeowners Protection Act, the Federal Fair Credit Reporting Act, the Fair Debt Collection Practices Act and others. Among other things, these laws prohibit payments for referrals of settlement service business, require fairness and non-discrimination in granting or facilitating the granting of credit, require cancellation of insurance and refund of unearned premiums under certain circumstances, govern the circumstances under which companies may obtain and use consumer credit information, and define the manner in which companies may pursue collection activities. Changes in these laws or regulations could adversely affect the operations and profitability of our mortgage insurance business. For example, the Department of Housing and Urban Development is considering a rule that would exempt certain mortgages that provide a single price for a package of settlement services from the prohibition in the Real Estate Settlement Procedures Act, or RESPA, against payments for referrals of settlement service business. If mortgage insurance were included among the settlement services that, when offered as a package, would be exempt from this prohibition, then mortgage lenders would have greater leverage in obtaining business concessions from mortgage insurers.

The Office of Thrift Supervision recently amended its capital regulations to increase from 80% to 90% the loan-to-value threshold in the definition of a "qualifying mortgage loan." The capital regulations assign a lower risk weight to qualifying mortgage loans than to non-qualifying loans. As a result, these new regulations no longer penalize mortgage lenders for retaining loans that have loan-to-value ratios between 80% and 90% without credit enhancements. Other regulators, including the U.S. Federal Deposit Insurance Corporation, also have raised corresponding loan-to-value thresholds for qualifying mortgage loans from 80% to 90%.

Mortgage lenders may compete with mortgage insurers as a result of legislation that removed restrictions on affiliations between banks and mortgage insurers. The Graham-Leach-Bliley Act of 1999 permits the combination of banks, insurers, including mortgage insurers, and securities firms under one holding company. This legislation may increase competition by increasing the number, size and financial strength of potential competitors. In addition, mortgage lenders that establish captive reinsurance businesses or affiliate with competing mortgage insurers may reduce their purchases of our products.

Lenders and loan aggregators also have faced new liabilities and compliance risks posed by state and local laws which have been enacted in recent years to combat "predatory lending" practices. In February 2003 and March 2004, the Ney-Lucas Responsible Lending Act of 2003 and the Prohibit Predatory Lending Act of 2004, respectively, were introduced in the U.S. House of Representatives. These bills, if enacted, would, among other things, prohibit certain lending practices on high-cost mortgages and limit the liability of persons who comply with the law. It is unclear in what form, if any, either of these bills will be enacted or what impact they would have on our business and the mortgage lending, securitization, and insurance industries generally.

We have an agreement with the Canadian government under which it guarantees the benefits payable under a mortgage insurance policy, less 10% of the original principal amount of an insured loan, in the event that we fail to make claim payments with respect to that loan because of insolvency. This guarantee provides that the government has the right to review the terms of the guarantee in certain circumstances, including if GE's ownership of our Canadian mortgage insurance company decreases below 50%. GE has informed us that it expects to reduce its equity ownership of us to below 50% within two years of the completion of this offering. That disposition would permit the Canadian government to review the terms of its guarantee and could lead to a termination of the guarantee for any new insurance written after the termination. Although we believe the Canadian government will preserve the guarantee to maintain competition in the Canadian mortgage insurance industry, any adverse change in the guarantee's terms and conditions or termination of the guarantee could have an adverse effect on our ability to continue offering mortgage insurance products in Canada.

The Australian Prudential Regulatory Authority, or APRA, regulates all financial institutions in Australia, including general, life and mortgage insurance companies. APRA's license conditions require Australian mortgage insurance companies, including ours, to be mono-line insurers, which are insurance companies that offer just one type of insurance product. However, in November 2003, APRA announced that it is considering, and has sought comment on, a proposal to eliminate the requirement that mortgage insurance companies be mono-line insurers, which APRA believes could facilitate the entry of new competitors.

APRA currently is studying the adequacy of the capital requirements that govern lenders and mortgage insurers in Australia, particularly in the event of a severe recession accompanied by a significant decline in housing values. If APRA concludes that the capital requirements that currently govern mortgage insurers are not sufficient and decides to increase the amount of capital required for mortgage insurers, we may, depending on the amount of such increase, be required to increase the capital in our Australian mortgage insurance business. This would reduce our returns on capital from those operations.

Our U.S. mortgage insurance business could be adversely affected by legal actions under RESPA.

RESPA prohibits paying lenders for the referral of settlement services, including mortgage insurance. This precludes us from providing services to mortgage lenders free of charge, charging fees for services that are lower than their reasonable or fair market value, and paying fees for services that others provide that are higher than their reasonable or fair market value. A number of lawsuits, including some that were class actions, have challenged the actions of private mortgage insurers, including our company, under RESPA, alleging that the insurers have provided products or services at improperly reduced prices in return for the referral of mortgage insurance. We and several other mortgage insurers, without admitting any wrongdoing, reached a settlement in these cases, which includes an injunction that prohibited certain specified practices and details the basis on which mortgage insurers may provide agency pool insurance, captive mortgage reinsurance, contract underwriting and other products and services and be deemed to be in compliance with RESPA. The injunction expired on December 31, 2003, and it is not clear whether the expiration of the injunction will result in new litigation against private mortgage insurers, including us, to extend the injunction or to seek damages under RESPA. We also cannot predict whether our competitors will change their pricing structure or business practices after the expiration of the injunction, which could require us to alter our pricing structure or business practices in response to their actions or suffer a competitive disadvantage, or whether any services we or they provide to mortgage lenders could be found to violate RESPA, the current injunction or any future injunction that might be issued. In addition, U.S. federal and state officials are authorized to enforce RESPA and to seek civil and criminal penalties, and we cannot predict whether these proceedings might be brought against us or other mortgage insurers. Any such proceedings could have an adverse effect on our financial condition and results of operations.

Our U.S. mortgage insurance business could be adversely affected by legal actions under the Federal Fair Credit Reporting Act.

Two actions recently have been filed against us in Illinois, each seeking certification of a nationwide class of consumers who allegedly were required to pay for our private mortgage insurance at a rate higher than our "best available rate," based upon credit information we obtained. Each action alleges that the Federal Fair Credit Reporting Act, or the FCRA, requires notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs in one action allege in the complaint that they are entitled to "actual damages" and "damages within the Court's discretion of not more than $1,000 for each separate violation" of the FCRA. The plaintiffs in the other action allege that they are entitled to "appropriate actual, punitive and statutory damages" and "such other or further relief as the Court deems proper." Similar cases are pending against six other mortgage insurers. We intend to vigorously defend against these actions, but we cannot predict their outcome.

Potential liabilities in connection with our U.S. contract underwriting services could have an adverse effect on our financial condition and results of operations.

We offer contract underwriting services to many of our mortgage lenders in the U.S., pursuant to which our employees and contractors work directly with the lender to determine whether a particular mortgage applicant's loan application complies with the lender's loan underwriting guidelines or the investor's loan purchase requirements. We also assist in compiling and submitting this data to the automated underwriting systems of Fannie Mae and Freddie Mac, which then independently analyze the data.

Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria. As a result, we assume credit and interest rate risk in connection with our contract underwriting services. Worsening economic conditions, a deterioration in the quality of our underwriting services or other factors could cause our contract underwriting liabilities to increase and have an adverse effect on our financial condition and results of operations. Although we have established reserves to provide for potential claims in connection with our contract underwriting services, we have limited historical experience that we can use to establish reserves for these potential liabilities, and these reserves may not be adequate to cover liabilities that may arise.

If the European mortgage insurance market does not grow as we expect, we will not be able to execute our strategy to expand our business into this market.

We have devoted resources to marketing our mortgage insurance products in Europe, and we plan to continue these efforts. Our growth strategy depends partly upon the development of favorable legislative and regulatory policies throughout Europe that support increased homeownership and provide capital relief for institutions that insure their mortgage loan portfolios with private mortgage insurance. In furtherance of these policies, we have collaborated with government agencies to develop bank regulatory capital requirements that provide incentives to lenders to implement risk transfer strategies such as mortgage insurance, as well as governmental policies that encourage homeownership as a wealth accumulation strategy for borrowers with limited resources to make large down payments. We have invested, and we will continue to invest, significant resources to advocate such a regulatory environment at the national and pan-European levels. However, if European legislative and regulatory agencies fail to adopt these policies, then the European markets for high loan-to-value lending and mortgage insurance may not expand as we currently anticipate, and our growth strategy in those markets may not be successful.

Risks Relating to Our Separation from GE

Our separation from GE could adversely affect our business and profitability due to GE's strong brand and reputation.

As a subsidiary of GE, our businesses have marketed many of their products using the "GE" brand name and logo, and we believe the association with GE has provided many benefits, including:

- a world-class brand associated with trust, integrity and longevity;
- perception of high-quality products and services;
- preferred status among our customers, independent sales intermediaries and employees;
- strong capital base and financial strength; and
- established relationships with U.S. federal and state and non-U.S. regulators.

Following this offering, our separation from GE could adversely affect our ability to attract and retain highly qualified independent sales intermediaries and dedicated sales specialists for our products. We may be required to lower the prices of our products, increase our sales commissions and fees, change long-term selling and marketing agreements and take other action to maintain our relationship with our independent sales intermediaries and our dedicated sales specialists, all of which could have an adverse effect on our financial condition and results of operations.

After our separation from GE, some of our existing policyholders, contractholders and other customers may choose to stop doing business with us, and this could increase our rate of surrenders and withdrawals in our policies and contracts. In addition, other potential policyholders and contractholders may decide not to purchase our products because we no longer will be a part of GE.

We cannot accurately predict the effect that our separation from GE will have on our sales intermediaries, customers or employees. The risks relating to our separation from GE could materialize at various times, including:

- immediately upon the completion of this offering and the concurrent offerings, when GE's beneficial ownership in our common stock will decrease to 70% (66% if the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is exercised in full);
- when GE reduces its ownership in our common stock to a level below 50%; and
- when we cease using the GE name and logo in our sales and marketing materials, particularly when we deliver notices to our distributors and customers that the names of some of our insurance subsidiaries will change.

We will only have the right to use the GE brand name and logo for a limited period of time. If we fail to establish in a timely manner a new, independently recognized brand name with a strong reputation, our revenue and profitability could decline.

Upon completion of this offering, our corporate name will be "Genworth Financial, Inc.," although we and our insurance and other subsidiaries may use the GE brand name and logo in marketing our products and services. Pursuant to a transitional trademark license agreement, GE will grant us the right to use the "GE" mark and the "GE" monogram for up to five years in connection with our products and services. GE also will grant us the right to use "GE," "General Electric" and "GE Capital" in the corporate names of our subsidiaries until the earlier of twelve months after the date on which GE owns less than 20% of our outstanding common stock and five years from the date of the trademark license agreement. When our right to use the GE brand name and logo expires, we may not be able to maintain or enjoy comparable name recognition or status under our new brand. In addition, insurance regulators in the U.S. and the other countries where we do business could require us to accelerate the transition to our independent brand. If we are unable to successfully manage the transition of our business to our new brand, our reputation among our independent sales intermediaries, customers and employees could be adversely affected.

Our historical combined and pro forma financial information is not necessarily representative of the results we would have achieved as a stand-alone company and may not be a reliable indicator of our future results.

The historical combined and pro forma financial information included in this prospectus does not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company during the periods presented or those we will achieve in the future. This is primarily a result of the following factors:

- Our historical combined financial information reflects certain businesses that will not be included in our company following the completion of this offering. For a description of the components of our historical combined financial information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information" and our combined financial statements included elsewhere in this prospectus;

- Our historical combined and pro forma financial results reflect allocations of corporate expenses from GE. Those allocations may be different from the comparable expenses we would have incurred had we operated as a stand-alone company;

- Our working capital requirements historically have been satisfied as part of GE's corporate-wide cash management policies. After our separation from GE, we may not be able to obtain financing on terms as favorable as could be obtained from or by GE. In this case, our cost of debt could be higher and our capitalization might be different from that reflected in our historical combined financial statements;

- Significant changes may occur in our cost structure, management, financing and business operations as a result of our separation from GE. These changes could result in increased costs associated with reduced economies of scale; stand-alone costs for services currently provided by GE; marketing and legal entity transition expenses related to building a company brand identity separate from GE; the need for additional personnel to perform services currently provided by GE; and the legal, accounting, compliance and other costs associated with being a public company with listed equity. See "—The terms of our arrangements with GE may be more favorable than we will be able to obtain from an unaffiliated third party. We may be unable to replace the services GE provides us in a timely manner or on comparable terms;"

- Our separation from GE and the adoption of our new brand may have an adverse effect on our relationships with distributors, customers, employees and regulators and government officials, which could result in reduced sales, increased policyholder terminations and withdrawals, increased regulatory scrutiny and disruption to our business operations;

- Under some of our agreements, our separation from GE will allow the other party to the agreement to terminate the agreement pursuant to a change of control provision, which may be triggered when GE's ownership of our company decreases to less than 50%. If the other party to any of these agreements does not wish to continue the agreement, then we may be required to terminate or modify our existing agreement or seek alternative arrangements, which could result in reduced sales, increased costs or other disruptions to our business; and

- The pro forma financial information presented in this prospectus gives effect to several significant transactions that we will implement prior to the completion of this offering, including the reinsurance transactions with UFLIC, as if those transactions were already consummated. The unaudited pro forma information gives effect to the transactions as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information. This pro forma financial information is based upon available information and assumptions that we believe are reasonable. However, this pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had those transactions occurred as of those dates, nor what they may be in the future.

The terms of our arrangements with GE may be more favorable than we will be able to obtain from an unaffiliated third party. We may be unable to replace the services GE provides us in a timely manner or on comparable terms.

We and GE will enter into a transition services agreement and other agreements prior to the completion of this offering. Pursuant to the transition services agreement, GE and its affiliates will agree to provide us with transitional services after this offering, including treasury, payroll and other financial services, human resources and employee benefit services, legal services, information systems and network services, and procurement and sourcing support.

We negotiated these arrangements with GE in the context of a parent-subsidiary relationship. Although GE is contractually obligated to provide us with services during the term of the transition services agreement, we cannot assure you that these services will be sustained at the same level after the expiration of that agreement, or that we will be able to replace these services in a timely manner or on comparable terms. Other agreements with GE also will govern the relationship between us and GE after this offering and will provide for the allocation of employee benefit, tax and other liabilities and obligations attributable or related to periods or events prior to the separation. They also contain terms and provisions that may be more favorable than terms and provisions we might have obtained in arm's-length negotiations with unaffiliated third parties. When GE ceases to provide services pursuant to those arrangements, our costs of procuring those services from third parties may increase. See "Arrangements Between GE and Our Company—Relationship with GE."

We have agreed to make payments to GE based on the projected amounts of certain tax benefits, and these payments will remain fixed even if, because of insufficient taxable income or as a result of reduced tax rates, our actual tax benefits are less than projected.

We will enter into a tax matters agreement with GE prior to the completion of this offering. We refer to this agreement in this prospectus as the Tax Matters Agreement. Under the Tax Matters Agreement, we will have an obligation to pay to GE a fixed amount over 15 to 25 years. This fixed obligation will equal 80% of the tax savings we are projected to realize (subject to a maximum amount) as a result of the tax elections to be made in connection with our separation from GE. Based upon current estimates, and assuming that certain elections are made by GE, the present value of our fixed obligations would be approximately $448 million. These estimates will change, however, as a result of a number of factors, including a final determination of the value of our company and its individual assets, and the present value of our obligations to GE may be larger as a result. However, we have agreed with GE that except for specified contingent benefits and excluding interest on payments we defer, our total payments to GE will not exceed $640 million. The Tax Matters Agreement generally provides for increases or reductions to our payment obligations if the current estimates underlying the projected tax benefits prove inaccurate, but it does not provide for reductions in our obligations if we fail to generate sufficient income to realize the projected tax savings or if our actual tax savings are reduced as a result of reduced tax rates. In these circumstances, we will remain obligated to pay to GE the fixed obligation, as initially projected or subsequently adjusted, even though it exceeds 80%, or even 100%, of the tax benefits we actually realize. If the amounts we are obligated to pay to GE remain fixed while the tax benefits we actually realize decline, there could be a material adverse effect on our financial condition and results of operations. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

In the event of a change in control of our company, our obligations under the Tax Matters Agreement could accelerate, and we cannot be sure that we will have sufficient funds to meet these obligations.

In some circumstances, such as a change in control over the management and policies of our company (other than through a sale of our stock by GE), the amounts we will owe under the Tax Matters Agreement could accelerate, and the amounts then due and payable could be substantial. The acceleration of payments would be subject to the approval of certain state insurance regulators, and we are obligated to use our reasonable best efforts to see that these approvals are granted. In the event these approvals are granted and the acceleration of payments does occur, we cannot assure you that we will have sufficient funds available to meet these accelerated obligations when due. If we do not have sufficient funds available, we may seek to fund these obligations from dividends or other payments from our subsidiaries, but we cannot be certain that they will have sufficient funds available or be permitted to transfer them to us. See "As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations." We also may seek to fund these obligations from the proceeds of the issuance of debt or equity securities or the sale of assets, but we cannot assure you that we will be able to successfully issue any securities or consummate an asset sale.

Under the Tax Matters Agreement, GE will control certain tax returns and audits that can result in tax liability for us.

Under the Tax Matters Agreement, GE has retained control over the preparation and filing, as well as the contests, audits and amendments or other changes of certain pre-separation federal income tax returns with respect to which we remain liable for taxes. In addition, determinations regarding the allocation to us of responsibility to pay taxes for pre-separation periods will be made by GE in its reasonable discretion. Although the Tax Matters Agreement provides that we will not be liable for taxes resulting from returns filed or matters settled by GE without our consent if the return or settlement position is found to be unreasonable, taking into account both the liability that we incur and any non-Genworth tax benefit, it is possible that we will pay more taxes than we would have paid if we were permitted to control such matters.

GE has significant control over us and may not always exercise its control in a way that benefits our public stockholders.

Upon the completion of this offering and the concurrent offerings, GE will beneficially own approximately 70% of our outstanding common stock (66% if the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is exercised in full). GE has informed us that, following completion of this offering, it intends, subject to market conditions, to divest its remaining interest in us as soon as practicable. GE has also informed us that, in any event, it expects to reduce its interest to below 50% within two years of the completion of this offering. GE has adopted a formal Plan of Divestiture embodying this expectation to reduce its interest below 50% and has represented to the Internal Revenue Service, or IRS, that it will accomplish the divestiture. The adverse financial consequences to GE from a failure to effect the divestiture below 50% are significant. However, so long as GE continues to beneficially own more than 50% of our outstanding voting stock, GE generally will be able to determine the outcome of many corporate actions requiring stockholder approval. GE, in its capacity as the beneficial holder of all outstanding shares of our Class B Common Stock, also will have the right to elect a majority of the members of our board of directors so long as it continues to beneficially own more than 50% of our outstanding common stock and will have the right to elect a decreasing percentage of the members of our board of directors as its beneficial ownership of our common stock decreases. In addition, until the first date on which GE owns less than 20% of our outstanding common stock, the prior affirmative vote or written consent of GE is required for the following actions (subject in each case to certain agreed exceptions):

- a merger involving us or any of our subsidiaries (other than mergers involving our subsidiaries to effect acquisitions for a price less than or equal to $700 million);
- acquisitions by us or our subsidiaries of the stock or assets of another business for a price (including assumed debt) in excess of $700 million;
- dispositions by us or our subsidiaries of assets in a single transaction or a series of related transactions for a price (including assumed debt) in excess of $700 million;
- incurrence or guarantee of debt by us or our subsidiaries in excess of $700 million outstanding at any one time or that would reasonably be expected to result in a negative change in any of our credit ratings, excluding, the debt described in this prospectus that we intend to incur concurrently with, and shortly after, the completion of this offering (provided that any debt in excess of $500 million incurred under our commercial paper program and our five-year and 364-day revolving credit facilities will be subject to the $700 million limitation described above),

intercompany debt (within Genworth) and liabilities under certain agreed excluded transactions and borrowings;

- issuance by us or our subsidiaries of capital stock or other securities convertible into capital stock;
- dissolution, liquidation or winding up of our company; and
- alteration, amendment, termination or repeal, or adoption of any provision inconsistent with, certain provisions of our certificate of incorporation or our bylaws.

Because GE's interests may differ from your interests, actions GE takes with respect to us, as our controlling stockholder, and with respect to those corporate actions requiring its prior affirmative written consent described above, may not be favorable to you.

We derive a significant portion of the premiums in our European payment protection insurance business from transactions with GE.

For the years ended December 31, 2003 and 2002, GE's consumer finance division and other related GE entities accounted for 19% and 14% of the gross written premiums in our European payment protection insurance business, respectively. Prior to the completion of this offering, we will enter into a five-year agreement that extends our relationship with GE's consumer finance division and provides us with the right to be the exclusive provider of payment protection insurance in Europe for GE's consumer finance operations in jurisdictions where we offer these products. However, if GE determines not to offer payment protection insurance, we may not be able to replace those revenues on a timely basis, and our financial condition and results of operations could suffer. See "Business—Protection—Products—European payment protection insurance."

If GE engages in the same type of business we conduct, our ability to successfully operate and expand our business may be hampered.

Our certificate of incorporation provides that, subject to any contractual provision to the contrary, GE will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as us; or
- doing business with, or in competition with, any of our clients, customers or vendors.

GE is a diversified technology and services company with significant financial services businesses, including consumer finance, asset management and insurance activities. Following this offering, GE will continue to be engaged in the marketing of supplemental life insurance, including accidental death and dismemberment coverage. GE will also continue to market and underwrite dental and vision insurance, medical stop-loss insurance and primary property and casualty insurance. In addition, GE will continue to operate a significant reinsurance business, including life reinsurance, a life insurance business in the U.K. and a savings and pension business in France. Because of GE's significant financial resources, GE could have a significant competitive advantage over us should it decide to engage in businesses that compete with any of the businesses we conduct.

GE has generally agreed for five years after this offering not to use the "GE" mark or the "GE" monogram or the name "General Electric" in connection with the marketing or underwriting on a primary basis of life insurance, long-term care insurance, annuities, or group life and health insurance in the U.S., or of auto insurance products in Mexico, and the underwriting or issuing of mortgage insurance products anywhere in the world. GE's agreement to restrict the use of its brand will terminate earlier upon the occurrence of certain events, including termination of our transitional trademark license agreement with GE and our discontinuation of the use of the "GE" mark or the "GE" monogram. In addition, GE Consumer Finance, the consumer finance division of GE, has generally agreed to distribute on an exclusive basis our payment protection insurance products in certain European countries for five years, unless earlier terminated. See "Business—Protection—Products—European payment protection insurance."

Conflicts of interest may arise between us and GE that could be resolved in a manner unfavorable to us.

Questions relating to conflicts of interest may arise between us and GE in a number of areas relating to our past and ongoing relationships. Five of our directors were designated to our board of directors by GE. One of these directors is both an officer and director of GE, and the other four of these directors are also officers of GE. These directors and a number of our officers own substantial amounts of GE stock and options to purchase GE stock, and all of them participate in GE pension plans. Ownership interests of our directors or officers in GE shares, or service as a director or officer of both our company and GE, could give rise to potential conflicts of interest when a director or officer is faced with a decision that could have different implications for the two companies. These potential conflicts could arise, for example, over matters such as the desirability of an acquisition opportunity, employee retention or recruiting, or our dividend policy.

The corporate opportunity policy set forth in our certificate of incorporation addresses potential conflicts of interest between our company, on the one hand, and GE and its officers and directors who are directors of our company, on the other hand. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to these provisions of our certificate of incorporation. Although these provisions are designed to resolve conflicts between us and GE fairly, we cannot assure you that any conflicts will be so resolved. The principles for resolving such potential conflicts of interest are described under "Description of Capital Stock—Provisions of Our Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities."

Risks Relating to the Equity Units

You assume the risk that the market value of our Class A Common Stock may decline.

Although as a holder of Equity Units you will have a beneficial ownership interest in the related notes, Treasury portfolio or Treasury securities, as the case may be, you do have an obligation to buy shares of our Class A Common Stock pursuant to the purchase contract that is a part of the Equity Units. On the purchase contract settlement date, unless the purchase contracts are terminated due to our bankruptcy, insolvency or reorganization or are settled early, (1) in the case of Corporate Units, unless you pay cash to satisfy your obligation under the purchase contract, either the proceeds derived from the successful remarketing of the notes or, if no successful remarketing has occurred, the put price paid upon the automatic put of the notes, or (2) in the case of Treasury Units, the proceeds of the related Treasury securities when paid at maturity, will in each case automatically be used to purchase a specified number of shares of our Class A Common Stock on your behalf.

The number of shares of our Class A Common Stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average of the closing price per share of our Class A Common Stock on the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date, which we refer to as the applicable market value. There can be no assurance that the market value of Class A Common Stock received by you on the purchase contract settlement date will be equal to or greater than the effective price per share paid by you for our Class A Common Stock on the date of issuance of the Equity Units. If the applicable market value of the Class A Common Stock is less than the reference price of $, the market value of the Class A Common Stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value is the same as the applicable market value of the Class A Common Stock) will be less than the effective price per share paid by you for the

Class A Common Stock. Accordingly, you assume the risk that the market value of the Class A Common Stock may decline, and that the decline could be substantial.

The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our Class A Common Stock.

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our Class A Common Stock. The opportunity is less because the market value of the Class A Common Stock to be received by you pursuant to the purchase contract on the purchase contract settlement date (assuming that the market value is the same as the applicable market value of the Class A Common Stock) will only exceed the price per share paid by you for our Class A Common Stock on the purchase contract settlement date if the applicable market value of the Class A Common Stock exceeds the threshold appreciation price of $ (which represents an appreciation of % over the reference price of $). If the applicable market value of our Class A Common Stock exceeds the reference price but falls below the threshold appreciation price, you realize no equity appreciation of the Class A Common Stock for the period during which you own the purchase contract. Furthermore, if the applicable market value of our Class A Common Stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately % of the value of the shares of Class A Common Stock you could have purchased with $25 at the initial public offering price of our Class A Common Stock.

The trading prices for the Corporate Units and Treasury Units will be directly affected by the trading prices of our Class A Common Stock.

The trading prices of Corporate Units and Treasury Units in the secondary market will be directly affected, among other things, by the trading prices of our Class A Common Stock. It is impossible to predict whether the price of the Class A Common Stock or interest rates will rise or fall. The following risks could affect the price of our Class A Common Stock:

- ***Future sales of a substantial number of shares of our common stock may depress the price of our shares.***

If our stockholders sell a large number of shares of our common stock, or if we issue a large number of shares of our common stock in connection with future acquisitions, financings, or other circumstances, the market price of shares of our common stock could decline significantly. Moreover, the perception in the public market that our stockholders might sell shares of our common stock could depress the market price of those shares.

GE has informed us that, following completion of this offering and the concurrent offerings, it intends, subject to market conditions, to divest its remaining interest in us as soon as practicable. GE has also informed us that, in any event, it expects to reduce its interest to below 50% within two years of the completion of this offering. GE currently expects to reduce its interest through one or more additional public offerings of our common stock, but it is not obligated to divest our shares in this manner. See "Shares Eligible for Future Sale."

All the shares sold in the concurrent offering of Class A Common Stock will be freely tradable without restriction, except for shares owned by any of our affiliates, including GE. Immediately after that offering, the public market for our common stock will include only the 145.0 million shares of Class A Common Stock that are being sold by the seller in the concurrent offering, or 166.8 million shares if the underwriters in that offering exercise their over-allotment option in full. After the concurrent offering, we intend to register 38.0 million shares of Class A Common Stock, which are reserved for issuance under our employee benefit plans. Once we register these shares, they can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. In addition, we have granted GE demand and "piggyback" registration rights with respect to the shares of our common stock it will hold upon completion of this offering. GE may exercise its demand and piggyback registration rights, and any shares so registered will be freely tradable in the public market, except for shares acquired by any of our affiliates. See "Arrangements Between GE and Our Company—Relationship with GE—Registration Rights Agreement" and "Shares Eligible for Future Sale."

GEFAHI and our directors and executive officers have entered into lock-up agreements in which they have agreed that they will not sell, directly or indirectly, any common stock for a period of 180 days from the date of this prospectus (subject to certain exceptions) without the prior written consent of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. See "Shares Eligible for Future Sale."

- ***An active trading market for our Class A Common Stock may not develop.***

Prior to the concurrent offering of Class A Common Stock, there has not been a market for our common stock. Although we have applied to list the Class A Common Stock on The New York Stock Exchange, an active trading market in our Class A Common Stock might not develop or continue. Purchasers of Class A Common Stock will pay a price that was not established in a competitive market. Rather, they will pay a price that was determined through negotiations with the representatives of the underwriters based upon an assessment of the valuation of our common stock and a book-building process. The public market may not agree with or accept this valuation, in which case the Class A Common Stock may be worth less than the initial offering price.

- ***The price of our common stock may be volatile and may be affected by market conditions beyond our control.***

The price of our Class A Common Stock is likely to fluctuate in the future because of the volatility of the stock market in general and a variety of factors, many of which are beyond our control, including:

- quarterly variations in actual or anticipated results of our operations (including for individual products);
- changes in financial estimates by securities analysts;
- actions or announcements by our competitors;
- regulatory actions;
- changes in the market outlook for the insurance industry;
- departure of our key personnel; and
- future sales of our common stock.

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of insurance and financial services companies have experienced fluctuations that often have been unrelated or disproportionate to the operating results of these companies. These market fluctuations could result in extreme volatility in the price of shares of our common stock, which could cause a decline in the value of our common stock. In addition, price volatility may be greater if the public float and trading volume of shares of our Class A Common Stock is low.

- ***Applicable laws, provisions of our certificate of incorporation and by-laws and our Tax Matters Agreement with GE may discourage takeover attempts and business combinations that stockholders might consider in their best interests.***

Applicable laws, provisions of our certificate of incorporation and by-laws and our Tax Matters Agreement may delay, deter, prevent or render more difficult a takeover attempt that our stockholders might consider in their best interests. For example, they may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Various states and non-U.S. jurisdictions in which our insurance companies are domiciled or deemed domiciled must approve any acquisition of or change in control of those insurance companies. Under most states' statutes, an entity is presumed to have control of an insurance company if it owns, directly or indirectly, 10% or more of the voting stock of that insurance company. These regulatory restrictions may delay, deter or prevent a potential merger or sale of our company, even if our board of directors decides that it is in the best interests of stockholders for us to merge or be sold. These restrictions also may delay sales by us or acquisitions by third parties of our subsidiaries.

Section 203 of the Delaware General Corporation Law may affect the ability of an "interested stockholder" to engage in certain business combinations, including mergers, consolidation or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an "interested stockholder." An "interested stockholder" is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. However, our certificate of incorporation provides that we will not be governed by Section 203 of the Delaware General Corporation Law until GE reduces its ownership interest in us to less than 15% of our outstanding common stock.

Our certificate of incorporation and by-laws include provisions that may have anti-takeover effects and may delay, deter or prevent a takeover attempt that our stockholders might consider in their best interests. For example, our certificate of incorporation and by-laws will:

- permit our board of directors to issue one or more series of preferred stock;
- limit the ability of stockholders to remove directors;
- limit the ability of stockholders to fill vacancies on our board of directors;
- limit the ability of stockholders to call special meetings of stockholders and take action by written consent; and
- impose advance notice requirements for stockholder proposals and nominations of directors to be considered at stockholder meetings.

Under our Tax Matters Agreement with GE, if any person or group of persons other than GE or its affiliates gains the power to direct the management and policies of our company (other than through a sale of our stock by GE), we could become obligated immediately to pay to GE the total present value of all tax benefit payments due to GE under the agreement from the time of the change in control until the end of the 25-year term of the agreement. We currently estimate this amount to be $448 million, but this estimate will vary based on a number of factors, including the value of our company and the time at which our obligation is accelerated. Similarly, if any person or group of persons other than us or our affiliates gains effective control of one of our subsidiaries (other than through a sale of our stock by GE), we could become obligated to pay to GE the total present value of all such payments due to GE allocable to that subsidiary, unless the subsidiary assumes the obligation to pay these future amounts under the Tax Matters Agreement and certain conditions are met. The acceleration of payments would be subject to the approval of certain state insurance regulators, and we are obligated to use our reasonable best efforts to see that these approvals are granted. This feature of the agreement could adversely affect a potential merger or sale of our company. It could also limit our flexibility to dispose of one or more of our subsidiaries, with adverse implications for any business strategy dependent on such dispositions. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

Fluctuations in interest rates may give rise to arbitrage opportunities, which would affect the trading prices of the Corporate Units, Treasury Units, notes and our Class A Common Stock.

Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the Class A Common Stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, notes and our Class A Common Stock.

If you hold Equity Units, you will not be entitled to any rights with respect to our Class A Common Stock, but you will be subject to all changes made with respect to our Class A Common Stock.

If you hold Equity Units, you will not be entitled to any rights with respect to our Class A Common Stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Class A Common Stock), but you will be subject to all changes affecting the Class A Common Stock. You will only be entitled to rights on the Class A Common Stock if and when we deliver shares of Class A Common Stock in exchange for Equity Units on the purchase contract settlement date, or as a result of early settlement, as the case may be, and the applicable record date, if any, for the exercise of rights occurs after that date. For example, in the event that an amendment is proposed to our articles of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the Class A Common Stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our Class A Common Stock.

The Equity Units provide limited settlement rate adjustments.

The number of shares of Class A Common Stock that you are entitled to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other actions by us that modify our capital structure. See "Description of the Purchase Contracts—Anti-Dilution Adjustments." We will not adjust the number of shares of Class A Common Stock that you are to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, for other events, including offerings of Class A Common Stock for cash by us or in connection with acquisitions. There can be no assurance that an event that adversely affects the value of the Equity Units, but does not result in an adjustment to the settlement rate, will not occur. Further, we are not restricted from issuing additional Class A Common Stock during the term of the purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of Class A Common Stock, it may materially and adversely affect the price of our Class A Common Stock and, because of the relationship of the number of shares to be received on the purchase contract settlement date to the price of the Class A Common Stock, such other events may adversely affect the trading price of the Equity Units.

Our Corporate Units, Treasury Units and notes have no prior public market, and we cannot assure you that an active trading market will develop.

Prior to this offering, there has not been a market for our Corporate Units, Treasury Units or notes. Although the Corporate Units have been approved for listing on The New York Stock Exchange, an active trading market in the Corporate Units might not develop or continue. If you purchase Corporate Units in this offering, you will pay a price that was not established in a competitive market. Rather, you will pay a price that was determined by negotiations with the representatives of the underwriters based upon an assessment of the market for similar securities and other factors, including economic conditions and our financial condition, performance and prospects. The public market may not agree with or accept this valuation, in which case you may not be able to sell your Corporate Units at or above the initial offering price.

If the Treasury Units or the notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will endeavor to list the Treasury Units or the notes on the same exchange as the Corporate Units. However, an active trading market in those securities also may not develop. In addition, in the event you were to substitute Treasury securities for notes or applicable ownership interests in the Treasury portfolio or notes or applicable ownership interests in the Treasury portfolio for Treasury securities, thereby converting your Treasury Units to Corporate Units or your Corporate Units to Treasury Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. We cannot assure you that the Corporate Units will not be delisted from The New York Stock Exchange or that trading in the Corporate Units will not be suspended as a result of your election to create Treasury Units by substituting collateral, which could cause the number of Corporate Units to fall below the requirement for listing securities on The New York Stock Exchange.

Your rights to the pledged securities will be subject to our security interest and may be affected by a bankruptcy proceeding.

Although you will have a beneficial ownership interest in the related notes or Treasury securities or the Treasury portfolio, as applicable, those interests will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. Thus, your rights to the pledged securities will be subject to our security interest. In addition, notwithstanding the automatic termination of the purchase contracts, in the event that we become the subject of a case under the U.S. Bankruptcy Code, the delivery of the pledged securities to you may be delayed by the imposition of the automatic stay under Section 362 of the Bankruptcy Code. Moreover, claims arising out of the notes will be subject to the equitable jurisdiction and powers of the bankruptcy court. For example, although we do not believe such an argument would prevail, following the termination of the purchase contracts, a party in interest in the bankruptcy proceeding might argue that the holders of notes should be treated as equity holders, rather than creditors, in the bankruptcy proceeding.

We may redeem the notes upon the occurrence of a special event.

We may redeem the notes, on not less than 30 days' nor more than 60 days' prior written notice, in whole but not in part, at any time before the earlier of the date of a successful remarketing of the notes underlying the Corporate Units and the purchase contract settlement date if a special event occurs and continues under the circumstances described in this prospectus. If we exercise this option, we will redeem the notes for cash at the redemption amount plus accrued and unpaid interest, if any, which we refer to as the redemption price. If the special event redemption occurs before the purchase contract settlement date, the redemption price payable to you as a holder of Corporate Units will be distributed to the collateral agent, who in turn will purchase the Treasury portfolio on your behalf, and will remit the remainder of the redemption price, if any, to you as the holder, and the Treasury portfolio will be substituted for the notes as collateral to secure your obligations under the purchase contracts related to the Corporate Units. If your notes are not components of Corporate Units, you will receive redemption payments directly. There can be no assurance as to the impact on the market prices for the Corporate Units if the Treasury portfolio is substituted as collateral in place of any notes redeemed. A special event redemption will be a taxable event to the holders of the notes.

The purchase contract and pledge agreement will not be qualified under the Trust Indenture Act and the obligations of the purchase contract agent are limited.

The purchase contract and pledge agreement between us, the purchase contract agent and the collateral agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement or the purchase contract agent. The notes constituting a part of the Corporate Units will be issued pursuant to an indenture that will be qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the notes included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for "conflicting interests," as defined under the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

The trading price of the notes may not fully reflect the value of their accrued but unpaid interest.

The notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your notes between record dates for interest payments, you will be required to include in gross income the interest accrued through the date of disposition as ordinary income, and to add this amount to your adjusted tax basis in the notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

You may have to pay taxes with respect to distributions on our Class A Common Stock that you do not receive.

The number of shares of Class A Common Stock that you are entitled to receive on the purchase contract settlement date or as a result of early settlement of a purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other actions by us that modify our capital structure. See "Description of the Purchase Contracts—Anti-Dilution Adjustments." If the settlement rate is adjusted as a result of a distribution that is taxable to our Class A Common Stock holders, such as a quarterly cash dividend in excess of $0.065 per share, you would be required to include an amount in income for federal income tax purposes, notwithstanding the fact that you do not actually receive such distribution. The amount that you would have to include in income will generally be equal to the amount of the distribution, or in the case of a cash dividend, the amount of the dividend in excess of $0.065 per share, that you would have received if you had settled the purchase contract and purchased our Class A Common Stock. In addition, non-U.S. holders of the Equity Units may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See "Certain United States Federal Income Tax Consequences."

You may not be able to exercise your right to settle a purchase contract prior to the purchase contract settlement date unless a registration statement under the Securities Act of 1933 is in effect and a prospectus is available covering the shares of Class A Common Stock deliverable upon early settlement of a purchase contract.

The early settlement right under the purchase contracts is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect and an available prospectus covering the shares of Class A Common Stock and other securities, if any, deliverable upon settlement of a purchase contract. Although we have agreed to use our commercially reasonable efforts to have such a registration statement in effect and to provide a prospectus if so required under the U.S. federal securities laws, any failure or inability to maintain an effective registration statement or to have available a prospectus covering the Class A Common Stock, including as a result of pending corporate events or announcements that prevent the delivery of a current prospectus, may prevent or delay an early settlement.

The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to the debt and other liabilities of our subsidiaries, which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

We are a holding company and conduct substantially all of our operations through subsidiaries. However, the notes will be obligations exclusively of Genworth Financial, Inc. and will not be guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to policyholders and contractholders), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets. As of December 31, 2003, on a pro forma basis, our subsidiaries had outstanding $81,629 million of total liabilities, including $1,618 million of debt (excluding, in each case, intercompany liabilities).

Forward-Looking Statements

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus include forward-looking statements that are based upon our current expectations but are subject to uncertainty and changes in circumstances. These statements include forward-looking statements both with respect to us specifically and the insurance industry generally. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "will," and similar statements of a future or forward-looking nature identify forward-looking statements.

These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors, many of which are beyond our control. We believe that these factors include, but are not limited to, those described under "Risk Factors" and elsewhere in this prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Use of Proceeds

We will not receive any proceeds from the sale by the seller of Equity Units in this offering or of the Class A Common Stock or Series A Preferred Stock in the concurrent offerings.

Dividend Policy

We intend to pay quarterly cash dividends on our common stock at an initial rate of $0.065 per share. The first such dividend will be declared in the third quarter of 2004 and paid in the fourth quarter. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints and other factors that the board of directors deems relevant.

We are a holding company and have no direct operations. As a result, our ability to pay dividends in the future will depend on receiving dividends from our subsidiaries. Our insurance subsidiaries are subject to the laws of the jurisdictions in which they are domiciled and licensed and consequently are limited in the amount of dividends that they can pay. See "Regulation."

Capitalization

Set forth below is our capitalization as of December 31, 2003, on an historical and a pro forma basis, which reflects the adjustments described in more detail in the notes to the unaudited pro forma financial information under "Selected Historical and Pro Forma Financial Information." You should read this information in conjunction with those notes, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes included elsewhere in this prospectus.

(Dollar amounts in millions, except per share amounts)	Historical	Pro forma adjustments-excluded assets and liabilities(1)	Pro forma adjustments-reinsurance transactions(2)	Pro forma adjustments-capital structure and other	Pro forma
Cash and cash equivalents	$ 1,982	$ (99)	$ (411)	$ (4)	$ 1,468
Borrowings and other obligations:					
Short-term borrowings	$ 2,239	$ (2,239)	$ —	$ 2,400(3)	$ 2,400
Long-term borrowings	529(4)	—	—	—	529
Total borrowings	2,768	(2,239)	—	2,400	2,929
Contingent note payable to GEFAHI	—	—	—	550(5)	550
Non-recourse funding obligations	600(6)	—	—	—	600
Borrowings related to securitization entities	1,018(7)	—	—	—	1,018
% senior notes due 2009 underlying Equity Units	—	—	—	600(8)	600
Series A Preferred Stock, mandatorily redeemable, liquidation preference $50 per share	—	—	—	100(9)	100
Total borrowings and other obligations	4,386	(2,239)	—	3,650	5,797
Stockholder's interest:					
Class A Common Stock, $0.001 par value; 1.5 billion shares authorized; 145.0 million shares issued and outstanding	—	—	—	—	—
Class B Common Stock, $0.001 par value; 700 million shares authorized; 344.5 million shares issued and outstanding(10)	—	—	—	—	—
Additional paid-in capital	8,377	860	402	317(11)	9,956
Total paid-in capital	8,377	860	402	317	9,956
Accumulated nonowner changes in stockholder's interest	1,672	65	(731)	—	1,006
Retained earnings	5,751	(187)	(1,836)	(3,728)(12)	—
Total stockholder's interest	15,800	738	(2,165)	(3,411)	10,962
Total capitalization	$ 20,186	$ (1,501)	$ (2,165)	$ 239	$ 16,759

(1) Reflects adjustments to exclude amounts included in our historical combined financial statements relating to certain assets and liabilities that will not be transferred to us. For more information regarding the adjustments related to the excluded assets and liabilities, see notes (a), (b), (c) and (d) to the unaudited pro forma financial information under "Selected Historical and Pro Forma Financial Information."

(2) Reflects adjustments to record the effects of the reinsurance transactions we will enter into with UFLIC in connection with this offering as described under "Arrangements Between GE and Our

Company—Reinsurance Transactions." For more information regarding the adjustments related to the reinsurance transactions, see notes (f) and (g) to the unaudited pro forma financial information under "Selected Historical and Pro Forma Financial Information."

(3) Reflects the $2.4 billion Short-term Intercompany Note that we will issue to GEFAHI in connection with our corporate reorganization. We will repay this note with proceeds from the borrowings under a $2.4 billion short-term credit facility that we will establish with a syndicate of banks concurrently with the completion of this offering. We intend to repay the borrowings under this short-term credit facility with proceeds from the issuance of approximately $1.9 billion in senior notes (which would be included in long-term borrowings) and approximately $500 million in commercial paper (which would be included in short-term borrowings), both of which we intend to complete shortly after the completion of this offering. For a description of the terms of the Short-term Intercompany Note, the credit facility, the senior notes and the commercial paper, see "Description of Certain Indebtedness—Short-term Intercompany Note" and "Description of Certain Indebtedness—New Senior Notes."

(4) Reflects the Yen Notes. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum. For a description of the terms of these notes, see "Description of Certain Indebtedness—Yen Notes."

(5) Reflects the $550 million Contingent Note that we will issue to GEFAHI in connection with our corporate reorganization. This note is non-interest-bearing, matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of $150 million are released and paid to us as a dividend. The release of these statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. If regulatory approval has been obtained by the first anniversary date, but our financial ratings have not been affirmed, the term of this note will be extended for a period up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. For a description of the terms of this note, see "Description of Certain Indebtedness—Contingent Note."

(6) Reflects non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by River Lake Insurance Company, a wholly-owned captive reinsurance subsidiary of our company, to fund additional statutory reserves required by Regulation XXX. Both principal and interest payments are guaranteed by a third-party insurance company. In the event that payment of principal or interest are not made by River Lake Insurance Company for any reason, the third-party insurance company is required to make these payments. The noteholders cannot require repayment from us or any of our subsidiaries, other than River Lake Insurance Company, the direct issuer of the notes.

(7) Reflects borrowings associated with certain securitization entities that we were required to include in our financial statements upon adoption of FASB Interpretation 46, *Consolidation of Variable Interest Entities.* Upon its adoption, GE Capital, of which we are an indirect subsidiary, was required to consolidate the funding conduit it sponsored. As a result, assets and liabilities of certain previously off-balance sheet securitization entities were required to be included in our financial statements because the funding conduit no longer qualified as a third party. For more information regarding these arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Off-balance Sheet Transactions."

(8) Represents notes forming part of the Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in this offering.

(9) For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering the Series A Preferred Stock for sale in a concurrent offering.

(10) Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE or when GE no longer beneficially owns at least 10% of our outstanding common stock. GEFAHI is offering 145.0 million shares of our Class A Common Stock in a concurrent offering, plus up to an additional 21.75 million shares that may be sold pursuant to an over-allotment option (all of which shares will be converted from an equal number of shares of Class B Common Stock in connection with that offering).

(11) Reflects adjustments to our paid-in capital, as described in notes (h), (i), (j), (k) and (l) to the unaudited pro forma financial information under "Selected Historical and Pro Forma Financial Information."

(12) Reflects adjustments to our retained earnings, as described in notes (h), (i), (j) and (l) to the unaudited pro forma financial information under "Selected Historical and Pro Forma Financial Information."

The foregoing table:

- excludes up to 6.1 million shares of Class A Common Stock issuable upon the exercise of 6.1 million unvested stock appreciation rights to be granted on the date of this prospectus, at an exercise price equal to the initial public offering price in the concurrent offering of Class A Common Stock;

- excludes 10.1 million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options to be granted on the date of this prospectus, at an exercise price equal to the initial public offering price in the concurrent offering of Class A Common Stock;

- excludes 4.1 million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued on the date of this prospectus in exchange for unvested GE stock options held by our employees, at a weighted average exercise price of $25.40 per share, and 1.0 million shares of Class A Common Stock issuable upon the exercise of vested employee stock options that will be issued on the date of this prospectus in exchange for vested GE stock options held by our Chairman, President and Chief Executive Officer, at a weighted average exercise price of $16.83 per share;

- excludes up to 0.3 million shares of Class A Common Stock issuable upon the exercise of 0.3 million stock appreciation rights that will be issued on the date of this prospectus in exchange for unvested GE stock appreciation rights;

- excludes 1.4 million shares of Class A Common Stock issuable upon the lapse of restrictions on restricted stock units that will be issued on the date of this prospectus in exchange for GE restricted stock units;

- excludes up to 38.0 million shares of Class A Common Stock available for future issuance under our Genworth Omnibus Incentive Plan, less the number of shares of Class A Common Stock issuable in connection with the stock appreciation rights, stock options and restricted stock units described above; and

- excludes up to million shares of Class A Common Stock that we will be required to issue to settle the purchase contracts included in our Equity Units.

The number of our stock options, restricted stock units and stock appreciation rights that will be issued in exchange for GE stock options, restricted stock units and stock appreciation rights will depend upon the initial public offering price of our Class A Common Stock and the weighted-average stock price of GE common stock for the trading day immediately prior to the date of this prospectus. Information in this prospectus assumes a price of $30.85 per share of GE common stock, which was the weighted-average stock price on April 27, 2004.

Our total pro forma capitalization also does not include our liability to GE under the Tax Matters Agreement. As a consequence of our separation from GE, and the election we will make with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to realize future tax savings that we otherwise would not realize. We are obligated, pursuant to the Tax Matters Agreement with GE, to pay to GE over a period from 15 to 25 years 80% of the projected future tax savings, subject to a maximum amount. Based on a number of assumptions, we estimate these projected payments to have a present value of $448 million. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement" and note (k) to our pro forma financial statements under "Selected Historical and Pro Forma Financial Information."

Accounting Treatment

The fair value of the Corporate Units we issue to the seller will be recorded in our financial statements based on an allocation between the purchase contracts and the notes in proportion to their respective fair market values. The present value of the contract adjustment payments on the purchase contracts will be recorded as a liability and a reduction of stockholders' equity. This liability increases over three years by interest charges to the statement of earnings based on a constant rate calculation. Contract adjustment payments paid on the purchase contracts will reduce this liability.

The purchase contracts are forward transactions in our Class A Common Stock. Upon settlement of each purchase contract, we will receive $25 for the purchase contract and will issue the requisite number of shares of our Class A Common Stock. The $25 that we receive will increase stockholders' equity.

Before the issuance of our Class A Common Stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our Class A Common Stock used in calculating diluted earnings per share (based on the settlement rate applied at the end of the reporting period) will be deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts at such time over the number of shares that could be purchased by us in the market (at the average market price during the period) using the proceeds receivable upon settlement. Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our Class A Common Stock is above the threshold appreciation price of $.

Ratio of Earnings to Fixed Charges

The following table sets forth our ratio of earnings to fixed charges for the years indicated.

For purposes of determining the historical ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before taxes and accounting changes plus fixed charges from continuing and discontinued operations. "Fixed charges" consist of (1) interest expense on short-term and long-term borrowings, (2) interest credited to policyholders on annuities and financial products and (3) the portion of operating leases that are representative of the interest factor.

For purposes of determining the ratio of pro forma earnings to pro forma fixed charges, pro forma earnings consist of pro forma earnings from continuing operations before taxes plus pro forma fixed charges from continuing operations and fixed charges from discontinued operations. Pro forma fixed charges consist of (1) pro forma interest expense on short-term and long-term borrowings, including dividends on Series A Preferred Stock, (2) pro forma interest credited to policyholders on annuities and financial products, and (3) the portion of operating leases that are representative of the interest factor.

	Historical					Pro forma
	Year ended December 31,					Year ended December 31,
	2003	2002	2001	2000	1999	2003
Ratio of earnings to fixed charges	1.74	1.94	1.99	2.10	2.12	1.83

Selected Historical and Pro Forma Financial Information

The following table sets forth selected historical combined and pro forma financial information. The selected historical financial information as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001 has been derived from our combined financial statements, which have been audited by KPMG LLP and are included elsewhere in this prospectus. The selected pro forma financial information as of and for the year ended December 31, 2003 is unaudited and has been derived from our combined financial statements. You should read this information in conjunction with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations," our combined financial statements, the related notes and the accompanying independent auditors' report (which refers to a change in accounting for variable interest entities in 2003, goodwill and other intangibles in 2002, and derivative instruments and hedging activities in 2001), which are included elsewhere in this prospectus.

Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer and mortgage contract underwriting.

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI the following securities:

- 489.5 million shares of our Class B Common Stock;
- $600 million of our Equity Units;
- $100 million of our Series A Preferred Stock;
- $2.4 billion Short-term Intercompany Note; and
- $550 million Contingent Note.

The liabilities we will assume from GEFAHI include the Yen Notes.

We have prepared our combined financial statements as if Genworth had been in existence throughout all relevant periods. Our historical combined financial information and statements include all businesses that were owned by GEFAHI, including those that will not be transferred to us, as well as the other insurance businesses that we will acquire from other GE subsidiaries, each in connection with our corporate reorganization.

Prior to the completion of this offering, we will enter into several significant reinsurance transactions with UFLIC, an indirect, wholly-owned subsidiary of GE. As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, policy obligations under our structured settlement contracts, which had reserves of $12.0 billion, and our variable annuity contracts, which had general account reserves of $2.8 billion and separate account reserves of $7.9 billion, each as of December 31, 2003. These contracts represent substantially all of our contracts that were in force as of December 31, 2003 for these products. In addition, effective as of January 1, 2004, we will cede to UFLIC policy obligations under a block of long-term care insurance policies that we reinsured from Travelers, which had reserves of $1.5 billion, as of December 31, 2003. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. In addition, as part of the reinsurance transactions, UFLIC will cede to us substantially all of its in-force blocks of Medicare supplement insurance. As of December 31, 2003, these blocks of business had aggregate reserves of $19 million.

The unaudited pro forma information set forth below reflects our historical combined financial information, as adjusted to give effect to the transactions described below as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information. The following transactions are reflected in the pro forma financial information:

- the removal of certain businesses of GEFAHI that will not be transferred to us in connection with our corporate reorganization, including the Partnership Marketing Group business, an institutional asset management business and several other small businesses;

- the removal of certain liabilities that we will not assume, including an aggregate of $1.691 billion of commercial paper issued by GEFAHI and short-term borrowings from GE Capital of $548 million that were outstanding as of December 31, 2003;

- the reinsurance transactions with UFLIC, including a capital contribution of $1.836 billion that we will make to UFLIC;

- the issuance of equity and debt securities to GEFAHI in exchange for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization; and

- the other adjustments described below in the notes to the unaudited pro forma financial information.

The unaudited pro forma information below is based upon available information and assumptions that we believe are reasonable. The unaudited pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had the transactions described above occurred on the dates indicated. The unaudited pro forma information also should not be considered representative of our future financial condition or results of operations.

In addition to the pro forma adjustments to our historical combined financial statements, various other factors will have an effect on our financial condition and results of operations after the completion of this offering, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

For information with respect to certain items that are not reflected in the pro forma financial information, see note (o) below.

(Amounts in millions, except per share amounts)	Historical: Years ended December 31, 2003(1)	2002	2001	2000(2)	1999	Pro forma: Year ended December 31, 2003
Combined Statement of Earnings Information						
Revenues:						
Premiums	$ 6,703	$ 6,107	$ 6,012	$ 5,233	$ 4,534	$ 6,252
Net investment income	4,015	3,979	3,895	3,678	3,440	2,928
Net realized investment gains	10	204	201	262	280	38
Policy fees and other income	943	939	993	1,053	751	557
Total revenues	11,671	11,229	11,101	10,226	9,005	9,775
Benefits and expenses:						
Benefits and other changes in policy reserves	5,232	4,640	4,474	3,586	3,286	4,191
Interest credited	1,624	1,645	1,620	1,456	1,290	1,358
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823	1,813	1,626	1,614
Amortization of deferred acquisition costs and intangibles(3)	1,351	1,221	1,237	1,394	1,136	1,144
Interest expense	140	124	126	126	78	138
Total benefits and expenses	10,289	9,438	9,280	8,375	7,416	8,445
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,851	1,589	1,330
Provision for income taxes	413	411	590	576	455	395
Net earnings from continuing operations	$ 969	$ 1,380	$ 1,231	$ 1,275	$ 1,134	$ 935
Pro forma earnings from continuing operations per share:						
Basic	$ 1.98					$ 1.91
Diluted	$ 1.98					$ 1.91
Pro forma shares outstanding:						
Basic	489.5					489.5
Diluted	490.0					490.0
Selected Segment Information						
Total revenues:						
Protection	$ 6,153	$ 5,605	$ 5,443	$ 4,917		$ 5,839
Retirement Income and Investments	3,781	3,756	3,721	3,137		2,707
Mortgage Insurance	982	946	965	895		982
Affinity(4)	566	588	687	817		—
Corporate and Other	189	334	285	460		247
Total	$ 11,671	$ 11,229	$ 11,101	$ 10,226		$ 9,775
Net earnings (loss) from continuing operations:						
Protection	$ 487	$ 554	$ 538	$ 492		$ 481
Retirement Income and Investments	151	186	215	250		93
Mortgage Insurance	369	451	428	414		369
Affinity(4)	16	(3)	24	(13)		—
Corporate and Other	(54)	192	26	132		(8)
Total	$ 969	$ 1,380	$ 1,231	$ 1,275		$ 935

(Dollar amounts in millions)	Historical					Pro forma
	December 31,					December 31,
	2003(1)	2002	2001	2000(2)	1999	2003
Combined Statement of Financial Position Information						
Total investments	$ 78,693	$ 72,080	$ 62,977	$ 54,978	$ 48,341	$ 59,778
All other assets	24,738	45,277	41,021	44,598	27,758	38,034
Total assets	$ 103,431	$ 117,357	$ 103,998	$ 99,576	$ 76,099	$ 97,812
Policyholder liabilities	$ 66,545	$ 63,195	$ 55,900	$ 48,291	$ 45,042	$ 66,046
Non-recourse funding obligation(5)	600	—	—	—	—	600
Short-term borrowings	2,239	1,850	1,752	2,258	990	2,400
Long-term borrowings	529	472	622	175	175	529
All other liabilities	17,718	35,088	31,559	35,865	18,646	17,275
Total liabilities	$ 87,631	$ 100,605	$ 89,833	$ 86,589	$ 64,853	$ 86,850
Accumulated nonowner changes in stockholder's interest	$ 1,672	$ 835	$ (664)	$ (424)	$ (862)	$ 1,006
Total stockholder's interest	15,800	16,752	14,165	12,987	11,246	10,962
U.S. Statutory Information						
Statutory capital and surplus	7,021	7,207	7,940	7,119	6,140	
Asset valuation reserve	413	390	477	497	500	
Other Information						
Ratio of earnings to fixed charges(6)	1.74	1.94	1.99	2.10	2.12	1.83

(1) On August 29, 2003, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses for aggregate cash proceeds of approximately $2.1 billion, consisting of $1.6 billion paid to us and $0.5 billion paid to other GE affiliates, plus pre-closing dividends. See note 4 to our combined financial statements, included elsewhere in this prospectus.

(2) During 2000, we consummated three significant business combinations:

- In July 2000, we reinsured 90% of Travelers' long-term care insurance portfolio and acquired certain related assets for $411 million;
- In April 2000, we acquired 97% of Phoenix American Life Insurance Company for $284 million; and
- Effective March 2000, we acquired the insurance policies and related assets of Toho Mutual Life Insurance Company. Our Japanese life insurance business assumed $21.6 billion of policyholder liabilities and $0.3 billion of accounts payable and accrued expenses and acquired $20.3 billion in cash, investments and other tangible assets through this transaction. We sold this business on August 29, 2003, and its results have been presented as discontinued operations.

(3) As of January 1, 2002, we adopted Statement of Financial Accounting Standards 142,*Goodwill and Other Intangible Assets,* and, in accordance with its provisions, discontinued amortization of goodwill. Goodwill amortization was $84 million, $70 million and $53 million for the years ended December 31, 2001, 2000 and 1999, respectively, excluding goodwill amortization included in discontinued operations.

(4) Reflects the results of businesses that are owned by GEFAHI but will not be transferred to us in connection with our corporate reorganization, including (a) the Partnership Marketing Group business, (b) an institutional asset management business, and (c) several other small businesses that are not part of our core ongoing business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information."

(5) Reflects non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by a wholly-owned captive reinsurance subsidiary of our company, to fund certain statutory reserves. Both principal and interest payments are guaranteed by a third-party insurance company.

(6) For purposes of determining the historical ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before taxes and accounting changes plus fixed charges from continuing and discontinued operations. "Fixed charges" consist of (a) interest expense on short-term and long-term borrowings, (b) interest credited to policyholders on annuities and financial products and (c) the portion of operating leases that are representative of the interest factor. For purposes of determining the ratio of pro forma earnings to pro forma fixed charges, pro forma earnings consist of pro forma earnings from continuing operations before taxes plus pro forma fixed charges from continuing operations and fixed charges from discontinued operations. Pro forma fixed charges consist of (a) pro forma interest expense on short-term and long-term borrowings, including dividends on Series A Preferred Stock, (b) pro forma interest credited to policyholders on annuities and financial products, and (c) the portion of operating leases that are representative of the interest factor.

Pro Forma Financial Information

(Amounts in millions, except per share amounts)

	Year ended December 31, 2003				
	Historical	Pro forma adjustments—excluded assets and liabilities	Pro forma adjustments—reinsurance transactions	Pro forma adjustments—capital structure and other	Pro forma(o)
Revenues:					
Premiums	$ 6,703	$ (244)(a)	$ (207)(f)	$ —	$ 6,252
Net investment income	4,015	(62)(a) (8)(c)	(921)(f) (96)(g)	—	2,928
Net realized investment gains	10	6 (e)	24 (f) (2)(g)	—	38
Policy fees and other income	943	(260)(a)	(126)(f)	—	557
Total revenues	11,671	(568)	(1,328)	—	9,775
Benefits and expenses:					
Benefits and other changes in policy reserves	5,232	(196)(a)	(845)(f)	—	4,191
Interest credited	1,624	—	(266)(f)	—	1,358
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	(239)(a) (4)(c)	(85)(f)	—	1,614
Amortization of deferred acquisition costs and intangibles	1,351	(110)(a)	(97)(f)	—	1,144
Interest expense	140	—	—	(83)(b) 24 (i) 23 (k) 34 (m)	138
Total benefits and expenses	10,289	(549)	(1,293)	(2)	8,445
Earnings from continuing operations before income taxes	1,382	(19)	(35)	2	1,330
Provision for income taxes	413	(5)(a) (1)(c) 2 (e)	24 (f) (39)(g)	1(n)	395
Net earnings from continuing operations	$ 969	$ (15)	$ (20)	$ 1	$ 935
Pro forma earnings from continuing operations per share: (p)					
Basic	$ 1.98				$ 1.91
Diluted	$ 1.98				$ 1.91
Pro forma number of shares outstanding: (p)					
Basic	489.5				489.5
Diluted	490.0				490.0

Pro Forma Financial Information

(Dollar amounts in millions)	December 31, 2003				
	Historical	Pro forma adjustments—excluded assets and liabilities	Pro forma adjustments—reinsurance transactions	Pro forma adjustments—capital structure and other	Pro forma(o)
Assets					
Investments:					
Fixed maturities	$ 65,485	$ (1,310)(a)	$ (15,504)(f)	$ —	$ 47,442
		(3)(d)	(1,226)(g)		
Equity securities	600	(73)(a)	(68)(f)	—	428
		(31)(d)			
Mortgage and other loans	6,114	82 (c)	(334)(f)	—	5,676
			(186)(g)		
Policy loans	1,105	(9)(a)	—	—	1,096
Short-term investments	531	(15)(a)	—	—	516
Restricted investments held by securitization entities	1,069	—	—	—	1,069
Other invested assets	3,789	(13)(a)	(52)(f)	—	3,551
		(120)(c)			
		(53)(d)			
Total investments	78,693	(1,545)	(17,370)	—	59,778
Cash and cash equivalents	1,982	(93)(a)	(411)(g)	20 (h)	1,468
		(6)(c)		(24)(h)	
Accrued investment income	1,247	(22)(a)	(224)(f)	—	977
		(7)(d)	(17)(g)		
Deferred acquisition costs	5,788	(198)(a)	(865)(f)	—	4,725
Intangible assets	1,346	(191)(a)	(282)(f)	—	872
		(1)(d)			
Goodwill	1,728	(284)(a)	—	—	1,444
Reinsurance recoverable	2,334	(23)(a)	16,345 (f)	—	18,656
Other assets	2,069	(84)(a)	(31)(f)	—	1,648
		(6)(c)			
		(300)(d)			
Separate account assets	8,244	—	—	—	8,244
Total assets	$ 103,431	$ (2,760)	$ (2,855)	$ (4)	$ 97,812
Liabilities and Stockholder's Interest					
Liabilities:					
Future annuity and contract benefits	$ 59,257	$ (349)(a)	$ 13 (f)	$ —	$ 58,921
Liability for policy and contract claims	3,207	(144)(a)	6 (f)	—	3,069
Unearned premiums	3,616	(19)(a)	—	—	3,597
Other policyholder liabilities	465	(6)(a)	—	—	459
Other liabilities	7,051	(231)(a)	(43)(f)	57 (i)	7,215
		(176)(b)		2,400 (i)	
		(2)(c)		550 (i)	
		(439)(d)		448 (k)	
				(2,400)(m)	
Non-recourse funding obligations	600	—	—	—	600
Short-term borrowings	2,239	(2,239)(b)	—	2,400 (m)	2,400
Long-term borrowings	529	—	—	—	529
% senior notes due 2009 underlying Equity Units	—	—	—	600 (i)	600
Series A Preferred Stock, mandatorily redeemable(q)	—	—	—	100 (i)	100
Deferred income taxes	1,405	39 (a)	(666)(f)	(18)(j)	98
		68 (b)		(730)(k)	
Borrowings related to securitization entities	1,018	—	—	—	1,018
Separate account liabilities	8,244	—	—	—	8,244
Total liabilities	87,631	(3,498)	(690)	3,407	86,850
Stockholder's interest:					
Common stock(i)(r)	—	—	—	—	—
Additional paid-in capital	8,377	(1,386)(a)	402 (f)	20 (h)	9,956
		2,248 (b)		(15)(h)	
		(46)(c)		(57)(i)	
		44 (d)		46 (j)	
				282 (k)	
				41 (l)	
Accumulated non owner changes in equity					
Net unrealized investment gains	1,518	(34)(a)	(689)(f)	—	791
			(4)(g)		
Derivatives qualifying as hedges	(5)	99 (b)	(38)(f)	—	56
Foreign currency translation adjustments	159	—	—	—	159

Total accumulated non owner changes in equity	1,672	65	(731)	—	1,006
Retained earnings	5,751	(185)(a) (2)(c)	(1,836)(g)	(9)(h) (3,650)(i) (28)(j) (41)(l)	—
Total stockholder's interest	15,800	738	(2,165)	(3,411)	10,962
Total liabilities and stockholder's interest	$ 103,431	$ (2,760)	$ (2,855)	$ (4)	$ 97,812

Notes to unaudited pro forma financial information

(a) Reflects adjustments to exclude amounts included in our historical combined financial statements relating to the results of operations, assets and liabilities of businesses reported in the Affinity segment, which will not be transferred to us. For a description of our Affinity segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information." The exclusion of these businesses from our historical combined financial statements will be accounted for as a dividend to our stockholder prior to the completion of this offering.

(b) Reflects adjustments to exclude the liabilities for commercial paper issued by GEFAHI of $1,691 million, short-term borrowings from GE Capital of $548 million, derivative contracts hedging the commercial paper cash flows of $176 million, deferred tax liability of $(68) million relating to those derivative contracts, non-owner changes in equity of $99 million, net of deferred tax, reflecting the effective portion of hedges that have not yet been reclassified to earnings, and interest expense, adjusted for qualified hedge effects, of $83 million incurred during 2003 on our commercial paper and other short-term borrowings. The commercial paper, short-term borrowing and derivative contracts liabilities will not be transferred to us and their exclusion from our historical combined financial statements will be accounted for as a capital contribution from our stockholder prior to the completion of this offering.

(c) Reflects adjustments to exclude amounts included in our historical combined financial statements relating to the results of operations, assets and liabilities of certain investment partnerships that will not be transferred to us. The exclusion of these partnerships from our historical combined financial statements will be accounted for as a dividend to our stockholder prior to the completion of this offering.

(d) Reflects adjustments to exclude payables to, receivables from, and intercompany investments in other GE companies included in our historical combined financial statements, net of deferred taxes, that will not be transferred to us. The exclusion from our historical combined financial statements of the net liability for these intercompany balances will be accounted for as a capital contribution from our stockholder prior to the completion of this offering.

(e) Reflects adjustments to exclude from results of operations net realized investment losses, and related income tax benefit, arising from sales of Affinity segment assets. In our historical combined financial statements net realized investment losses are reflected in the Corporate and Other segment.

(f) Reflects adjustments to record the effects of the reinsurance transactions we will enter into with UFLIC in connection with this offering as described under "Arrangements Between GE and Our Company—Reinsurance Transactions." As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, all of our in-force structured settlement contracts, substantially all of our in-force variable annuity contracts, and a block of long-term care insurance policies that we reinsured from Travelers in 2000. The unaudited pro forma information gives effect to the reinsurance transactions as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information. Accordingly, our unaudited pro forma earnings information excludes the effects of all reinsured contracts that were issued before January 1, 2003. We will continue to sell variable annuities and structured settlements after completion of the reinsurance transactions and will retain that business for our own account, subject to third-party reinsurance transactions in the ordinary course of business. As a result, our unaudited pro forma combined statements of earnings reflect premiums and fees from these products issued after January 1, 2003, even though these variable annuities and structured settlements will be included in the blocks of policies reinsured with UFLIC. Our net loss for 2003 from variable annuities and structured settlements issued after January 1, 2003 was $5 million. We did not issue any new policies in 2003 in the block of long-term care insurance policies that we will cede to UFLIC and we will not issue any in the future. As a result, our pro forma combined statements of earnings exclude the impact of that entire block of policies.

In connection with the reinsurance transactions, we will record a reinsurance recoverable asset of $16,345 million, including $12,056 million related to structured settlement contracts, $2,815 million related to variable annuity contracts and $1,468 million related to long-term care insurance policies.

When we enter into the reinsurance transactions we will transfer investment assets to UFLIC in exchange for the reinsurance recoverable asset from UFLIC and consequently we will not earn investment income on the investment assets transferred. The actual investment assets that will be transferred in the reinsurance transactions have been determined on an asset-by-asset basis and the pro forma financial position adjustments have been determined based upon the actual assets that will be transferred. Because a significant portion of the assets to be transferred were not owned for the entire period, the pro forma earnings adjustments were based upon a proportional allocation of investment income from the investment assets historically identified as supporting the blocks of business reinsured. Under our existing investment management strategies, multiple product lines with similar characteristics can be supported by a single portfolio of investment securities, known as "multiple product portfolios." Where the reinsurance transactions with UFLIC relate to products supported by multiple product portfolios, the pro forma net investment income and net realized investment gains (losses) attributable to the reinsured liabilities were determined using an allocation approach, applying the ratio of reinsured liabilities to the total liabilities supported by the multiple product portfolio to the portfolio's net investment income and net realized investment gains (losses), respectively.

Under the reinsurance transactions, we will receive an expense allowance to reimburse us for costs we incur to service the reinsured blocks. Actual costs and expense allowance amounts will be determined by expense studies to be conducted periodically. The pro forma adjustments have been prepared assuming that actual costs incurred during the pro forma periods, as determined under our historical cost structure and allocation methods, were reimbursed by an expense allowance.

The reinsurance transactions will be completed and accounted for at book value. We will report the reinsurance transactions on our tax returns at fair value as determined for tax purposes, giving rise to a net reduction in current and deferred income tax liabilities. The differences between the book value of assets and liabilities transferred and the ceding commission received, and their respective income tax effects, are recorded as a net capital contribution from our stockholder. The actual income tax effects will vary depending upon, among other factors, the fair value of the investment assets at the time of the reinsurance transaction.

The pro forma information does not represent the results we would have achieved had the reinsurance transactions we will enter into with UFLIC been consummated at the beginning of the periods presented, and the information presented may not be a reliable indicator of our future results.

(g) Concurrently with the reinsurance transactions described in note (f), we will contribute $1.836 billion of capital to UFLIC, which primarily represents excess statutory capital in our insurance subsidiaries, after giving effect to the reinsurance transactions. We have reflected this capital contribution to UFLIC in our unaudited pro forma financial position information as a distribution to our stockholder and a decrease in fixed maturities, mortgage loans and cash, with related adjustments to accrued investment income, deferred income taxes and other associated items. The actual investment assets that will be contributed to UFLIC have been determined on an asset-by-asset basis and the pro forma financial position adjustments have been determined based upon the actual assets that will be transferred. Because a significant portion of the assets to be transferred were not owned for the entire period, the pro forma adjustments to reduce net investment income and net realized investment gains related to the transferred assets were based upon a proportional allocation of investment income from the investment assets historically identified as representing surplus of the subsidiaries providing the assets to be contributed to UFLIC.

(h) Reflects adjustments to record a capital contribution of $20 million received by one of our combined subsidiaries from GE in March 2004 and a dividend of $24 million paid by another of our combined subsidiaries to GE in April 2004. We will record this capital contribution and dividend in our historical combined financial statements in the three months ending March 31 and June 30, 2004, respectively.

(i) Reflects adjustments to record the equity and debt securities we will issue to GEFAHI in connection with our corporate reorganization, as well as related interest expense:

1. We will issue 489.5 million shares of our Class B Common Stock to GEFAHI. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE, or when GE no longer beneficially owns at least 10% of our outstanding common stock. For a description of the terms of our common stock, see "Description of Capital Stock—Common Stock." GEFAHI is offering shares of our Class A Common Stock for sale in a concurrent offering.

2. We will issue $600 million of our Equity Units to GEFAHI. We will pay holders of Equity Units quarterly contract adjustment payments on each purchase contract forming a part of the Equity Units at a rate of % per year of the stated amount of $25 per Equity Unit. The estimated present value of the contract adjustment payments on the stock purchase contracts is $57 million, which has been recorded in other liabilities with a decrease in additional paid-in capital. When we make contract adjustment payments, they will be charged to other liabilities and we will accrue interest expense on the unpaid balance at the rate of % per year. Our pro forma adjustments have been prepared based upon an assumed contract adjustment payment rate of 3.35% per year and an interest rate of 2.90% per year on the debt component of the Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in this offering.

3. We will issue $100 million of our Series A Preferred Stock, which is mandatorily redeemable, to GEFAHI. For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." The dividends on our Series A Preferred Stock will be accounted for as interest expense in our financial statements. Our pro forma interest expense adjustment has been prepared based upon an assumed dividend rate of 4.625% per year. GEFAHI is offering shares of our Series A Preferred Stock for sale in a concurrent offering.

4. We will issue the $2.4 billion Short-term Intercompany Note to GEFAHI. We intend to repay this note with proceeds from the borrowings described in note (m) below. Because this note will be outstanding only between the date of this prospectus and the completion of this offering, interest expense on this note will not be material and has not been included in our pro forma adjustments. For a description of the terms of the Short-term Intercompany Note, see "Description of Certain Indebtedness—Short-term Intercompany Note."

5. We will issue the $550 million Contingent Note to GEFAHI. This note is non-interest-bearing, matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of $150 million are released and paid to us as a dividend. The release of these statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are

subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. If regulatory approval has been obtained by the first anniversary date, but our financial ratings have not been affirmed, the term of this note will be extended for a period up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. For a description of the terms of the Contingent Note, see "Description of Certain Indebtedness—Contingent Note."

(j) Reflects adjustments to retained earnings for the first-year cost of our grant of stock options and stock appreciation rights to our management and employees and cost relating to the conversion of certain existing stock-based compensation awards upon the completion of this offering, net of a related reduction of deferred income tax liability. On the date of this prospectus, we will establish equity compensation plans pursuant to which we will (1) issue stock options to purchase 10.1 million shares of our Class A Common Stock with an exercise price equal to the initial offering price, (2) issue stock appreciation rights on 6.1 million shares of our Class A Common Stock with an exercise price equal to the initial public offering price, and (3) convert all the unvested stock options, restricted stock units and stock appreciation rights that GE previously granted to our employees and the vested GE stock options held by our Chairman, President and Chief Executive Officer into stock options, restricted stock units and stock appreciation rights issued by our company. We recognize compensation expense for share-based compensation awards based upon the fair value of the stock options in accordance with Statement of Financial Accounting Standards 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). Under the measurement principles of SFAS 123, we estimate that we will recognize compensation expense related to (1) the new issuances of stock options and stock appreciation rights of $40 million, $40 million, $24 million, $14 million and $6 million for the five twelve- month periods following the completion of this offering, and (2) the conversions of existing awards of $6 million and $1 million for the two twelve-month periods following the completion of this offering. Our estimate of fair value was made using the Black-Scholes model based upon the assumed initial offering price of $22.00 per share, volatility of 34.21%, risk free interest rate of 3.5% per year, and average expected life of 6 years. For a description of our stock-based compensation plans see "Management—GE 1990 Long-Term Incentive Plan," "—Omnibus Incentive Plan" and "—Incentive Compensation Program."

(k) Reflects an adjustment to record certain effects of our Tax Matters Agreement with GE. Under the Tax Matters Agreement, GE will make, and we will join GE in making, tax elections under section 338 of the Internal Revenue Code that will treat (for tax purposes) many of the companies in our group as having sold all their assets in fully taxable sales. Under the Tax Matters Agreement, GE will control the making of these elections and related determinations. GE will be responsible for all current taxes resulting from the making of these tax elections. As a result of the section 338 elections, we will become entitled to certain tax benefits that are expected to be realized by us in the future in the ordinary course of our business and that otherwise would not have been available to us. These benefits are generally attributable to increased tax deductions for amortization of intangibles and to increased tax basis in non-amortizable investment assets. Under the Tax Matters Agreement, we will be required to make payments to GE, equal to 80% of the amount of tax we are projected to save for each tax period as the result of these increased tax benefits, subject to a maximum amount of $640 million. We estimate that this maximum amount will apply, such that these payments will aggregate $640 million, comprising $572 million resulting from temporary differences between financial reporting and tax basis of our assets and liabilities arising from the elections (and recorded as a reduction in net deferred tax liabilities) and $68 million resulting from future interest expense deductions arising under the Tax Matters Agreement. The estimated present value of the projected payments is approximately $448 million.

We have recorded this amount as our estimate of our liability to GE and have increased paid-in capital by the difference ($282 million) between that amount and the total $730 million reduction in net deferred income tax liabilities as a result of the Section 338 elections. The $730 million includes both GE's 80% share of the benefit (subject to a maximum amount), or $572 million, and our share of the benefit, or $158 million. We will record interest expense as our obligation under the Tax Matters Agreement accretes over time. Our pro forma adjustment for interest expense related to the Tax Matters Agreement has been prepared based upon an assumed interest rate of 5.01% per year.

Although these pro forma adjustments reflect detailed estimates, the estimates remain subject to certain variables, such as the value of our company and its individual assets, that will not be determined until the completion of this offering and, in some cases, after the completion of this offering. If these variables depart materially from the expectations underlying our estimates, the amounts set forth in the pro forma adjustments, and particularly the adjustment to our paid-in capital for the difference between the reduction in our net deferred income tax liabilities and the amount of our liability to GE under the Tax Matters Agreement, could increase or decrease substantially. See "Arrangements Between GE and Our Company—Tax Matters Agreement" for further description of these tax matters.

(l) Reflects an adjustment to record additional effects of our Tax Matters Agreement with GE. As described in note (k), GE generally will pay all current taxes arising from the section 338 elections. Certain taxes other than section 338 taxes will be incurred by our subsidiaries in the transaction. Under the Tax Matters Agreement, these taxes also will be paid by GE. These taxes have been estimated at $41 million, using assumptions as to, among other things, the value of our company and its individual assets. We will record these non-recurring taxes as a current tax expense when incurred, and will record GE's payment of the taxes on our behalf as an equity contribution. Because these taxes are non-recurring, we have not reflected this adjustment in the unaudited pro forma earnings information. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement" for further description of these tax matters.

(m) Reflects an adjustment to record borrowings and related interest expense pursuant to a $2.4 billion short-term credit facility that we will establish with a syndicate of banks concurrently with the completion of this offering. We will borrow the entire amount available under that facility upon the completion of this offering to repay the Short-term Intercompany Note. For a description of the terms of this facility, see "Description of Certain Indebtedness—Short-term Credit Facility." Our pro forma adjustment for interest expense has been prepared based upon an assumed interest rate of 1.40% per year. We intend to repay the borrowings under this short-term credit facility with proceeds from the issuance of approximately $1.9 billion in senior notes (which would be included in long-term borrowings) and approximately $500 million in commercial paper (which would be included in short-term borrowings), both of which we intend to complete shortly after the completion of this offering. If these notes and commercial paper had been issued as of January 1, 2003, our pro forma interest expense for the year ended December 31, 2003 would have increased by $62 million, assuming a weighted average interest rate of 4.76% per year on the notes and 1.07% per year on the commercial paper.

(n) Reflects an adjustment to record the tax impact on other pro forma earnings adjustments at a rate of 35%.

(o) We have not reflected any adjustments in our unaudited pro forma combined financial information for the following:

1. Prior to the completion of this offering, we will enter into a number of arrangements with GE governing our separation from GE and a variety of transition matters. These include (i) arrangements with respect to certain transition services, management consulting services,

administration services for a pool of guaranteed investment contracts, or GICs, and institutional asset management services, pursuant to which we will provide services to GE, (ii) arrangements with respect to certain transition services and asset management services, pursuant to which GE will provide services to us, and (iii) arrangements with GE with respect to which GE will reimburse us for the costs of our offering of senior notes and certain other separation costs. Except as described in the notes above, we have not reflected any adjustments for the estimated effects of these arrangements, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Separation from GE and related costs" and "Arrangements Between GE and Our Company—Relationship with GE."

2. We have not reflected any adjustments to exclude net investment income or net realized investment gains related to the $2,930 million dividend paid by GEFAHI in December 2003. Approximately $1,630 million of the dividend was funded from proceeds received on the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, after deducting expenses and settlements, and the remaining $1,300 million of the dividend was funded from a portion of dividends received from our insurance subsidiaries. If the amount of the dividend funded from dividends received from our insurance subsidiaries had been invested in short-term investments during the year ended December 31, 2003, it would have earned net investment income of approximately $30 million, based on our average short-term investment yield during 2003.

3. Our payment protection insurance business in the U.K. includes a portfolio of insurance bonds and structured settlements issued to contractholders in the U.K. that had reserves of approximately $200 million as of December 31, 2003 and net earnings of approximately $1 million for the year ended December 31, 2003. We and GE have agreed, subject to receipt of required regulatory and court approvals in the U.K., to transfer ownership of the bond and structured settlement portfolio to GE as soon as practicable following the transfer of the U.K. insurance businesses to us. Pending completion of the transfer of the bond and structured settlement portfolio, we have agreed to use commercially reasonable efforts to enter into indemnity reinsurance arrangements with GE to transfer the economic benefits, obligations and risks of the bond and structured settlement portfolio to GE promptly following completion of the offering. We have not reflected any adjustments for the reinsurance transaction and subsequent portfolio transfer. The reinsurance and portfolio transfer transactions will have no material effect on our net earnings or total stockholder's interest. When completed, the reinsurance transaction will reduce cash and investments and increase reinsurance recoverable by the amount of the reserves. The subsequent portfolio transfer will remove the reinsurance recoverable and related reserves from our combined statement of financial position. See "Arrangements Between GE and Our Company—European Payment Protection Insurance Business Arrangements."

4. We expect to incur aggregate pre-tax expenses of approximately $35 million in each of 2004, 2005 and 2006 for marketing, advertising and legal entity transition expenses, reflecting primarily the costs of establishing our new brand throughout our business, including with consumers and sales intermediaries. We have not reflected any adjustments for the estimated effect of these expenses because the majority of these expenses are nonrecurring and we did not incur any material expenses relating to advertising in the periods presented. We will charge these expenses to income in the periods incurred.

5. We have not reflected any adjustments for the transition to our benefit plans under the employee matters agreement we will enter into with GE prior to the completion of this offering. Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in the GE plans and

will participate in employee benefit plans established and maintained by us. For at least the one year period following the date that GE ceases to own more than 50% of our outstanding common stock, we will establish plans that will provide our employees with benefits that that are at least substantially comparable in the aggregate to the value of those benefits provided by the GE plans. See "Arrangements Between GE and Our Company—Employee Matters Agreement" for further description of these matters.

(p) Basic and diluted earnings from continuing operations per share and the weighted average shares outstanding are calculated as set forth below:

	December 31, 2003	
(Amounts in millions, except per share amounts)	**Basic**	**Diluted**
Pro forma net earnings from continuing operations	$ 935	$ 935
Common stock	489.5	489.5
Restricted stock units and stock appreciation rights(1)		.3
Stock options(1)		.2
Purchase contracts(1)		—
Pro forma shares outstanding	489.5	490.0
Pro forma earnings from continuing operations per share	$ 1.91	$ 1.91

(1) Pro forma shares outstanding used in our calculation of pro forma diluted earnings from continuing operations per share result from 1.7 million shares of Class A Common Stock available under restricted stock units and stock appreciation rights, 5.1 million shares of Class A Common Stock available under stock options and million shares of Class A Common Stock available under purchase contracts forming part of our Equity Units, based on the treasury stock method.

(q) Reflects liquidation preference and mandatory redemption value and of $50 per share.

(r) Reflects par value of $0.001 per share, 1.5 billion shares of Class A Common Stock authorized, 145.0 million shares of Class A Common Stock issued and outstanding. Also reflects par value of $0.001 per share, 700 million shares of Class B Common Stock authorized, and 344.5 million shares of Class B Common Stock issued and outstanding.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited and unaudited historical combined financial statements and related notes as well as our unaudited pro forma combined financial statements included elsewhere in this prospectus. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors, many of which are beyond our control. See "Forward-Looking Statements."

Overview

Our business

We are a leading insurance company in the U.S., with an expanding international presence. We have three operating segments—Protection, Retirement Income and Investments, and Mortgage Insurance.

- ***Protection.*** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of $481 million.

- ***Retirement Income and Investments.*** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of $93 million.

- ***Mortgage Insurance.*** We offer mortgage insurance products in the U.S., Canada, Australia, and Europe that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of $369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), most of our interest and other financing expenses, unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), and the results of several small, non-core businesses that are managed outside our operating segments. For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of $8 million.

Our corporate reorganization

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization. Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. GEFAHI is an indirect subsidiary of GE and a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer and mortgage contract underwriting. In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI 489.5 million shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the

$2.4 billion Short-term Intercompany Note and the $550 million Contingent Note. See "Corporate Reorganization."

Our historical and pro forma financial information

The historical combined financial information presented in this prospectus has been derived from our combined financial statements, which have been prepared as if Genworth had been in existence throughout all relevant periods. Our historical combined financial information and statements include all businesses that were owned by GEFAHI, including those that will not be transferred to us in connection with our corporate reorganization, as well as the other insurance businesses that we will acquire from other GE subsidiaries in connection with our corporate reorganization. In addition to the three operating segments that we will have after the completion of this offering and our Corporate and Other segment, our historical combined financial statements also include the results of (1) the Partnership Marketing Group business, which offers life and health insurance, auto club memberships and other financial products and services directly to consumers through affinity marketing arrangements with a variety of organizations, (2) an institutional asset management business owned by GEFAHI, and (3) several other small businesses owned by GEFAHI that are not part of our core ongoing business.

The Partnership Marketing Group historically included UFLIC, a subsidiary that offered life and health insurance products through affinity marketing arrangements. Prior to the completion of this offering, GEFAHI's Partnership Marketing Group will transfer UFLIC to General Electric Capital Services, Inc., a direct wholly-owned subsidiary of GE. We will not acquire the Partnership Marketing Group business, the institutional asset management business or these other small businesses from GEFAHI, and their results (including UFLIC's historical results) are presented as a separate operating segment under the caption "Affinity."

Our historical combined financial statements also include our Japanese life insurance and domestic auto and homeowners' insurance businesses, which we sold on August 29, 2003, and which are presented in our historical combined financial statements as discontinued operations.

The unaudited pro forma information presented in this prospectus reflects our historical combined financial information, as adjusted to give effect to the transactions described under "Selected Historical and Pro Forma Financial Information" as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information.

Revenues and expenses

Our revenues consist primarily of the following:

- ***Protection***. The revenues in our Protection segment consist primarily of:
  - net premiums earned on individual life, individual long-term care, group life and health and payment protection insurance policies;
  - net investment income on the separate investment portfolio held by our European payment protection insurance business or allocated to this segment's other lines of business; and
  - policy fees and other income, including fees for mortality and surrender charges primarily from universal life insurance policies, and other administrative charges.
- ***Retirement Income and Investments***. The revenues in our Retirement Income and Investments segment consist primarily of:
  - net premiums earned on income annuities and structured settlements with life contingencies;
  - net investment income allocated to this segment; and

- policy fees and other income, including surrender charges, mortality and expense charges, investment management fees and commissions.

- ***Mortgage Insurance***. The revenues in our Mortgage Insurance segment consist primarily of:

  - net premiums earned on mortgage insurance policies;
  - net investment income on the segment's separate investment portfolio; and
  - policy fees and other income, including fees from contract underwriting services.

- ***Corporate and Other***. The revenues in our Corporate and Other segment consist primarily of:

  - net premiums, policy fees and other income from the insurance businesses in this segment;
  - unallocated net investment income; and
  - net realized investment gains (losses).

We allocate net investment income from our Corporate and Other segment to our Protection (except European payment protection insurance) and Retirement Income and Investments segments using an approach based principally upon the investment portfolio established to support each of those segments' products and targeted capital levels. We do not allocate net investment income from our Corporate and Other segment to our Mortgage Insurance segment or to our European payment protection insurance product within the Protection segment because they have their own separate investment portfolios, and the net investment income from those portfolios is reflected in the Mortgage Insurance and Protection segment results. In our historical combined financial statements, we allocated net investment income to our Affinity segment in the same manner that we allocated these items to our Protection and Retirement Income and Investments segments.

All net realized investment gains (losses) are reflected in the Corporate and Other segment and are not reflected in the results of any of our other segments.

Our expenses consist primarily of the following:

- benefits provided to policyholders and contractholders and changes in reserves;
- interest credited on general account balances;
- underwriting, acquisition and insurance expenses, including commissions, marketing expenses, policy and contract servicing costs, overhead and other general expenses that are not capitalized (shown net of deferrals);
- amortization of deferred policy acquisition costs and other intangible assets;
- interest and other financing expenses; and
- income taxes.

We allocate corporate expenses to each of our operating segments based on our relative equity investment in that segment.

Business trends and conditions

In recent years, our business has been, and we expect will continue to be, influenced by a number of macroeconomic, industry-wide and product-specific trends and conditions.

Market and economic environment

Macroeconomic conditions. During the last several years, the sales and financial results of our business were adversely affected by very slow economic growth, low interest rates and depressed equity markets. During 2001 and 2002, U.S. real GDP growth declined to 0.5% and 2.2%, respectively, after averaging compound annual growth of 4.1% from 1995 to 2000. Interest rates, as measured by the 10-year U.S. Treasury, reached historical 45-year lows in June 2003, declining from 6.8% in January 2000 to 3.1% in June 2003. In addition, the U.S. equity markets were marked by a severe downturn, with the S&P 500 Index declining by 51% from 1,553 at its peak in March 2000 to 768 in October 2002. These economic conditions were exacerbated by several high-profile corporate scandals and bankruptcies. During this period, our business also faced a challenging credit cycle, with the Moody's Default Index reaching 2.05% in 2002 after averaging 0.45% from 1999 to 2001. Similar economic trends and challenges prevailed outside the U.S. as well during this period.

Aging U.S. population with growing retirement income needs. According to the U.S. Social Security Administration, from 1945 to 2001, U.S. life expectancy at birth increased from 62.9 years to 73.8 years for men and from 68.4 years to 79.4 years for women, respectively, and life expectancy is expected to increase further. In addition, increasing numbers of baby boomers are approaching retirement age. The U.S. Census Bureau projects that the percentage of the U.S. population aged 55 or older will increase from approximately 21% (61 million) in 2002 to more than 29% (95 million) in 2020. These increases in life expectancy and the average age of the U.S. population heighten the risk that individuals will outlive their retirement savings. In addition, approximately $4.4 trillion of invested financial assets (25% of all U.S. invested financial assets) are held by people within 10 years of retirement and are expected to be converted to income as those people retire, according to a survey conducted by SRI Consulting Business Intelligence in 2002. We believe these trends will lead to growing demand for retirement income and investment products, such as our annuities and other investment products, that help consumers accumulate assets and provide reliable retirement income.

Growing lifestyle protection gap. The aging U.S. population and a number of other factors are creating a significant lifestyle protection gap for a growing number of individuals. This gap is the result of individuals not having sufficient financial resources, including insurance coverage, to ensure that their future assets and income will be adequate to support their desired future lifestyle. Other factors contributing to this gap include declining individual savings rates, rising healthcare and nursing home costs, and a shifting of the burden for funding protection needs from governments and employers to individuals. Recent reductions in employer-paid benefits by many companies, coupled with uncertainty over the future of government benefit programs underscore the potential for long-term benefit reductions from these traditional sources and the potential need for individuals to identify alternative sources of these benefits. At the same time, according to the U.S. Bureau of Economic Analysis, personal savings rates decreased from 10.9% in 1982 to 3.7% in 2002. Consumers are exposed to the rising costs of healthcare and nursing care during their retirement years, and some experts believe that many consumers are underinsured with respect to their protection needs. We expect these trends to result in increased demand for our life, long-term care and small group life and health insurance products.

Increasing opportunities for mortgage insurance in the U.S. and other countries. We believe a number of factors have contributed and will contribute to the growth of mortgage insurance in the U.S., Canada and Australia, where we have significant mortgage insurance operations. These factors include increasing homeownership levels (spurred in part by government housing policies that favor homeownership); expansion of low-down-payment mortgage loan offerings; legislative and regulatory policies that provide capital incentives for lenders to transfer the risks of low-down-payment mortgages to mortgage insurers; and expansion of secondary mortgage markets that require credit enhancements, such as mortgage insurance. We believe a number of these factors also are becoming evident in some European and Asian markets, where lenders increasingly are using mortgage insurance to manage the risks of their loan portfolios and to expand low-down-payment lending.

General conditions and trends affecting our businesses

Interest rate fluctuations. Fluctuations in market interest rates have a significant effect on our sales of insurance and investment products and our margins on these products. In our Protection and Retirement Income and Investments segments, declining interest rates in a low-interest-rate environment have reduced the spreads between the amounts we have paid or credited to policyholders and contractholders and the returns we earned on the investments that supported our obligations under these products. In response to the recent decline in market interest rates, we have reduced the guaranteed minimum crediting rates we offer on newly issued fixed annuity contracts in order to mitigate the adverse impact of declining interest rates on our spreads and profitability on these contracts. However, this reduction in minimum guaranteed crediting rates has had an adverse effect on our sales of these products because some of our competitors have continued to offer higher minimum rates. For example, our fixed annuity deposits declined by 60% from $2,663 million for the year ended December 31, 2002 to $1,069 million for the year ended December 31, 2003. In addition, as a result of a lower interest rate environment, our income annuity premiums and deposits declined by 27% from $979 million for the year ended December 31, 2002 to $717 million for the year ended December 31, 2003. Declining interest rates also have resulted in increased persistency in our fixed annuity and universal life insurance products because investors generally have been unable to shift assets into higher-yielding investments. Our net earnings from spread-based products in our Retirement Income and Investments segment declined by 11% from $166 million for the year ended December 31, 2002 to $138 million for the year ended December 31, 2003 as a result of reduced spreads, offset in part by increased persistency. Interest rates have stabilized in 2003, and we expect the yield on our investment portfolio also will stabilize, with the potential for increases in a rising interest rate environment.

In our Mortgage Insurance segment, declining interest rates in the U.S. have generated significant mortgage refinancing activity, which, in turn, has led to lower persistency in our U.S. mortgage insurance business, as well as increases in the volume of new mortgage insurance written and increased contract underwriting expenses. For example, our policy cancellation rates increased from 43% for the year ended December 31, 2002 to 54% for the year ended December 31, 2003. In addition, our U.S. new insurance written increased by 44% from $46.9 billion for the year ended December 31, 2002 to $67.4 billion for the year ended December 31, 2003. We expect that increasing mortgage interest rates will result in increased persistency, but also will reduce the volume of mortgage originations and of new mortgage insurance written.

Volatile equity markets. The equity markets in the U.S. and the other markets in which we invest have experienced extreme volatility and significant downturns in recent years, which has affected our financial condition and results of operations in two principal ways. First, we believe equity market downturns and volatility generally have discouraged potential new purchasers of our products from purchasing separate account products, such as variable annuities, that have returns linked to the performance of the equity markets and have caused our existing customers to withdraw cash values or reduce investments in those products. For example, our variable annuity deposits declined by 28% from $2,309 million for the year ended December 31, 2001 to $1,667 million for the year ended December 31, 2002. However, with the improved equity markets in 2003, variable annuity deposits increased by 26% to $2,102 million for the year ended December 31, 2003. Second, lower equity markets have had an adverse effect on our fee income tied to the value of the equity investments in our separate accounts and have resulted in accelerated amortization of DAC and PVFP, reflecting lower expected profits from our variable products. After the completion of this offering, the potential adverse impact of volatile equity markets will be significantly reduced as a result of our reinsurance arrangements with UFLIC, pursuant to which we will reinsure, effective as of January 1, 2004, substantially all of our in-force blocks of variable annuities. We will retain variable annuities sold after January 1, 2004 for our own account, subject to third-party reinsurance transactions in the ordinary course of business, and therefore we will bear the risk of any adverse impact of future equity market fluctuations on those annuities.

Credit default risk. As a result of the recent economic downturn and some high-profile corporate bankruptcies and scandals, the number of companies defaulting on their debt obligations increased dramatically in 2001 and 2002. These defaults and other declines in the value of some of our investments have resulted in impairment charges in recent years. Charges associated with impairments of investments were $224 million, $343 million and $289 million for the years ended December 31, 2003, 2002 and 2001, respectively. We expect that continuing economic and market improvements will lead to fewer credit defaults and lower impairment charges in our results of operations.

Investment gains. As part of GE, the yield on our investment portfolio has been affected by the practice in recent years of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy was pursued to offset impairments and losses in our investment portfolio, fund consolidations and restructurings in our business and provide current income. Our gross realized gains were $473 million, $790 million and $814 million for the years ended December 31, 2003, 2002 and 2001, respectively. These gross realized gains, net of gross realized losses, including charges from impairments of investments and realized losses from portfolio restructuring, have resulted in net realized investment gains of $10 million, $204 million and $201 million for the years ended December 31, 2003, 2002 and 2001, respectively. This strategy has had an adverse impact on the yield on our investment portfolio and our net investment income as we typically sold higher-yielding securities and reinvested the proceeds in lower-yielding securities during periods of declining or low interest rates. The impact was most significant in the Retirement Income and Investments segment, which has a higher percentage of our fixed maturities allocated to it than our other segments. As we transition to being an independent public company, our investment strategy will be to optimize investment income without relying on realized investment gains. As a result of this strategy, we expect the yield on our investment portfolio to stabilize, with the potential for increases in a rising interest rate environment. We also will seek to improve our investment yield by continuously evaluating our asset class mix and pursuing additional investment classes.

Globalization. Historically, we have derived a majority of our revenues and profits from our operations in the U.S. However, in recent years, our international business has grown and has had an increasing impact on our financial condition and results of operations. For the years ended December 31, 2003, 2002 and 2001, respectively, 18%, 14% and 14% of our revenues, and 26%, 12% and 11% of our net earnings from continuing operations were generated by our international operations. These increases were largely due to growth in our international mortgage insurance business, and we expect that we will derive an increasing portion of our total revenues and profits from outside the U.S. as our international mortgage insurance business continues to grow. Our European payment protection insurance business also derives revenues in the countries where it offers its products. We are exposed to the impact of fluctuations in exchange rates as we translate the operating results of our foreign operations into our combined financial statements. We currently do not hedge this exposure, and as a result, period-to-period comparability of our results of operations is affected by fluctuations in exchange rates. Our net earnings for the year ended December 31, 2003 included approximately $25 million due to the favorable impact of changes in foreign exchange rates. Our four principal foreign currencies are the Canadian dollar, the Australian dollar, the U.K. pound and the euro.

Ongoing operating cost reductions and efficiencies. Our underwriting, acquisition, and insurance expenses, net of deferrals, have decreased to 16.6% of our revenues in 2003 from 18.1% in 1999. We will continually focus on reducing our cost base while maintaining strong service levels for our customers. We expect to accomplish this in each of our operating units through a wide range of cost management disciplines, including consolidating operations, using low-cost operating locations, reducing supplier costs, leveraging Six Sigma and other process improvement efforts, forming dedicated teams to identify opportunities for cost reductions and investing in new technology, particularly for web-based, digital end-to-end processes.

Developments affecting our product lines

Developments in life insurance. Regulation XXX, which was adopted by nearly all states as of January 1, 2001, requires insurers to establish additional statutory reserves for term and universal life insurance policies with long-term premium guarantees. In response to this regulation, we have increased term and universal life insurance statutory reserves and changed our premium rates for term and universal life insurance products, which have contributed to lower term life insurance sales in 2003. We also have been able to improve our new business returns on equity by implementing pricing, reinsurance and capital management actions in response to Regulation XXX. See "Risk Factors—Regulation XXX may have an adverse effect on our financial condition and results of operations by requiring us to increase our statutory reserves for term life and universal life insurance or incur higher operating costs."

Developments in long-term care insurance. During 2001, 2002 and 2003, the level of annualized first-year premiums in our long-term care insurance business has remained relatively constant. This sales trend is generally consistent with the overall industry sales trend, according to reports published by LIMRA International. In addition, we have been experiencing lower lapse rates than we originally anticipated on long-term care insurance policies that we issued prior to the mid-1990s. This has adversely affected our overall claims experience on those policies. In the third quarter of 2003, we started selling our newest long-term care insurance products in selected markets. These products were priced to achieve our target returns on capital and to reflect new features and benefits, trends in lapse rates, interest rates, morbidity and adverse claims experience in certain higher risk policyholder classes. Our pricing strategy for these products has contributed to lower sales in recent periods. We are continuing to seek regulatory approvals to begin selling these products in additional markets, and we expect that their introduction into those markets initially may have a further adverse impact on our sales in the near term. We believe, however, that over time our sales will increase. We also believe that our pricing strategy is appropriate relative to the underlying risk exposure of these products and that it will lead to increased net earnings over time.

Developments in payment protection insurance. The margins of our payment protection business in the U.K. have decreased in recent years as a result of increased pricing pressure and greater competition from captive insurance arrangements by distributors that provide payment protection insurance directly to their customers. Consistent with our focus on disciplined growth and returns on capital, we are continuing to pursue arrangements that will enable us to achieve our target returns while strengthening our client relationships. In the last several years, our payment protection insurance business has expanded as a result of our strategy to enter additional markets in Continental Europe and to develop new relationships with distributors in those markets. However, we did not renew arrangements with our largest distributor of payment protection insurance (as measured by gross written premiums), a large U.K. bank that accounted for approximately 25% of the gross written premiums in our payment protection insurance business during the year ended December 31, 2003. Although we expect our revenue to decline significantly over the next few years as existing policies from these less profitable arrangements begin to run off, we believe this will have a favorable effect on our results over the long term as capital is released and redeployed into markets with potential for higher returns.

Developments in retirement income and investments. The results of our Retirement Income and Investments segment are affected primarily by interest rate fluctuations and volatile equity markets, as discussed above under "—Overview—Business trends and conditions—General conditions and trends affecting our businesses." In addition, our competitive position within many of our distribution channels depends significantly upon product features, including our crediting rates on spread-based products relative to our competitors, minimum guaranteed rates, surrender charge periods and agent commissions. We continually evaluate our competitive position based upon each of those features, and we make adjustments as appropriate to meet our target return thresholds. In late 2002 and throughout 2003, in response to declining interest rates, we reduced minimum guaranteed rates on many of our spread-based products. These reductions have had an adverse effect on our competitive position because some of our competitors have retained higher minimum guaranteed rates. In addition, some competitors have offered fixed annuity products with higher commissions and shorter surrender charge periods, and this also has had an adverse effect on our competitive position. These factors contributed to a decline in our sales of fixed annuities in 2003 and our market position in this product. Our new deposits in fixed deferred annuities decreased 60% from $2,663 million for the year ended December 31, 2002 to $1,069 million for the year ended December 31, 2003. Moreover, there were fewer requests for bids in our GIC business following the announcement in November 2003 of our planned separation from GE. We believe this decrease was due to the limited availability to our customers of information about our company prior to the completion of this offering.

Developments in mortgage insurance. The net earnings of our U.S. mortgage insurance business have been adversely affected by our ceding a larger portion of our gross premiums to captive mortgage reinsurance subsidiaries established by many of the major mortgage lenders with which we do business. Most large mortgage lenders have developed reinsurance operations that obtain net premium cessions from mortgage insurers of 25% to 40%. In order to increase our return on capital, we announced in August 2003 that, effective January 1, 2004, we generally would not renew, on their existing terms, our existing excess-of-loss risk sharing arrangements with net premium cessions in excess of 25%. We expect that these actions will result in a significant reduction in business from these lenders. We recently decided that we may, in selected cases, enter into captive reinsurance arrangements that involve premium cessions in excess of 25% in situations where the terms and conditions, including the level of reinsurance coverage afforded, will enable us to achieve our target returns on capital. In addition, we believe U.S. mortgage insurance growth has been adversely affected by the increased use of simultaneous second mortgages as an alternative to loans requiring private mortgage insurance. The adverse impact of ceding to captive reinsurers and the growth of simultaneous seconds has been offset by the positive impact in recent years of historically low loss ratios due to significant refinancing activity, home price appreciation and low levels of defaults. As a result of this refinancing activity, as of December 31, 2003, approximately 79% of our risk in force had not yet reached its anticipated highest claim frequency years, which is generally between the third and seventh year of the loan. We expect our loss experience on these loans will increase as policies continue to age.

Separation from GE and related financial arrangements

GE historically has provided a variety of products and services to us, and we have provided various products and services to GE. Prior to the completion of this offering, we will enter into a transition services agreement and various other agreements with GE that, together with a number of existing agreements that will remain in effect following this offering, will govern the relationship between GE and us after this offering. These arrangements are discussed below and described more fully under "Arrangements Between GE and Our Company" and note 18 to our combined financial statements included elsewhere in this prospectus.

Services received from GE

Support services and corporate overhead. GE historically has provided a variety of support services for our businesses, including:

- customer service, transaction processing and a variety of functional support services provided by GE Capital International Services, or GECIS;
- employee benefit processing and payroll administration, including relocation, travel, credit card processing and related services;
- employee training programs, including access to GE training courses;
- insurance coverage under the GE insurance program;
- information systems, network and related services;
- leases for vehicles, equipment and facilities; and
- other financial advisory services such as tax consulting, capital markets services, research and development activities, and use of trademarks and licenses.

We have reimbursed GE for the costs of providing these services to us. We paid GE a total of $87 million, $74 million and $52 million for these services for the years ended December 31, 2003, 2002 and 2001, respectively.

In addition, GE historically has allocated to us a share of its corporate overhead expenses for certain services provided to us, which are not specifically billed to us, including public relations, investor relations, treasury, and internal audit services. Our total expense for this allocation was $50 million, $49 million and $43 million for the years ended December 31, 2003, 2002 and 2001, respectively. We have not reimbursed these amounts to GE, and have recorded them as a capital contribution in each year. After the completion of this offering, GE will no longer allocate any of its corporate expenses to us.

GE will continue to provide us with many of the corporate services described above on a transitional basis after the completion of this offering, and we will arrange to procure other services pursuant to arrangements with third parties or through our own employees. In the case of support services provided by GECIS, we will continue to receive these services pursuant to agreements that will be amended prior to the completion of this offering. For a description of our historical, continuing and new arrangements with GE, see "Arrangements Between GE and Our Company—Relationship with GE." In the aggregate, we expect that our total costs for procuring corporate services that previously had been provided by GE will not materially exceed the amounts we historically have paid to GE for these services, including GE's allocation to us for its corporate overhead. However, we do expect to incur incremental advertising, marketing and legal entity transition expenses to establish a new brand identity, and we also expect to incur compensation expense with respect to the establishment of our new equity plans. In addition, we have obtained direct access to a variety of third-party products and services, including technology licenses, as a result of GE's relationships with those third parties. After our separation from GE, we will negotiate our own arrangements with third-party providers for these products and services, but we do not believe this will result in materially increased costs in the aggregate.

Investment management services. We have received and will continue to receive investment management services from GE Asset Management Incorporated, or GEAM, a subsidiary of GE, pursuant to agreements that will, with limited exceptions, be amended prior to the completion of this offering. We also will enter into new agreements with GE Asset Management Limited, or GEAML, an affiliate of GEAM, for investment management services in the U.K. Pursuant to the existing, amended and new agreements, the fee charged by GEAM or GEAML, as applicable, is equal to a percentage of the value of the assets under management. This percentage is established annually by agreement between GEAM or GEAML and us and is intended to reflect the cost to GEAM or GEAML of providing its services and, for the agreements with GEAML, a premium of 5%. For the years ended December 31, 2003, 2002 and 2001, our aggregate costs for investment management and related administration services provided by GEAM were approximately $61 million, $39 million and $2 million, respectively. We expect our investment management expenses to increase marginally following this offering as a result of the expenses we will incur related to our new investment department, including the transfer of some employees from GEAM to us to manage certain asset classes that GEAM previously managed. See "Arrangements Between GE and Our Company—Relationship with GE—Investment Agreements."

Reinsurance transactions. We have entered into reinsurance transactions with affiliates of GE, principally Employers Reassurance Company and ERC Life Reinsurance Corporation (formerly an affiliate of GE), which we refer to collectively as ERC, under which we have reinsured some of the risks of our insurance policies on terms comparable to those we could obtain from third parties. We have paid premiums to these affiliates of $56 million, $60 million and $58 million for the years ended December 31, 2003, 2002 and 2001, respectively. In addition, in 2002 one of our subsidiaries entered into a life reinsurance agreement with an affiliated company, GE Pensions Limited, to reinsure 95% of gross written premiums received under certain life policies. We have paid premiums to this affiliate of $100 million and $94 million for the years ended December 31, 2003 and 2002. See "Business—Reinsurance." The existing reinsurance agreements with GE will remain in force and continue in accordance with their terms after the completion of this offering.

Employee benefit plans. Historically, we have reimbursed GE for benefits it has provided to our employees under various employee benefit plans, including GE's retirement plan, retiree health and life insurance benefit plans, defined contribution savings plan and life and health insurance benefits through the GE benefit program. We incurred expenses associated with these plans of $106 million, $112 million and $103 million for the years ended December 31, 2003, 2002 and 2001, respectively. GE will continue to provide these benefits to our employees for so long as GE owns more than 50% of our outstanding common stock. See "Arrangements Between GE and our Company—Relationship with GE—Employee Matters Agreement" and note 12 to our combined financial statements included elsewhere in this prospectus. In addition to these expenses for which we have reimbursed GE, we have incurred expenses of $9 million, $6 million and $4 million for certain GE stock option and restricted stock unit grants for the years ended December 31, 2003, 2002 and 2001, respectively. As in the case of the allocation of corporate overhead, we have not reimbursed these amounts with respect to stock options and restricted stock units to GE, and have recorded them as a capital contribution in each year. After the completion of this offering, we will establish our own equity compensation plans. See "—Equity plans" below.

Credit arrangements. Historically, we have had access to funding provided by GE in the form of credit lines, revolving credit agreements and other borrowing arrangements. See "Arrangements between GE and our Company—Historical Related-Party Transactions—Credit arrangements and other amounts due from or owed to GE." In connection with our initial public offering and separation from GE, we intend to enter into new credit arrangements with unaffiliated third-parties. See "—Liquidity and Capital Resources" below.

Services provided to GE

We have provided various products and services to GE on terms comparable to those we provide to third-parties. After the completion of this offering, we expect to continue to provide many of these products and services to GE. See "Arrangements Between GE and Our Company—Historical Related-Party Transactions—Products and services provided to GE."

In addition, prior to the completion of this offering, we will enter into a series of arrangements with GE pursuant to which we will provide a variety of additional services to GE, including the arrangements discussed below. The following describes the principal impact of those service arrangements on our results of operations:

- *Transition services relating to GE and GEFAHI businesses not acquired by us.* We will provide services to certain of GE's insurance businesses that we will not acquire. These services will include finance, information systems, network services and legal and regulatory support. We will continue to provide these services for a minimum of two years and a maximum of three years in most cases. For the two years after the completion of this offering, GE generally may not terminate any of the services we provide. GE has agreed to pay us an aggregate of $40 million in eight equal quarterly installments during the first two years after this offering for our provision of the transition services to GE. The charges for the transition services generally are intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."

- *Management consulting services.* We will provide management consulting services to GE for a period of five years. These services will include delivering training, providing consultation and strategic advice with respect to actuarial, regulatory and other emerging issues, planning and participating in meetings with rating agencies and regulators, participating in government relations activities and various other activities. In consideration for these services, GE will pay us a fee of $1 million per month during the first four years following the offering and $500,000 per month during the fifth year. GE cannot terminate this arrangement before the expiration of the five-year term. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."

- *GIC investment administration services.* We entered into agreements with affiliates of GE, effective as of January 1, 2004, to manage a pool of municipal guaranteed investment contracts, or GICs, issued by GE affiliates. Pursuant to these agreements, we will originate GIC liabilities and advise the affiliates regarding the investment, administration and management of their assets that support those liabilities. Under two of those agreements, we will receive an administration fee of 0.165% per annum of the maximum program size for those affiliates, which was an aggregate of $15.0 billion as of December 31, 2003. The agreements also provide for termination fees in the event of early termination at the option of either affiliate. Under a third agreement with another affiliate, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or similar securities issued by this affiliate after January 1, 2003, which was $912 million as of December 31, 2003. The fee we will receive on the contracts issued by that affiliate before January 1, 2003 will be based upon a pricing arrangement that will vary depending upon the maturities of those contracts and that affiliate's cost of capital. The book value of the contracts issued before January 1, 2003 was $2,008 million as of December 31, 2003 and is expected to generate a weighted average fee of approximately 0.35% in 2004. We also will receive reimbursement of our operating expenses under each of the agreements. The initial term of each of the three agreements will expire December 31, 2006, and unless terminated at the option of either party, each agreement automatically will renew on January 1 of each year for successive terms of one year. See "Arrangements Between GE and Our Company—Relationship with GE—Liability and Portfolio Management Agreements."

- *Institutional asset management services.* Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, asset retention services and compliance support. GEFAHI will pay us a fee of up to $10 million per year for four years to provide these services. The fee will be determined based upon the level of third-party assets under management managed by GEAM over the four-year term. The agreement may not be terminated by GEAM or GEFAHI, except for non-performance or in the event that we commence a similar institutional asset management business. See "Arrangements Between GE and Our Company—Relationship with GE—Asset Management Services Agreement."

Additional arrangements with GE

In addition to the arrangements described above pursuant to which we and GE will provide services to each other, we also will enter into the following additional arrangements with GE:

- *Tax Matters Agreement.* As a consequence of our separation from GE, and the election we will make with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to realize future tax savings that we otherwise would not realize. These future tax savings initially will be recorded on our balance sheet as a $730 million reduction in net deferred income tax liabilities. We are obligated, pursuant to the Tax Matters Agreement with GE, to pay to GE 80% of the amount of tax we are projected to save for each tax period as a result of these increased tax benefits. The present value of this obligation to GE is approximately $448 million and this liability will be recorded on our balance sheet as well. These amounts are estimates and will change as the result of a number of factors, including a final determination of the value of our company and its individual assets. However, we have agreed with GE that, with certain exceptions relating to specified contingent benefits and excluding interest on payments we defer, our total payments to GE will not exceed $640 million.

  To the extent that we never realize the anticipated tax savings because we have insufficient taxable income of the appropriate character (or because of a reduction in tax rates), we may, at our option, defer payments until 2029. These deferred payments would bear interest over the term of the deferral at an interest rate of 5.01% per annum, from the time that the payments were scheduled to be made. Similarly, to the extent that we do realize the anticipated tax savings, but we realize them later than anticipated, we may, at our option, defer payments of projected but unrealized tax savings until we realize them. These deferred payments would bear interest over the term of the deferral at an interest rate of 5.01% per annum. We may also, at our option, defer payment of any interest on deferred payments until 2029, in which case it will bear interest at the rate of 5.01% per annum.

  The $282 million difference between the $730 million benefit we will record as the expected future tax savings and the $448 million liability to GE we will record will be part of our net stockholder's interest. If and to the extent our Section 338 tax benefits exceed the amount of tax benefits we currently project, our additional paid-in capital would increase. As our obligation to make payments under the Tax Matters Agreement accretes over time, we will record interest expense at a rate of 5.01% per annum. Under the Tax Matters Agreement, GE also will pay certain taxes of our legal entities, other than taxes in respect of the section 338 elections described above, resulting from the various transactions implemented in connection with the separation (other than the reinsurance with UFLIC). We will record these non-recurring taxes as a current tax expense when incurred, and will record GE's payment of the taxes on our behalf as an equity contribution. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

- *UFLIC reinsurance arrangements.* Prior to the completion of this offering, we will enter into several significant reinsurance transactions with UFLIC, an indirect, wholly-owned subsidiary of

GE. Under the terms of the agreements governing these reinsurance transactions, we will transfer to UFLIC assets equal to the policyholder liabilities related to the ceded blocks of business and will record a reinsurance recoverable asset for the amount of the policyholder liabilities reinsured, except with respect to the in-force liabilities for the variable annuity separate accounts, for which there is no asset transfer. We will continue to have a separate account liability in the amount of the policyholder liabilities related to the separate account assets which we are not transferring to UFLIC. We will remain liable under these contracts and policies as the ceding insurer and, as a result, will continue to carry insurance reserve liabilities for the reinsured policies on our balance sheet. In connection with the Medicare supplement insurance assumed by us, UFLIC will transfer to us cash and other investments, and we will record a reinsurance liability, equal to the policyholder liabilities related to this assumed block of business. Our total reinsurance recoverable for all of our reinsurance arrangements as of December 31, 2003, on an historical and pro forma basis, was $2.3 billion and $18.7 billion, respectively.

The reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks of business (except for Medicare supplement insurance) from us to UFLIC and the Medicare supplement insurance block of business from UFLIC to us. With respect to the long-term care insurance policies reinsured to UFLIC, we will retain an interest in the future profitability of the block if it exceeds certain thresholds. We also will continue to administer all the policies reinsured by UFLIC, and we will receive an expense allowance to reimburse us for the costs we incur to service these policies. See "Arrangements Between GE and Our Company—Reinsurance Transactions."

Equity plans

Our key employees currently participate in a number of GE's equity compensation plans. Before 2002, we recorded compensation expense related to our employees' participation in those plans over the vesting period of the awards based upon their intrinsic value at the grant date. For grants issued after January 1, 2002, we have recognized compensation expense for share-based compensation awards over the vesting period of the awards based upon their fair value at the grant date in accordance with SFAS 123, *Accounting for Stock-Based Compensation*. We incurred compensation expense of $6 million and $9 million for the years ended December 31, 2002 and 2003, respectively, and expect to incur expenses of $7 million and $4 million in the years ended December 31, 2004 and 2005, respectively, for 2002 and prior awards to our employees' under these plans.

Upon completion of this offering, we will establish our own equity compensation plans. Under these plans, unvested GE stock options, vested stock options held by our Chairman, President and Chief Executive Officer, GE stock appreciation rights and GE restricted stock units will be canceled and converted into awards of our company, and we also will grant new stock options in our company in connection with our initial public offering and separation from GE. The GE stock options, stock appreciation rights and restricted stock units will be converted based upon a ratio equal to the initial offering price of our common stock, divided by the weighted average stock price of GE common stock for the trading day immediately preceding the date of the completion of this offering. The converted securities, if unvested, generally will continue to vest over their original vesting periods. We anticipate the unvested converted awards will have approximately the same fair value at the date of the conversion as the GE awards being replaced. Consequently, we do not expect to incur any material incremental compensation expense for the unvested converted awards. We will incur additional compensation expense as the result of conversions of vested stock options and issuances of stock options and stock appreciation rights in connection with our initial public offering. For these stock options and stock appreciation rights, we expect to incur a charge to income of approximately

$46 million, $41 million, $24 million, $14 million and $6 million for the five twelve-month periods following the completion of the offering.

Advertising costs

We expect to incur aggregate expenses of approximately $35 million in each of the years ending December 31, 2004, 2005 and 2006 on marketing, advertising and legal entity transition expenses, reflecting primarily the costs of establishing our new brand throughout our business, including with consumers and sales intermediaries.

Critical accounting policies

The accounting policies discussed in this section are those that we consider to be particularly critical to an understanding of our financial statements because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on our financial results. For all of these policies, we caution that future events rarely develop exactly as forecast, and our management's best estimates may require adjustment.

Reserves. We calculate and maintain reserves for the estimated future payment of claims to our policyholders and contractholders based on actuarial assumptions and in accordance with industry practice and U.S. GAAP. Many factors can affect these reserves, including economic and social conditions, inflation, healthcare costs, changes in doctrines of legal liability and damage awards in litigation. Therefore, the reserves we establish are necessarily based on extensive estimates, assumptions and our analysis of historical experience. Our results depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in determining our reserves and pricing our products. Our reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. We cannot determine with precision that the ultimate amounts that we will pay for actual claims or the timing of those payments will be consistent with our reserve assumptions.

Insurance reserves differ for long- and short-duration insurance policies and annuity contracts. Measurement of long-duration insurance reserves (such as guaranteed renewable term life, whole life and long-term care insurance policies) is based on approved actuarial methods, but necessarily includes assumptions about expenses, mortality, morbidity, lapse rates and future yield on related investments. Short-duration contracts (such as payment protection insurance) are accounted for based on actuarial estimates of the amount of loss inherent in that period's claims, including losses incurred for which claims have not been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events.

Estimates of mortgage insurance reserves for losses and loss adjustment expenses are based on notices of mortgage loan defaults and estimates of defaults that have been incurred but have not been reported by loan servicers, using assumptions of claim rates for loans in default and the average amount paid for loans that result in a claim. As is common accounting practice in the mortgage insurance industry and in accordance with U.S. GAAP, loss reserves are not established for future claims on insured loans that are not currently in default.

Deferred acquisition costs. Deferred acquisition costs, or DAC, represents costs which vary with and are primarily related to the sale and issuance of our insurance policies and investment contracts that are deferred and amortized over the estimated life of the related insurance policies. These costs include commissions in excess of ultimate renewal commissions, solicitation and printing costs, sales material and some support costs, such as underwriting and contract and policy issuance expenses. DAC is subsequently amortized to income, over the lives of the underlying contracts, in relation to the anticipated recognition of premiums or gross profits.

The amortization of DAC for traditional long-duration insurance products (including guaranteed renewable term life, life-contingent structured settlements and immediate annuities and long-term care insurance) is determined as a level proportion of premium based on commonly accepted actuarial methods and reasonable assumptions established when the contract or policy is issued about mortality, morbidity, lapse rates, expenses, and future yield on related investments. Amortization for annuity contracts without significant mortality risk and investment and universal life products is based on estimated gross profits and is adjusted as those estimates are revised. The DAC amortization methodology for our variable products (variable annuities and variable universal life insurance) includes a long-term equity market average appreciation assumption of 8.5%. When actual returns vary from the expected 8.5%, we assume a reversion to this mean over a 3- to 12-year period, subject to the imposition of ceilings and floors. The assumed returns over this reversion period are limited to the 85th percentile of historical market performance.

We regularly review all of these assumptions and periodically test DAC for recoverability. For deposit products, if the current present value of estimated future gross profits is less than the unamortized DAC for a line of business, a charge to income is recorded for additional DAC amortization. For other products, if the benefit reserves plus anticipated future premiums and interest earnings for a line of business are less than the current estimate of future benefits and expenses (including any unamortized DAC), a charge to income is recorded for additional DAC amortization or for increased benefit reserves.

Unfavorable experience with regard to expected expenses, investment returns, mortality, morbidity, withdrawals or lapses, may cause us to increase the amortization of DAC or to record a charge to increase benefit reserves. In recent years, the portion of estimated product margins required to amortize DAC and PVFP has increased in most lines of our business, with the most significant impact on investment products, primarily as the result of lower investment returns.

Present value of future profits. In conjunction with the acquisition of a block of life insurance policies or investment contracts, a portion of the purchase price is assigned to the right to receive future gross profits arising from existing insurance and investment contracts. This intangible asset, called the present value of future profits, or PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. PVFP is amortized, net of accreted interest, in a manner similar to the amortization of DAC. We regularly review our assumptions and periodically test PVFP for recoverability in a manner similar to our treatment of DAC.

Goodwill impairment. Goodwill resulting from acquisitions is tested for impairment at least annually using a fair value approach, which requires the use of estimates and judgment. To the extent the carrying amount of goodwill exceeds its fair value, an impairment charge to income would be recorded.

Valuation of investment securities. We obtain values for actively traded securities from external pricing services. For infrequently traded securities, we obtain quotes from brokers or we estimate values using internally developed pricing models. These models are based upon common valuation techniques and require us to make assumptions regarding credit quality, liquidity and other factors that affect estimated values.

Impairment of investment securities. We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Our quantitative criteria include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. We actively perform comprehensive market research, monitor market conditions and segment our investments by credit risk in order to minimize impairment risks. See "—Liquidity and Capital Resources—Impairments of investment securities," "Business—Risk Management," "Business—Investments" and note 5 to our combined financial statements, included elsewhere in this prospectus.

Historical Combined and Pro Forma Results of Operations

The following table sets forth our historical combined and pro forma results of operations. This information should be read in conjunction with the additional information regarding our results of operations by segment set forth under "—Historical Combined and Pro Forma Results of Operations by Segments."

The pro forma financial information reflects our historical results of operations as adjusted to reflect the various adjustments described under "Selected Historical and Pro Forma Financial Information." The pro forma financial information principally reflects the exclusion from our results of operations of the structured settlement, variable annuity and long-term care insurance in-force blocks that we will cede to UFLIC in connection with the reinsurance transactions; the exclusion from our results of operations of certain businesses, including the Affinity segment, and other assets and liabilities of GEFAHI that will not be transferred to us in connection with our corporate reorganization; and the inclusion in our results of operations of incremental interest expense associated with the consideration to be issued to GEFAHI in connection with our corporate reorganization, including $600 million of our Equity Units, $100 million of our Series A Preferred Stock and the $2.4 billion Short-term Intercompany Note. Pro forma revenues and benefits and expenses are lower than our historical revenues and benefits and expenses primarily as a result of the exclusion of revenues and expenses related to the reinsured blocks of business and the Affinity segment.

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Revenues:				
Premiums	$ 6,703	$ 6,107	$ 6,012	$ 6,252
Net investment income	4,015	3,979	3,895	2,928
Net realized investment gains	10	204	201	38
Policy fees and other income	943	939	993	557
Total revenues	11,671	11,229	11,101	9,775
Benefits and expenses:				
Benefits and other changes in policy reserves	5,232	4,640	4,474	4,191
Interest credited	1,624	1,645	1,620	1,358
Underwriting, acquisition and insurance expenses, net of deferrals	1,942	1,808	1,823	1,614
Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237	1,144
Interest expense	140	124	126	138
Total benefits and expenses	10,289	9,438	9,280	8,445
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,330
Provision for income taxes	413	411	590	395
Net earnings from continuing operations	$ 969	$ 1,380	$ 1,231	$ 935

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Premiums. Our premiums consist primarily of premiums earned on individual life, long-term care, group life and health and payment protection insurance policies, income annuities and structured settlements with life contingencies, variable life insurance policies, and mortgage insurance policies. Premiums increased $596 million, or 10%, to $6,703 million for the year ended December 31, 2003 from $6,107 million for the year ended December 31, 2002. This increase was primarily the result of a $500 million increase in our Protection segment, a $54 million increase in our Retirement Income and

Investments segment, and a $39 million increase in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to increases in payment protection insurance premiums as a result of changes in foreign exchange rates and growth of the in-force block as well as growth in long-term care insurance premiums. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in life-contingent structured settlement premiums, offset in part by a decrease in life-contingent income annuities. The increase in our Mortgage Insurance segment was primarily attributable to an increase in international mortgage insurance premiums, offset in part by a decrease in U.S. mortgage insurance premiums.

Net investment income. Net investment income represents the income earned on our investments. Net investment income increased $36 million, or 1%, to $4,015 million for the year ended December 31, 2003 from $3,979 million for the year ended December 31, 2002. This increase in net investment income was primarily the result of a $7,874 million, or 11%, increase in average invested assets. This increase was offset in part by a decrease in weighted average investment yields, primarily attributable to investments in the U.S., to 5.2% for the year ended December 31, 2003 from 5.8% for the year ended December 31, 2002.

Net realized investment gains. Net realized investment gains consist of gross realized investment gains and gross realized investment (losses), including charges related to impairments. Net realized investment gains decreased $194 million to $10 million for the year ended December 31, 2003 from $204 million for the year ended December 31, 2002. For the year ended December 31, 2003, gross realized gains and (losses) were $473 million and $(463) million, respectively. The realized gains for the year ended December 31, 2003 included a $43 million gain from a securitization of certain financial assets. Realized losses for the year ended December 31, 2003 included $224 million of impairments. These impairments were attributable to fixed maturities, equity securities and other investments ($126 million, $83 million and $15 million, respectively). The fixed maturities impairments primarily related to securities issued by companies in the transportation, mining and metals, utilities and energy and technology and communications industries ($36 million, $28 million, $12 million and $11 million, respectively). In addition, $30 million of fixed maturities impairments were realized on asset-backed securities. The equity securities impairments related to mutual fund and common stock investments ($37 million and $46 million, respectively). The other investments impairments primarily related to impairment of limited partnership investments. For the year ended December 31, 2002, gross realized gains and (losses) were $790 million and $(586) million, respectively. The realized gains for the year ended December 31, 2002 included $29 million from a securitization of certain financial assets. Realized losses for the year ended December 31, 2002 included $343 million of impairments. These impairments were attributable to fixed maturities, equity securities and other investments ($193 million, $133 million and $17 million, respectively). The fixed maturities impairments primarily related to securities issued by companies in the technology and communications and airline industries ($131 million and $27 million, respectively). The technology and communication industry impairments include $83 million related to securities issued by WorldCom Inc. and its affiliates. The equity securities impairments related to mutual fund and common stock investments ($81 million and $52 million, respectively). The other investments impairments are related to impairment of limited partnership and other private equity investments.

Policy fees and other income. Policy fees and other income consist primarily of cost of insurance and surrender charges assessed on universal life insurance policies, fees assessed against policyholder and contractholder account values, and commission income. Policy fees and other income increased $4 million to $943 million for the year ended December 31, 2003 from $939 million for the year ended December 31, 2002. This increase was the result of a $38 million increase in our Corporate and Other segment and a $10 million increase in our Mortgage Insurance segment, offset in part by a $18 million decrease in our Retirement Income and Investments segment, a $15 million decrease in our Protection segment, and a $11 million decrease in the Affinity segment. The increase in our Corporate and Other segment was primarily attributable to interest income resulting from the consolidation of two securitization entities in our financial statements in connection with our adoption of FASB Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities*, on July 1, 2003. The increase in our Mortgage Insurance segment was primarily attributable to higher contract underwriting fees related to increased refinancing activity in the U.S. and higher fees from increased volume in our international mortgage insurance business. The decrease in our Retirement Income and Investments segment was primarily attributable to decreases in commission income and fee income on variable annuities. The decrease in our Protection segment was primarily attributable to a decrease in administrative fees from our group life and health insurance business. The decrease in the Affinity segment was primarily attributable to the decision to discontinue certain products and distribution relationships that did not meet our target return thresholds.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves consist primarily of reserve activity related to current claims and future policy benefits on life, long-term care, group life and health and payment protection insurance policies, structured settlements and income annuities with life contingencies and claim costs incurred related to mortgage insurance products. Benefits and other changes in policy reserves increased $592 million, or 13%, to $5,232 million for the year ended December 31, 2003 from $4,640 million for the year ended December 31, 2002. This increase was primarily the result of a $367 million increase in our Protection segment, a $102 million increase in our Retirement Income and Investments segment and a $69 million increase in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to an increase in changes in policy reserves for long-term care insurance, payment protection insurance and life insurance. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in changes in policy reserves for structured settlements. The increase in our Mortgage Insurance segment was primarily attributable to favorable loss development on prior year reserves.

Interest credited. Interest credited represents interest credited on behalf of policyholder and contractholder general account balances. Interest credited decreased $21 million, or 1%, to $1,624 million for the year ended December 31, 2003 from $1,645 million for the year ended December 31, 2002. This decrease was primarily the result of a $24 million decrease in our Retirement Income and Investments segment that was primarily attributable to lower credited rates on GICs and funding agreements, offset in part by an increase in interest credited resulting from more variable annuity policyholders selecting the fixed account option on their contracts, on which we credit interest. The decrease in interest credited was also the result of a reduction in our weighted average crediting rates to 3.3% for the year ended December 31, 2003 from 3.6% for the year ended December 31, 2002.

Underwriting, acquisition and insurance expenses, net of deferrals. Underwriting, acquisition and insurance expenses, net of deferrals, represent costs and expenses related to the acquisition and ongoing maintenance of insurance and investment contracts, including commissions, policy issue expenses and other underwriting and general operating costs. These costs and expenses are net of amounts that are capitalized and deferred, which are primarily costs and expenses which vary with and are primarily related to the sale and issuance of our insurance policies and investment contracts, such as first year commissions in excess of ultimate renewal commissions and other policy issue expenses. These expenses increased $134 million, or 7%, to $1,942 million for the year ended December 31, 2003 from $1,808 million for the year ended December 31, 2002. This increase was primarily the result of a $99 million increase in our Protection segment, a $66 million increase in our Mortgage Insurance segment, and a $31 million increase in our Corporate and Other segment, offset in part by a $73 million decrease in the Affinity segment. The increase in our Protection segment was primarily attributable to growth of the payment protection insurance in-force block. The increase in our Mortgage Insurance segment was primarily attributable to higher expenses associated with increased refinancing activity in the U.S., continued investment in our international mortgage insurance business and higher indemnity liabilities for U.S. contract underwriting claims, which are included as other liabilities in our statement of financial position. U.S contract underwriting indemnification claims arise out of our contract underwriting agreements, pursuant to which we agree to indemnify lenders against losses incurred in the event that we make material errors during the underwriting process. These claims are classified in this line item (and not in "Benefits and other changes in policy reserves") because they do not relate to insured events. Our indemnification liabilities related to U.S. contract underwriting claims increased as the result of our updating the assumptions we used to calculate these indemnity liabilities to reflect recent underwriting experience and the increase in the volume of mortgage loans underwritten due to significant refinancing activity. The increase in our Corporate and Other segment was primarily attributable to an increase in reserves for a class action litigation settlement. The decrease in the Affinity segment was primarily attributable to cost saving initiatives that reduced compensation and benefits and other general expenses.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles consists primarily of the amortization of acquisition costs that are capitalized and PVFP and, for years prior to 2002, goodwill. Amortization increased $130 million, or 11%, to $1,351 million for the year ended December 31, 2003 from $1,221 million for the year ended December 31, 2002. This increase was primarily the result of a $155 million increase in our Protection segment, offset in part by a $20 million decrease in our Retirement Income and Investments segment. The increase in our Protection segment was primarily attributable to growth of the payment protection insurance in-force block. The decrease in our Retirement Income and Investments segment was primarily attributable to the impact of accelerated amortization in 2002 due to lower equity valuations of assets in our variable annuity separate accounts.

Interest expense. Interest expense increased $16 million, or 13%, to $140 million for the year ended December 31, 2003 from $124 million for the year ended December 31, 2002. This increase was primarily the result of $27 million of interest expense associated with securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46, beginning in the third quarter of 2003, and $3 million of interest paid on non-recourse funding obligations, issued in the third and fourth quarters of 2003, supporting certain term life insurance policies. These increases were offset in part by a $14 million decrease in interest expense that was primarily the result of lower average short-term borrowings and long-term borrowings.

Provision for income taxes. Provision for income taxes increased $2 million to $413 million for the year ended December 31, 2003 from $411 million for the year ended December 31, 2002. The effective tax rate was 29.9% and 22.9% for the years ended December 31, 2003 and 2002, respectively. This increase in effective tax rate was primarily the result of a $152 million decrease in income tax expense for the year ended December 31, 2002 that was attributable to a favorable settlement with the Internal Revenue Service related to the treatment of certain reserves for obligations to policyholders on life insurance contracts, offset in part by dividend received deduction benefits realized in 2003. Excluding the effect of the settlement, our effective tax rate would have been 29.9% and 31.4% for the years ended December 31, 2003 and 2002, respectively.

Net earnings from continuing operations. Net earnings from continuing operations decreased by $411 million, or 30%, to $969 million for the year ended December 31, 2003 from $1,380 million for the year ended December 31, 2002. This decrease was primarily the result of a reduction in net realized investment gains and the impact of a favorable settlement with the IRS in 2002. The decline in net earnings from continuing operations reflects decreases in segment net earnings in our Protection, Retirement Income and Investments, Mortgage Insurance and Corporate and Other segments, offset in part by increased segment net earnings in the Affinity segment.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Premiums. Premiums increased $95 million, or 2%, to $6,107 million for the year ended December 31, 2002 from $6,012 million for the year ended December 31, 2001. This increase was primarily the result of a $173 million increase in our Protection segment, offset in part by a $39 million decrease in the Affinity segment, a $32 million decrease in our Retirement Income and Investments segment and a $21 million decrease in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to increases in long-term care insurance and payment protection insurance premiums, offset in part by a decrease in life insurance premiums. The decrease in the Affinity segment was primarily attributable to the decision to discontinue certain products and distribution relationships that did not meet our target return thresholds. The decrease in our Retirement Income and Investment segment was primarily attributable to a decrease in premiums from life-contingent structured settlements, offset in part by an increase in premiums from income annuities. The decrease in our Mortgage Insurance segment was primarily attributable to a decrease in premiums from our U.S. mortgage insurance business, offset in part by an increase in premiums from our international mortgage insurance business.

Net investment income. Net investment income increased $84 million, or 2%, to $3,979 million for the year ended December 31, 2002 from $3,895 million for the year ended December 31, 2001. This increase was primarily the result of an increase of $8,802 million, or 15%, in average invested assets. This increase was offset in part by a decrease in our weighted average investment yields, primarily attributable to investments in the U.S., to 5.8% for the year ended December 31, 2002 from 6.5% for the year ended December 31, 2001.

Net realized investment gains. Net realized investment gains increased $3 million, or 1%, to $204 million for the year ended December 31, 2002 from $201 million for the year ended December 31, 2001. For the year ended December 31, 2002, gross realized gains and (losses) were $790 million and $(586) million, respectively. The realized gains for the year ended December 31, 2002 included $29 million attributable to a securitization of certain financial assets. Realized losses for the year ended December 31, 2002 included $343 million of impairments. These impairments were attributable to fixed maturities, equity securities and other investments ($193 million, $133 million and $17 million, respectively). The fixed maturities impairments primarily related to securities issued by companies in the technology and communications and airline industries ($131 million and $27 million, respectively). The technology and communication industry impairments include $83 million related to securities issued by WorldCom Inc. and its affiliates. The equity securities impairments related to mutual fund and common stock investments ($81 million and $52 million, respectively). The other investments impairments are related to impairment of limited partnership and other private equity investments. For the year ended December 31, 2001, gross realized gains and (losses) were $814 million and $(613) million, respectively. The realized gains for the year ended December 31, 2001 included $145 million attributable to securitization of certain financial assets. Realized losses for the year ended December 31, 2001 included $289 million of impairments. These impairments were attributable to fixed maturities, equity securities and other investments ($201 million, $78 million and $10 million, respectively). The fixed maturities impairments primarily related to securities issued by companies in the technology and communications and utilities and energy industries ($85 million and $81 million respectively). The utilities and energy industry impairments include $80 million related to securities issued by Enron Corp. The equity securities impairments related to common stock and mutual fund investments were $64 million and $14 million, respectively.

Policy fees and other income. Policy fees and other income decreased $54 million, or 5%, to $939 million for the year ended December 31, 2002 from $993 million for the year ended December 31, 2001. This decrease was primarily the result of a $56 million decrease in the Affinity segment and a $28 million decrease in our Protection segment, offset in part by a $27 million increase in our Retirement Income and Investments segment. The decrease in the Affinity segment was primarily attributable to our decision to discontinue certain products and distribution relationships that did not meet our target return thresholds. The decrease in our Protection segment was primarily attributable to a return to a normal level of policy fees in 2002 following the recognition in 2001 of deferred policy fees resulting from the favorable mortality experience in certain universal life insurance products. The increase in our Retirement Income and Investments segment was attributable to the acquisition of a small asset management company at the end of 2001, offset in part by a decrease in fee income on variable annuity products.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $166 million, or 4%, to $4,640 million for the year ended December 31, 2002 from $4,474 million for the year ended December 31, 2001. This increase was primarily the result of a $250 million increase in our Protection segment and a $33 million increase in our Retirement Income and Investments segment, offset in part by a $104 million decrease in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to increases in changes in policy reserves for long-term care insurance and payment protection insurance. The increase in the Retirement Income and Investments segment was primarily attributable to an increase in changes in policy reserves for income annuities, offset in part by a decrease in changes in policy reserves for structured settlements. The decrease in our Mortgage Insurance segment was primarily attributable to favorable loss development on prior year reserves.

Interest credited. Interest credited increased $25 million, or 2%, to $1,645 million for the year ended December 31, 2002 from $1,620 million for the year ended December 31, 2001. This increase was primarily the result of a $20 million increase in our Protection segment that was primarily attributable to increased policyholder account balances in universal life and corporate-owned life insurance products. The increase in interest credited was also the result of a $5 million increase in our Retirement Income and Investments segment that was primarily attributable to an increase in policyholder accounts attributable to higher sales of annuity products. These increases were offset in part by a reduction in our weighted average crediting rates attributable to the lower interest rate environment to 3.6% for the year ended December 31, 2002 from 4.0% for the year ended December 31, 2001.

Underwriting, acquisition and insurance expenses, net of deferrals. Underwriting, acquisition and insurance expenses, net of deferrals, decreased $15 million, or 1%, to $1,808 million for the year ended December 31, 2002 from $1,823 million for the year ended December 31, 2001. This decrease was primarily the result of a $113 million decrease in our Protection segment and a $8 million decrease in the Affinity segment, offset in part by a $53 million increase in our Mortgage Insurance segment, a $34 million increase in our Retirement Income and Investments segment, and a $19 million increase in our Corporate and Other segment. The decrease in our Protection segment was primarily attributable to a decrease in periodic payment protection insurance products resulting in lower current expense; a major customer's decision to underwrite its own payment protection insurance policies; and reduced expenses associated with a discontinued block of accident and health insurance policies in our long-term care insurance business. The decrease in the Affinity segment was primarily attributable to reduced compensation and benefits and other cost-saving initiatives. The increase in our Mortgage Insurance segment was primarily attributable to growth in our international mortgage insurance business, increased expenses in the U.S. due to increased underwriting volume from higher refinancing activity, and the impact of a decrease in the liability associated with U.S. contract underwriting indemnifications in 2001 as the result of our updating of the assumptions we used to calculate these indemnity liabilities to reflect recent underwriting experience where loss experience was lower than we had anticipated. The increase in our Retirement Income and Investments segment was primarily attributable to the operations of a small asset management company acquired at the end of 2001. The increase in our Corporate and Other segment was primarily attributable to costs incurred to close certain facilities resulting from relocations to Richmond, Virginia.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased $16 million, or 1%, to $1,221 million for the year ended December 31, 2002 from $1,237 million for the year ended December 31, 2001. This decrease was the result of a $40 million decrease in the Affinity segment and a $12 million decrease in our Mortgage Insurance segment, offset in part by a $29 million increase in our Retirement Income and Investments segment and a $7 million increase in our Protection segment. The decrease in the Affinity segment was primarily attributable to an adjustment in the fourth quarter of 2002 to reflect actual membership lapse rates as compared with the lapse rates projected at the time of purchase. The decrease in our Mortgage Insurance segment was primarily attributable to discontinuation of goodwill amortization in accordance with SFAS 142. The increase in our Retirement Income and Investments segment was primarily attributable to accelerated amortization of deferred acquisition costs for variable annuity products associated with the decrease in asset values resulting from declines in the equity markets. The increase in our Protection segment was primarily attributable to growth in the payment protection insurance in-force block, offset in part by the discontinuation of amortization of goodwill in accordance with SFAS 142 and a decrease associated with the amortization for PVFP of the block of long-term care insurance reinsured from Travelers.

Interest expense. Interest expense decreased $2 million, or 2%, to $124 million for the year ended December 31, 2002 from $126 million for the year ended December 31, 2001. This decrease was primarily the result of lower interest rates on borrowings, offset in part by higher average borrowings.

Provision for income taxes. Provision for income taxes decreased $179 million, or 30%, to $411 million for the year ended December 31, 2002 from $590 million for the year ended December 31, 2001. The effective tax rate was 22.9% and 32.4% for the years ended December 31, 2002 and 2001, respectively. This decrease in effective tax rate was primarily the result of a $152 million decrease in income tax expense for the year ended December 31, 2002 that was attributable to a favorable settlement with the IRS related to the treatment of certain reserves for obligations to policyholders on life insurance contracts. Excluding the effect of this item, our effective tax rate would have been 31.4% and 32.4% for the years ended December 31, 2002 and 2001, respectively. The decrease was also the result of our discontinuation of goodwill amortization in accordance with SFAS 142.

Net earnings from continuing operations. Net earnings from continuing operations increased by $149 million, or 12%, to $1,380 million for the year ended December 31, 2002 from $1,231 million for the year ended December 31, 2001. This increase was primarily the result of the lower provision for income taxes primarily attributable to the favorable settlement with the IRS. The increase in net earnings from continuing operations reflects increases in segment net earnings in our Protection, Mortgage Insurance and Corporate and Other segments, offset in part by decreases in segment net earnings in our Retirement Income and Investments and Affinity segments.

Historical Combined and Pro Forma Results of Operations by Segment

Set forth below is historical combined financial information for each of our operating segments after the completion of this offering (Protection, Retirement Income and Investments and Mortgage Insurance), together with our Corporate and Other segment and the Affinity segment. Set forth below also is pro forma financial information for our Protection, Retirement Income and Investments, Mortgage Insurance and Corporate and Other segments. The pro forma financial information for the Mortgage Insurance segment reflects an adjustment to its financial position to remove assets and liabilities that will not be transferred to us in connection with our corporate reorganization. There were no material revenues or expenses associated with these assets and liabilities. Pro forma financial information is not provided for the Affinity segment because we will not be acquiring that segment from GEFAHI. All pro forma segment information is calculated on the same basis as the segment information presented in our audited historical combined financial statements. See note 23 to our audited historical combined financial statements included elsewhere in this prospectus.

Management regularly reviews the performance of each of our operating segments based on the after-tax net earnings (loss) of the segment, which excludes: (1) net realized investment gains (losses), (2) interest expense and other debt financing expenses that are incurred at our holding company level, (3) amounts reserved for the settlement in principle of the class action litigation relating to sales practices in our life insurance business, and (4) advertising and marketing costs and severance and restructuring charges. Although these excluded items are significant to our consolidated financial performance, we believe that the presentation of segment net earnings (loss) enhances our understanding and assessment of the results of operations of our operating segments by highlighting net earnings (loss) attributable to the normal, recurring operations of our business. However, segment net earnings (loss) is not a substitute for net income determined in accordance with U.S. GAAP.

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Revenues by segment:				
Protection	$ 6,153	$ 5,605	$ 5,443	$ 5,839
Retirement Income and Investments	3,781	3,756	3,721	2,707
Mortgage Insurance	982	946	965	982
Affinity	566	588	687	—
Corporate and Other	189	334	285	247
Total revenues	$ 11,671	$ 11,229	$ 11,101	$ 9,775
Segment net earnings (loss):				
Protection	$ 487	$ 554	$ 538	$ 481
Retirement Income and Investments	151	186	215	93
Mortgage Insurance	369	451	428	369
Affinity	16	(3)	24	—
Corporate and Other	(54)	192	26	(8)
Total segment net earnings (loss)	$ 969	$ 1,380	$ 1,231	$ 935
Total assets by segment (as of the year ended):				
Protection	$ 29,254	$ 27,104	$ 24,647	$ 28,776
Retirement Income and Investments	55,614	53,624	50,512	52,665
Mortgage Insurance	6,110	6,066	5,830	6,087
Affinity	2,315	2,317	2,211	—
Corporate and Other	10,138	28,246	20,798	10,284
Total assets	$ 103,431	$ 117,357	$ 103,998	$ 97,812

Protection segment

The following table sets forth the historical and pro forma results of operations relating to our Protection segment. The pro forma financial information reflects adjustments to give effect to the reinsurance transactions in which we will cede to UFLIC a block of long-term care insurance policies that we reinsured from Travelers in 2000 and we will assume from UFLIC in-force blocks of Medicare supplement insurance policies. There were no pro forma adjustments to policy fees and other income, interest credited or interest expense because the long-term care insurance policies we will cede to UFLIC, and the Medicare supplement insurance polices UFLIC will cede to us, in connection with the reinsurance transactions do not generate such fees, interest credited or interest expense. Pro forma revenues and benefits and expenses are lower than our historical revenues and benefits and expenses primarily as a result of exclusion of revenues and benefits and expenses related to the reinsured long-term care insurance policies.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
	2003	2002	2001	2003
Revenues:				
Premiums	$ 4,588	$ 4,088	$ 3,915	$ 4,381
Net investment income	1,199	1,136	1,119	1,092
Policy fees and other income	366	381	409	366
Total revenues	6,153	5,605	5,443	5,839
Benefits and expenses:				
Benefits and other changes in policy reserves	2,997	2,630	2,380	2,745
Interest credited	365	362	342	365
Underwriting, acquisition and insurance expenses, net of deferrals	1,029	930	1,043	994
Amortization of deferred acquisition costs and intangibles	1,001	846	839	981
Interest expense	3	—	—	3
Total benefits and expenses	5,395	4,768	4,604	5,088
Earnings before income taxes	758	837	839	751
Provision for income taxes	271	283	301	270
Segment net earnings	$ 487	$ 554	$ 538	$ 481

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Premiums. Premiums increased $500 million, or 12%, to $4,588 million for the year ended December 31, 2003 from $4,088 million for the year ended December 31, 2002. This increase was primarily the result of a $265 million increase in payment protection insurance premiums, with $155 million of that increase attributable to changes in foreign exchange rates and $110 million of that increase attributable to growth of the in-force block. The increase was also the result of a $232 million increase in long-term care insurance premiums that was primarily attributable to growth of the in-force block.

Net investment income. Net investment income increased $63 million, or 6%, to $1,199 million for the year ended December 31, 2003 from $1,136 million for the year ended December 31, 2002. This increase was primarily the result of an increase in invested assets, offset in part by declining yields on investments in the lower interest rate environment.

Policy fees and other income. Policy fees and other income decreased $15 million, or 4%, to $366 million for the year ended December 31, 2003 from $381 million for the year ended December 31, 2002. This decrease was primarily the result of a $13 million decrease in administrative fees from our group life and health insurance business that was primarily attributable to higher lapse rates.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $367 million, or 14%, to $2,997 million for the year ended December 31, 2003 from $2,630 million for the year ended December 31, 2002. This increase was primarily the result of a $267 million increase in changes in reserves and benefit payments resulting from the normal, expected increases in claims volume associated with the aging of the long-term care insurance in-force block. The increase was also the result of a $69 million increase in changes in policy reserves attributable to growth of the payment protection insurance in-force block, of which $34 million was attributable to a lower amount of favorable loss development on prior-year reserves, and a $38 million increase in life insurance reserves.

Interest credited. Interest credited increased $3 million, or 1%, to $365 million for the year ended December 31, 2003 from $362 million for the year ended December 31, 2002. This increase was primarily the result of increased policyholder account balances on corporate-owned life insurance policies, offset in part by decreased crediting rates for universal life insurance policies.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals increased $99 million, or 11%, to $1,029 million for the year ended December 31, 2003 from $930 million for the year ended December 31, 2002. This increase was primarily the result of an $83 million increase attributable to growth in the payment protection insurance in-force block that was primarily associated with an increase in net commission expense.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles increased $155 million, or 18%, to $1,001 million for the year ended December 31, 2003 from $846 million for the year ended December 31, 2002. This increase was primarily the result of a $96 million increase resulting from growth of the payment protection insurance in-force block. The increase was also the result of a $33 million increase primarily attributable to additional investment income due to early bond calls within the universal life insurance investment portfolio and to favorable universal life insurance claims experience, both of which accelerated amortization of deferred acquisition costs and intangibles. In addition, $19 million of the increase was the result of the impact of the amortization of PVFP in 2002 for the block of long-term care insurance reinsured from Travelers.

Interest expense. Interest expense increased $3 million for the year ended December 31, 2003 from $0 million for the year ended December 31, 2002. This increase was the result of interest paid on non-recourse funding obligations, issued in the third and fourth quarters of 2003, supporting certain term life insurance policies.

Provision for income taxes. Provision for income taxes decreased $12 million, or 4%, to $271 million for the year ended December 31, 2003 from $283 million for the year ended December 31, 2002. The effective tax rate was 35.8% and 33.8% for the years ended December 31, 2003 and 2002, respectively. This increase in effective tax rate was primarily the result of a decrease in certain foreign tax loss and dividend benefits.

Segment net earnings. Segment net earnings decreased by $67 million, or 12%, to $487 million for the year ended December 31, 2003 from $554 million for the year ended December 31, 2002. The decrease in segment net earnings primarily reflects decreases in net earnings for life, payment protection and group life and health insurance products, offset in part by increases in net earnings for long-term care insurance products. The decrease in life insurance was primarily attributable to an increase in life insurance reserves, as well as accelerated amortization of deferred acquisition costs and intangibles related to additional investment income resulting from early bond calls and favorable claims experience. The decrease in payment protection insurance was primarily attributable to higher underwriting, acquisition, insurance and other expenses, net of deferrals, and the impact of the recognition in 2002 of certain foreign tax loss benefits. The decrease in group life and health insurance was primarily attributable to lower administration fees due to higher lapse rates. The increase in long-term care insurance was primarily attributable to growth in the in-force blocks.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Premiums. Premiums increased $173 million, or 4%, to $4,088 million for the year ended December 31, 2002 from $3,915 million for the year ended December 31, 2001. This increase was primarily the result of a $110 million increase in long-term care insurance premiums that was primarily attributable to growth of the in-force block. The increase was also the result of an $81 million increase in payment protection insurance premiums, with $40 million of that increase attributable to growth of the in-force block and $41 million attributable to changes in foreign exchange rates. These increases were offset in part by a $27 million decrease in term life insurance premiums that was primarily attributable to a term life insurance in-force reinsurance transaction in which certain premiums were ceded by us to a third-party reinsurer.

Net investment income. Net investment income increased $17 million, or 2%, to $1,136 million for the year ended December 31, 2002 from $1,119 million for the year ended December 31, 2001. This increase was primarily the result of an increase in invested assets, offset in part by declining yields on investments in the lower interest rate environment.

Policy fees and other income. Policy fees and other income decreased $28 million, or 7%, to $381 million for the year ended December 31, 2002 from $409 million for the year ended December 31, 2001. This decrease was primarily the result of a return to a normal level of policy fees in 2002 following the recognition in 2001 of deferred policy fees resulting from favorable mortality experience in certain universal life insurance products.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $250 million, or 11%, to $2,630 million for the year ended December 31, 2002 from $2,380 million for the year ended December 31, 2001. This increase was primarily the result of a $221 million increase in reserves and benefit payments resulting from the normal, expected increase in claims volume associated with the aging of the long-term care insurance in-force block. The increase was also the result of a $41 million increase in changes in policy reserves attributable to growth of the payment protection insurance in-force block. These increases were offset in part by a $12 million decrease in changes in policy reserves for group life and health insurance that were primarily attributable to favorable experience in our long-term disability product.

Interest credited. Interest credited increased $20 million, or 6%, to $362 million for the year ended December 31, 2002 from $342 million for the year ended December 31, 2001. This increase was primarily the result of increased policyholder account balances on universal life and corporate-owned life insurance policies.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals decreased $113 million, or 11%, to $930 million for the year ended December 31, 2002 from $1,043 million for the year ended December 31, 2001. This decrease was primarily the result of a $72 million decrease attributable to a decrease in periodic payment protection insurance products resulting in lower current expense and to a major customer's decision to underwrite its own payment protection insurance. The decrease was also the result of a $30 million decrease primarily attributable to a discontinued block of accident and health insurance policies in our long-term care insurance business.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles increased $7 million, or 1%, to $846 million for the year ended December 31, 2002 from $839 million for the year ended December 31, 2001. This increase was primarily the result of an $85 million increase attributable to growth of the payment protection insurance in-force block. This increase was offset in part by a $52 million decrease attributable to discontinuation of amortization of goodwill in accordance with SFAS 142. The increase was also offset in part by a $19 million decrease associated with the amortization of PVFP for the block of long-term care insurance reinsured from Travelers.

Interest expense. There was no interest expense for the years ended December 31, 2002 and 2001.

Provision for income taxes. Provision for income taxes decreased $18 million, or 6%, to $283 million for the year ended December 31, 2002 from $301 million for the year ended December 31, 2001. The effective tax rate was 33.8% and 35.9% for the years ended December 31, 2002 and 2001, respectively. This decrease in effective tax rate was primarily the result of an increase in certain foreign tax loss and dividend benefits, as well as the discontinuation of goodwill amortization in accordance with SFAS 142.

Segment net earnings. Segment net earnings increased $16 million, or 3%, to $554 million for the year ended December 31, 2002 from $538 million for the year ended December 31, 2001. This increase was primarily attributable to the discontinuance in 2002 of goodwill amortization. The increase in segment net earnings reflects increases in net earnings for payment protection and group life and health insurance products and decreases in net earnings for life and long-term care insurance products (excluding, in each case, the effect of any discontinuation of goodwill amortization). The increase in payment protection insurance was primarily attributable to dividends received deduction benefits and certain foreign tax benefits. The increase in group life and health insurance was primarily attributable to favorable experience in our long-term disability product. The decrease in life insurance was primarily attributable to the impact of the recognition in 2001 of deferred policy fees and the term life insurance in-force reinsurance transaction. The decrease in long-term care insurance was primarily attributable to an increase in claims volume.

Retirement Income and Investments segment

The following table sets forth the historical and pro forma results of operations relating to our Retirement Income and Investments segment. The pro forma financial information reflects adjustments to give effect to the reinsurance transactions in which we will cede to UFLIC our in-force blocks of structured settlements and substantially all of our in-force blocks of variable annuities. There were no pro forma adjustments to premiums because the structured settlements we will cede are single premium products and do not have renewal premiums. The variable annuity products we will cede are deposit contracts, and their deposits are not recorded as premiums. Pro forma revenues and expenses are lower than our historical revenues and expenses primarily as a result of the exclusion of revenues and expenses related to the reinsured blocks of variable annuities and structured settlements.

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Revenues:				
Premiums	$ 1,045	$ 991	$ 1,023	$ 1,045
Net investment income	2,511	2,522	2,482	1,563
Policy fees and other income	225	243	216	99
Total revenues	3,781	3,756	3,721	2,707
Benefits and expenses:				
Benefits and other changes in policy reserves	1,871	1,769	1,736	1,278
Interest credited	1,259	1,283	1,278	993
Underwriting, acquisition and insurance expenses, net of deferrals	232	221	187	182
Amortization of deferred acquisition costs and intangibles	190	210	181	113
Total benefits and expenses	3,552	3,483	3,382	2,566
Earnings before income taxes	229	273	339	141
Provision for income taxes	78	87	124	48
Segment net earnings	$ 151	$ 186	$ 215	$ 93

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Premiums. Premiums increased $54 million, or 5%, to $1,045 million for the year ended December 31, 2003 from $991 million for the year ended December 31, 2002. This increase was primarily the result of a $92 million increase in premiums for life-contingent structured settlements that was attributable to higher sales of this product. This increase was offset in part by a $31 million decrease in premiums for life-contingent income annuities that was primarily attributable to lower sales of this product resulting from a reduction of crediting and payout rates in 2003 in the lower interest rate environment.

Net investment income. Net investment income decreased $11 million to $2,511 million for the year ended December 31, 2003 from $2,522 million for the year ended December 31, 2002. This decrease was primarily the result of declining yields on investments, which more than offset the impact of an increase in invested assets.

Policy fees and other income. Policy fees and other income decreased $18 million, or 7%, to $225 million for the year ended December 31, 2003 from $243 million for the year ended December 31, 2002. This decrease was the result of a $10 million decrease in commission income and an $8 million decrease in fee income on annuities primarily attributable to lower equity values of the assets in our variable annuity separate accounts.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $102 million, or 6%, to $1,871 million for the year ended December 31, 2003 from $1,769 million for the year ended December 31, 2002. This increase was the result of a $107 million increase in changes in policy reserves for structured settlements attributable to higher sales of this product.

Interest credited. Interest credited decreased $24 million, or 2%, to $1,259 million for the year ended December 31, 2003 from $1,283 million for the year ended December 31, 2002. This decrease was primarily the result of lower credited rates on GICs and funding agreements attributable to the lower interest rate environment, offset in part by an increase in interest credited attributable to more variable annuity policyholders selecting the fixed account option on their contracts, on which we credit interest.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals increased by $11 million, or 5%, to $232 million for the year ended December 31, 2003 from $221 million for the year ended December 31, 2002. This increase was primarily the result of an increase in general operating expenses, offset in part by an increase in deferrals of acquisition costs resulting from increased sales of variable annuities with bonus features, for which a portion of the benefit expense is deferred and amortized over the life of the product.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased $20 million, or 10%, to $190 million for the year ended December 31, 2003 from $210 million for the year ended December 31, 2002. This decrease was primarily the result of the impact of a $26 million increase in accelerated amortization of deferred acquisition costs in 2002 that was primarily attributable to lower equity valuations of assets in our variable annuity separate accounts.

Provision for income taxes. Provision for income taxes decreased $9 million, or 10%, to $78 million for the year ended December 31, 2003 from $87 million for the year ended December 31, 2002. The effective tax rate was 34.1% and 31.9% for the year ended December 31, 2003 and 2002, respectively. This increase in effective tax rate was the result of the impact of higher dividends received deduction benefits related to separate account annuity products in 2002.

Segment net earnings. Segment net earnings decreased $35 million, or 19%, to $151 million for the year ended December 31, 2003 from $186 million for the year ended December 31, 2002. This decrease in segment net earnings was primarily the result of lower policy fees and other income and declining yields on invested assets. The decrease in segment net earnings reflects decreases in net earnings for structured settlement, fixed annuity and GIC products and an increase in net earnings for variable annuity products. The decrease in structured settlements and GICs was primarily attributable to lower reinvestment rates. The decrease in fixed annuities was primarily attributable to higher amortization of deferred acquisition costs. The increase in variable annuities was primarily attributable to tax benefits resulting from higher dividend deductions on our separate accounts.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Premiums. Premiums decreased $32 million, or 3%, to $991 million for the year ended December 31, 2002 from $1,023 million for the year ended December 31, 2001. This decrease was primarily the result of a $185 million decrease in premiums for life-contingent structured settlements attributable to lower sales of these products. This decrease was offset in part by a $151 million increase in premiums for income annuities attributable to higher sales.

Net investment income. Net investment income increased $40 million, or 2%, to $2,522 million for the year ended December 31, 2002 from $2,482 million for the year ended December 31, 2001. This increase was primarily the result of an increase in invested assets, offset in part by declining yields on investments in the lower interest rate environment.

Policy fees and other income. Policy fees and other income increased $27 million, or 13%, to $243 million for the year ended December 31, 2002 from $216 million for the year ended December 31, 2001. This increase was primarily the result of a $39 million increase in fee income attributable to the acquisition of a small asset management company at the end of 2001. This increase was offset in part by a $14 million decrease in fee income on variable annuities primarily attributable to lower equity values in our variable annuity separate accounts.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $33 million, or 2%, to $1,769 million for the year ended December 31, 2002 from $1,736 million for the year ended December 31, 2001. This increase was primarily the result of a $186 million increase in changes in policy reserves that was attributable to higher sales of life-contingent income annuities. This increase was offset in part by a $146 million reduction in changes in policy reserves established for structured settlements that was attributable to lower sales of structured settlements.

Interest credited. Interest credited increased $5 million to $1,283 million for the year ended December 31, 2002 from $1,278 million for the year ended December 31, 2001. This increase was primarily the result of an increase in policyholder account balances attributable to higher sales of annuity products, including GICs, funding agreements, fixed annuities, income annuities and fixed accounts of variable annuities. This increase was offset in part by lower interest crediting rates, particularly on GICs and funding agreements, attributable to the lower interest rate environment.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, increased $34 million, or 18%, to $221 million for the year ended December 31, 2002 from $187 million for the year ended December 31, 2001. This increase was primarily the result of expenses attributable to the operations of a small asset management company that we acquired at the end of 2001.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles increased $29 million, or 16%, to $210 million for the year ended December 31, 2002 from $181 million for the year ended December 31, 2001. This increase was primarily the result of an increase of $26 million that was attributable to accelerated amortization of deferred acquisition costs for our variable annuity products associated with the decrease in separate account asset values resulting from declines in the equity markets.

Provision for income taxes. Provision for income taxes decreased $37 million, or 30%, to $87 million for the year ended December 31, 2002 from $124 million for the year ended December 31, 2001. The effective tax rate was 31.9% and 36.6% for the years ended December 31, 2002 and 2001, respectively. This decrease in effective tax rate was the result of higher dividend received deduction benefits related to separate account annuity products, an increase in tax reserves related to the segment's products and the discontinuation of goodwill amortization in accordance with SFAS 142.

Segment net earnings. Segment net earnings decreased $29 million, or 13%, to $186 million for the year ended December 31, 2002 from $215 million for the year ended December 31, 2001. This decrease in segment net earnings was primarily the result of declining yields on invested assets. The decrease in segment net earnings reflects decreases in net earnings for fixed and variable annuity and structured settlement products and an increase in net earnings for GIC products. The decrease in variable annuities was attributable to declining fee income associated with lower equity values of the assets in our separate accounts and accelerated amortization of deferred acquisition costs. The decrease for fixed annuities and structured settlements was primarily attributable to declining yields on investments. The increase in GICs was primarily attributable to growth in the in-force block.

Mortgage Insurance segment

The following table sets forth the historical results of operations relating to our Mortgage Insurance segment. The Mortgage Insurance segment's results of operations are not affected by any of the pro forma adjustments.

	Historical		
	Years ended December 31,		
(Dollar amounts in millions)	2003	2002	2001
Revenues:			
Premiums	$ 716	$ 677	$ 698
Net investment income	218	231	227
Policy fees and other income	48	38	40
Total revenues	982	946	965
Benefits and expenses:			
Benefits and other changes in policy reserves	115	46	150
Underwriting, acquisition and insurance expenses, net of deferrals	299	233	180
Amortization of deferred acquisition costs and intangibles	37	39	51
Total benefits and expenses	451	318	381
Earnings before income taxes	531	628	584
Provision for income taxes	162	177	156
Segment net earnings	$ 369	$ 451	$ 428

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Premiums. Premiums increased $39 million, or 6%, to $716 million for the year ended December 31, 2003 from $677 million for the year ended December 31, 2002. This increase was primarily the result of an $88 million increase in premiums in our international mortgage insurance business, $24 million of which was attributable to changes in foreign exchange rates. This increase in international premiums was offset in part by a $26 million decrease in premiums in our U.S. mortgage insurance business that was primarily attributable to higher premiums ceded in captive reinsurance transactions and a $23 million decrease in premiums that was primarily attributable to lower persistency resulting from increased refinancing activity.

Net investment income. Net investment income decreased $13 million, or 6%, to $218 million for the year ended December 31, 2003 from $231 million for the year ended December 31, 2002. This decrease was primarily the result of a $42 million decrease in net investment income that was primarily attributable to a decrease in invested assets resulting from the payment of dividends by the U.S. mortgage insurance business to our holding company. The decrease was also the result of declining yields on investments. These decreases were offset in part by a $29 million increase in net investment income resulting from additional invested assets in our international mortgage insurance business, $10 million of which was due to changes in foreign exchange rates.

Policy fees and other income. Policy fees and other income increased $10 million, or 26%, to $48 million for the year ended December 31, 2003 from $38 million for the year ended December 31, 2002. This increase was the result of a $5 million increase in fees for contract underwriting services attributable to higher refinancing activity in the U.S. and a $5 million increase in fees from increased volume in our international mortgage insurance business.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased $69 million, or 150%, to $115 million for the year ended December 31, 2003 from $46 million for the year ended December 31, 2002. This increase was the result of a $60 million increase primarily attributable to a lower amount of favorable loss development on prior year reserves and a $9 million increase in paid claims on U.S. flow mortgage insurance offset in part by a $4 million decrease primarily attributable to favorable loss development on U.S. bulk mortgage insurance, and a $4 million increase primarily attributable to an increase in loans in default associated with higher insurance in force levels in our international mortgage insurance business.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, increased $66 million, or 28%, to $299 million for the year ended December 31, 2003 from $233 million for the year ended December 31, 2002. This increase was the result of a $37 million increase in expenses that was primarily attributable to a significant increase in underwriting volume associated with refinancing activity in the U.S., an $11 million increase attributable to higher indemnity liabilities for U.S. contract underwriting claims as the result of updating of the assumptions we used to calculate these indemnity liabilities to reflect recent underwriting experience and the increase in the volume of mortgage loans underwritten due to significant refinancing activity and a $18 million increase attributable to continued investment in our international mortgage insurance business.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased $2 million, or 5%, to $37 million for the year ended December 31, 2003 from $39 million for the year ended December 31, 2002. This decrease was primarily the result of the amortization of a lower amount of U.S. deferred expenses, offset by the higher volume in our international mortgage insurance business.

Provision for income taxes. Provision for income taxes decreased $15 million, or 8%, to $162 million for the year ended December 31, 2003 from $177 million for the year ended December 31, 2002. The effective tax rate was 30.5% and 28.2% for the year ended December 31, 2003 and 2002, respectively. This increase in effective tax rate was primarily the result of a greater proportion of foreign income taxed at a higher rate than in the U.S. Our Mortgage Insurance segment's effective tax rate is significantly below the statutory rate primarily as the result of tax-exempt investment income.

Segment net earnings. Segment net earnings decreased $82 million, or 18%, to $369 million for the year ended December 31, 2003 from $451 million for the year ended December 31, 2002. This decrease was primarily the result of a $141 million decrease in U.S. net earnings, offset in part by a $59 million increase in international net earnings. The decrease in U.S. net earnings was primarily attributable to greater losses from less favorable loss development on prior year reserves, decreases in premiums from increased ceding and lower persistency, and increases in underwriting expenses from refinancing activity and contract underwriting indemnification liabilities as the result of our updating the assumptions used to calculate these indemnity liabilities to reflect recent underwriting experience and increased volume. The increase in international net earnings was primarily the result of growth in our international mortgage insurance business.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Premiums. Premiums decreased $21 million, or 3%, to $677 million for the year ended December 31, 2002 from $698 million for the year ended December 31, 2001. This decrease was primarily the result of a $37 million decrease in premiums in our U.S. mortgage insurance business attributable to higher premiums ceded in captive reinsurance transactions. The decrease was also the result of a $13 million decrease in premiums in our U.S. mortgage insurance business primarily attributable to lower persistency associated with increased refinancing activity in the U.S. These decreases were offset in part by a $29 million increase in premiums primarily attributable to growth in our international mortgage insurance business.

Net investment income. Net investment income increased $4 million, or 2%, to $231 million for the year ended December 31, 2002 from $227 million for the year ended December 31, 2001. This increase was primarily the result of an $11 million increase that was primarily attributable to an increase in invested assets in our international mortgage insurance business, offset in part by a $7 million decrease that was primarily attributable to declining yields on U.S. investments in the lower interest rate environment.

Policy fees and other income. Policy fees and other income decreased $2 million, or 5%, to $38 million for the year ended December 31, 2002 from $40 million for the year ended December 31, 2001. This decrease was primarily the result of the impact of a $13 million gain recognized in 2001 on the sale of our flood zone determination business. This decrease was offset in part by an $11 million increase in fees for contract underwriting services attributable to higher refinancing activity in the U.S.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves decreased $104 million, or 69%, to $46 million for the year ended December 31, 2002 from $150 million for the year ended December 31, 2001. This decrease was the result of a $73 million decrease primarily attributable to favorable loss development on prior year reserves on U.S. flow mortgage insurance. During 2002, we updated our loss reserve factors to reflect our recent favorable experience with respect to severity and frequency of defaults. Our severity and frequency of defaults were favorably affected by housing appreciation, increased housing supply and demand and other U.S. macroeconomic factors, in addition to our loss mitigation activities. This decrease was offset by an $8 million increase in paid claims on U.S. flow mortgage insurance, a $26 million decrease primarily attributable to favorable loss development on prior year reserves for U.S. bulk mortgage insurance and a $13 million decrease primarily attributable to a lower number of loans in default and favorable loss development on prior-year reserves in our international mortgage business.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, increased $53 million, or 29%, to $233 million for the year ended December 31, 2002 from $180 million for the year ended December 31, 2001. This increase was primarily the result of a $12 million increase attributable to growth in our international mortgage insurance business, a $6 million increase in expenses in the U.S. primarily attributable to the significant increase in underwriting volume associated with higher refinancing activity, and the impact of a $35 million decrease in 2001 for U.S. contract underwriting indemnification liabilities as the result of our updating of the assumptions we used to calculate these indemnity liabilities to reflect recent underwriting experience where loss experience was lower than we had anticipated.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased $12 million, or 24%, to $39 million for the year ended December 31, 2002 from $51 million for the year ended December 31, 2001. This decrease was primarily the result of our discontinuation of goodwill amortization in accordance with SFAS 142 and the amortization of a lower amount of U.S. deferred expenses.

Provision for income taxes. Provision for income taxes increased $21 million, or 13%, to $177 million for the year ended December 31, 2002 from $156 million for the year ended December 31, 2001. The effective tax rate was 28.2% and 26.7% for the years ended December 31, 2002 and 2001, respectively. This increase in effective tax rate was primarily the result of a reduced benefit from tax-exempt investment income, a greater proportion of foreign income taxed at a higher rate than in the U.S., and the impact of the 2001 release of deferred income taxes to reflect a decrease in the tax rates in certain countries in which we operate.

Segment net earnings. Segment net earnings increased $23 million, or 5%, to $451 million for the year ended December 31, 2002 from $428 million for the year ended December 31, 2001. This increase was primarily the result of a $23 million increase in international net earnings and flat U.S. net earnings. The increase in international net earnings was primarily attributable to increases in earned premiums and net investment income and favorable loss development on prior year reserves, offset in part by increases in expenses related to such growth. Flat U.S. net earnings were primarily attributable to lower losses resulting from a decrease in loans in default and favorable loss development on prior-year reserves, offset by decreases in premiums from higher premiums ceded and lower persistency and increases in expenses as the result of our updating of the assumptions we used to calculate U.S. contract underwriting indemnification liabilities in 2001 to reflect recent underwriting experience.

Affinity segment

The following table sets forth the historical results of operations relating to the Affinity segment. Pro forma financial information is not presented for the Affinity segment because we will not acquire any of the Affinity segment businesses from GEFAHI.

	Historical		
	Years ended December 31,		
(Dollar amounts in millions)	**2003**	**2002**	**2001**
Revenues:			
Premiums	$ 244	$ 247	$ 286
Net investment income	62	70	74
Policy fees and other income	260	271	327
Total revenues	566	588	687
Benefits and expenses:			
Benefits and other changes in policy reserves	196	180	188
Underwriting, acquisition and insurance expenses, net of deferrals	239	312	320
Amortization of deferred acquisition costs and intangibles	110	116	156
Total benefits and expenses	545	608	664
Earnings (loss) before income taxes	21	(20)	23
Provision (benefit) for income taxes	5	(17)	(1)
Segment net earnings (loss)	$ 16	$ (3)	$ 24

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Total revenues. Total revenues decreased $22 million, or 4%, to $566 million for the year ended December 31, 2003 from $588 million for the year ended December 31, 2002. This decrease was primarily the result of lower premiums and other income attributable to our decision to discontinue certain products and distribution relationships that did not meet our target return thresholds. This decrease was offset in part by an increase in premiums attributable to a reinsurance transaction in which certain premiums were ceded to us by the purchaser of a discontinued operation.

Total benefits and expenses. Total benefits and expenses decreased $63 million, or 10%, to $545 million for the year ended December 31, 2003 from $608 million for the year ended

December 31, 2002. This decrease was primarily the result of our decision to discontinue certain products and distribution relationships and implement cost savings initiatives that reduced compensation and benefits, as well as other general expenses. Our decision to discontinue certain products and distribution relationships and implement cost savings initiatives also reduced our deferrable expenses, resulting in a decrease in amortization of deferred acquisition costs and intangibles. These decreases were offset in part by an increase in benefits and expenses attributable to a reinsurance transaction in which certain benefits and expenses were ceded to us by the purchaser of a discontinued operation.

Provision (benefit) for income taxes. Provision (benefit) for income taxes increased $22 million to $5 million for the year ended December 31, 2003 from $(17) million for the year ended December 31, 2002. This increased provision was the result of a foreign loss valuation allowance.

Segment net earnings (loss). Segment net earnings (loss) increased $19 million to $16 million for the year ended December 31, 2003 from $(3) million for the year ended December 31, 2002. This increase was primarily the result of our discontinuation of products and distribution relationships that did not meet our target return thresholds and reductions of compensation and benefit expenses and other general expenses resulting from cost savings initiatives.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Total revenues. Total revenues decreased $99 million, or 14%, to $588 million for the year ended December 31, 2002 from $687 million for the year ended December 31, 2001. This decrease was primarily the result of lower premiums and other income attributable to our decision to discontinue certain products and distribution relationships that did not meet our target return thresholds.

Total benefits and expenses. Total benefits and expenses decreased $56 million, or 8%, to $608 million for the year ended December 31, 2002 from $664 million for the year ended December 31, 2001. This decrease was primarily the result of lower amortization of deferred acquisition costs and intangibles that was primarily attributable to an adjustment in the fourth quarter of 2002 to reflect actual membership lapse rate performance as compared with the lapse rates projected at the time of purchase. The decrease was also the result of reduced compensation and benefits, other cost-saving initiatives and decreased changes in policy reserves primarily attributable to lower revenues.

Provision (benefit) for income taxes. Provision (benefit) for income taxes decreased $16 million to $(17) million for the year ended December 31, 2002 from $(1) million for the year ended December 31, 2001. This reduced provision was the result of our discontinuation of goodwill amortization in accordance with SFAS 142.

Segment net earnings (loss). Segment net earnings (loss) decreased $27 million to $(3) million for the year ended December 31, 2002 from $24 million for the year ended December 31, 2001. This decrease was primarily the result of the decrease in revenues attributable to our discontinuance of products and distribution relationships that did not meet our target return thresholds.

Corporate and Other segment

The following table sets forth summary historical and pro forma financial results of operations relating to our Corporate and Other segment for the periods below. The pro forma financial information reflects adjustments described under "Selected Historical and Pro Forma Financial Information." There were no pro forma adjustments to premiums or policy fees and other income because there are no premiums or policy fees and other income in the Corporate and Other segment that will be ceded to UFLIC in connection with the reinsurance transactions. Pro forma net investment income increased as a result of net investment income earned on excess surplus assets that will be transferred from the Protection and Retirement Income and Investments segments to the Corporate and Other segment, offset in part by a decrease attributable to reduced net investment income related to the $1.836 billion capital contribution that we will make to UFLIC. Pro forma total revenues increased primarily as a result of the adjustments to net investment income as described, and the exclusion from our results of operations of net realized investment gains (losses) related to the long-term care insurance, structured settlement and variable annuity products we will cede to UFLIC in connection with the reinsurance transactions and net realized investment gains (losses) related to the Affinity segment. Pro forma total expenses were primarily affected by the inclusion of incremental interest expense attributable to our revised debt structure after the completion of this offering.

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Revenues:				
Premiums	$ 110	$ 104	$ 90	$ 110
Net investment income (loss)	25	20	(7)	55
Net realized investment gains	10	204	201	38
Policy fees and other income	44	6	1	44
Total revenues	189	334	285	247
Expenses:				
Unallocated corporate expenses	121	77	69	121
Interest expense	137	124	126	135
Other operating expenses	88	60	54	84
Total expenses	346	261	249	340
Earnings (loss) before income taxes	(157)	73	36	(93)
Provision (benefit) for income taxes	(103)	(119)	10	(85)
Segment net earnings (loss)	$ (54)	$ 192	$ 26	$ (8)

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Premiums. Premiums increased $6 million, or 6%, to $110 million for the year ended December 31, 2003 from $104 million for the year ended December 31, 2002. This increase was primarily the result of a $4 million increase in premiums attributable to our Mexican auto insurer.

Net investment income (loss). Net investment income (loss) increased $5 million, or 25%, to $25 million for the year ended December 31, 2003 from $20 million for the year ended December 31, 2002.

Net realized investment gains. See the comparison for this line item under "—Historical Combined and Pro Forma Results of Operations."

Policy fees and other income. Policy fees and other income increased $38 million to $44 million for the year ended December 31, 2003 from $6 million for the year ended December 31, 2002. This increase was primarily attributable to interest income from two securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46, beginning in the third quarter of 2003. See "—Off-Balance-Sheet Transactions."

Unallocated corporate expenses. Unallocated corporate expenses primarily consist of general and other expenses that are not allocated for segment reporting purposes. These amounts include items such as class-action litigation settlements, advertising and marketing costs, severance and restructuring charges and other corporate-level expenses. Unallocated corporate expenses increased $44 million, or 57%, to $121 million for the year ended December 31, 2003 from $77 million for the year ended December 31, 2002. This increase was primarily the result of a $50 million increase in litigation reserves attributable to an increase in reserves for a settlement in principle that we reached in October 2003 in connection with class action litigation relating to sales practices in our life insurance business. See "Business—Legal Proceedings."

Interest expense. Interest expense consists of interest and other financing charges related to all of our holding company debt that is not allocated for segment reporting purposes. Interest expense increased $13 million, or 10%, to $137 million for the year ended December 31, 2003 from $124 million for the year ended December 31, 2002. This increase was primarily the result of $27 million of interest expense associated with securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46, beginning in the third quarter of 2003. This increase was offset in part by a $14 million decrease in interest expense that was primarily the result of lower average borrowings.

Other operating expenses. Other operating expenses primarily consist of benefits and other changes in policy reserves and general expenses of several small non-core businesses that are managed in our Corporate and Other segment. Other operating expenses increased $28 million, or 47%, to $88 million for the year ended December 31, 2003 from $60 million for the year ended December 31, 2002. This increase was primarily the result of higher expenses of our Bermuda reinsurer primarily attributable to the impact of a 2002 novation of a portion of its leased equipment physical damage program to a third party, offset in part by the impact of the recognition in 2002 of $5 million of goodwill impairment for our Mexican auto insurance business resulting from our implementation of SFAS 142.

Provision (benefit) for income taxes. Provision (benefit) for income taxes decreased $16 million to $(103) million for the year ended December 31, 2003 from $(119) million for the year ended December 31, 2002. This decrease was the result of the recognition in 2002 of a favorable settlement with the IRS related to the treatment of certain reserves for obligations to policyholders of life insurance contracts, offset in part by lower pre-tax earnings, a one-time reduction in UK taxes related to the restructuring of our UK legal entities, and increased dividends received deduction benefits. Changes to tax expense for our Corporate and Other segment are primarily the result of tax-exempt investment income and other items not directly allocated to specific products or segments.

Segment net earnings (loss). Segment net earnings (loss) decreased $246 million to $(54) million for the year ended December 31, 2003 from $192 million for the year ended December 31, 2002. This decrease was primarily the result of the decrease in benefit for income taxes attributable to the impact of the 2002 favorable settlement with the IRS, the decrease in net realized investment gains and higher litigation reserves for the year ended December 31, 2003.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Premiums. Premiums increased $14 million, or 16%, to $104 million for the year ended December 31, 2002 from $90 million for the year ended December 31, 2001. This increase was the result of a $9 million increase in premiums from our Mexican auto insurer and a $5 million increase in premiums from our Bermuda reinsurer.

Net investment income (loss). Net investment income (loss) increased $27 million to $20 million for the year ended December 31, 2002 from $(7) million for the year ended December 31, 2001. This increase was primarily the result of higher income on private equity investments reflecting stabilization in the equity markets.

Net realized investment gains (losses). See the comparison for this line item under "—Historical Combined and Pro Forma Results of Operations."

Policy fees and other income. Policy fees and other income increased $5 million to $6 million for the year ended December 31, 2002 from $1 million for the year ended December 31, 2001. This increase was primarily the result of fee income attributable to a securitization of certain financial assets and an increase in policy fees from our Mexican auto insurer.

Unallocated corporate expenses. Unallocated corporate expenses increased $8 million, or 12%, to $77 million for the year ended December 31, 2002 from $69 million for the year ended December 31, 2001. This increase was primarily the result of costs incurred to close certain facilities resulting from relocations to Richmond, Virginia.

Interest expense. Interest expense decreased $2 million, or 2%, to $124 million for the year ended December 31, 2002 from $126 million for the year ended December 31, 2001. This decrease was primarily the result of lower interest rates on borrowings, offset in part by an increase in average borrowings.

Other operating expenses. Other operating expenses increased $6 million, or 11%, to $60 million for the year ended December 31, 2002 from $54 million for the year ended December 31, 2001. This increase was primarily the result of a goodwill impairment charge recorded in connection with the adoption of SFAS 142.

Provision (benefit) for income taxes. Provision (benefit) for income taxes decreased $129 million to $(119) million for year ended December 31, 2002 from $10 million for the year ended December 31, 2001. This decrease was the result of a favorable settlement with the IRS regarding the treatment of certain reserves for obligations to life insurance policyholders and reduced benefit from tax exempt investment income, offset in part by higher pre-tax earnings.

Segment net earnings. Segment net earnings increased $166 million to $192 million for the year ended December 31, 2002 from $26 million for the year ended December 31, 2001. This increase was primarily the result of the decrease in the provision for income taxes attributable to the 2002 favorable settlement with the IRS and higher net investment income primarily resulting from higher income on private equity investments reflecting stabilization in equity markets.

Liquidity and Capital Resources

After the completion of this offering, we will conduct all our operations through our operating subsidiaries. Dividends from our subsidiaries and permitted payments to us under our tax sharing arrangements with our subsidiaries will be our principal sources of cash to pay stockholder dividends and to meet our obligations.

Our primary uses of funds at our holding company level include payment of general operating expenses, payment of principal, interest and other expenses related to holding company debt, payment of dividends on our common and preferred stock, amounts we will owe to GE under the Tax Matters Agreement contract, adjustment payments on our Equity Units, contributions to subsidiaries, and, potentially, acquisitions. We intend to pay quarterly cash dividends on our common stock at an initial rate of $0.065 per share. The first such dividend will be declared in the third quarter of 2004 and paid in the fourth quarter. However, the declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors. Our payment of dividends to our stockholders will depend partly upon our receipt of dividends from our insurance and other operating subsidiaries. In addition, our Series A Preferred Stock will bear dividends at an annual rate of % of the liquidation value of $50 per share. We also have agreed to pay quarterly contract adjustment payments with respect to our Equity Units at an annual rate of % of the stated amount of $25 per Equity Unit.

On December 15, 2003, we paid a dividend of $2,930 million. This included the distribution of proceeds from the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, which closed on August 29, 2003, and other dividends received from our insurance subsidiaries. We declared and paid dividends of $3,168 million to our parent during 2003. We declared dividends of $171 million to our parent during 2002, of which $107 million was paid in 2002 and $64 million was paid in 2003. We declared dividends of $31 million in 2001, of which $6 million was paid in 2001 and $25 million was paid in 2002.

The payment of dividends and other distributions to us by our insurance subsidiaries is regulated by insurance laws and regulations. In general, dividends in excess of prescribed limits are deemed "extraordinary" and require insurance regulatory approval. See "Regulation." During the years ended December 31, 2003, 2002 and 2001, we received dividends from our insurance subsidiaries of $1,472 million ($1,400 million of which were deemed "extraordinary"), $840 million ($375 million of which were deemed "extraordinary") and $410 million (none of which were deemed "extraordinary"), respectively. In addition, during the years ended December 31, 2003, 2002 and 2001, we received dividends from insurance subsidiaries related to discontinued operations of $495 million, $62 million and $0, respectively.

Based on statutory results as of December 31, 2003, our subsidiaries could pay dividends of $1,121 million to us in 2004 without obtaining regulatory approval. However, as a result of the dividends we will pay in connection with our corporate reorganization, most of our insurance subsidiaries will not be able to pay us any additional dividends for the twelve months following this offering without prior regulatory approval. As part of our corporate reorganization, we will retain cash at the holding company level which we believe will be adequate to fund our dividend payments, debt service, obligations under the Tax Matters Agreement and other obligations until our insurance subsidiaries can resume paying ordinary dividends to us. In addition, the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our stockholders, are also subject to various conditions imposed by the rating agencies for us to maintain our ratings.

In addition to dividends from our insurance subsidiaries, our other sources of funds will include service fees we receive from GE, as described under "—Overview—Separation from GE and related financial arrangements—Services provided to GE," payments from our subsidiaries pursuant to tax sharing arrangements that we will enter into after the completion of this offering, borrowings pursuant to credit facilities that we intend to establish shortly after the completion of this offering, and proceeds from the offering of senior notes and the sale of commercial paper, which we intend to complete shortly after the completion of this offering.

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI 489.5 million shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note. The Short-term Intercompany Note matures on , 2004. The Contingent Note is a non-interest-bearing note that matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of $150 million are released and paid to us as a dividend. Under applicable insurance regulations, annual additions to the statutory contingency reserves must equal at least 50% of premiums earned, and these statutory reserves generally cannot be withdrawn for 10 years. We believe that the significant refinancing activity in the U.S. in recent years has resulted in significant excess statutory contingency reserves because an unusually large number of mortgages are being refinanced before they reach the time they historically are most likely to become delinquent. We intend to seek the accelerated release of a portion of these statutory reserves to repay the Contingent Note. The release of the statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. If regulatory approval has been obtained by the first anniversary date, but our financial ratings have not been affirmed, the term of the Contingent Note will be extended for a period up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. See "Description of Certain Indebtedness—Contingent Note."

If our U.S. mortgage insurance business effects an accelerated release from its statutory contingency reserve and distributes such released funds to us, we intend to retain the first $150 million of those funds in a segregated account at our holding company to pay debt servicing expenses and dividends on our common stock. Of this amount, we expect that $50 million will be available for disbursement during 2005, and $100 million will be available for disbursement during 2006.

The liabilities we will assume from GEFAHI include the Yen Notes, which are ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI, ¥3 billion of which GEFAHI currently holds and will transfer to us. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum. See "Description of Certain Indebtedness—Yen Notes." We also will be entering into a Tax Matters Agreement with GE, which represents an obligation by us to GE, estimated to have a present value of approximately $448 million. See "Arrangements Between GE and Our Company—Tax Matters Agreement."

We intend to repay the $2.4 billion Short-term Intercompany Note to GEFAHI with proceeds from the borrowings under a $2.4 billion short-term credit facility that we intend to establish with a syndicate of banks concurrently with the completion of this offering. We intend to repay the borrowings under this short-term credit facility with proceeds from the issuance of approximately $1.9 billion in senior notes and approximately $500 million in commercial paper, both of which we intend to complete shortly after the completion of this offering. The senior notes are expected to consist of multiple series with varying maturities. The commercial paper will be issued under a $1 billion commercial paper program we intend to establish. We may issue additional commercial paper under this program from time to time. We will enter into $2 billion of revolving credit facilities, including a $1 billion 364-day facility and a $1 billion five-year facility. The revolving credit facilities will support our commercial paper program and will provide us with liquidity to meet general funding requirements. See "Description of Certain Indebtedness." However, our ability to borrow under these facilities and to issue commercial paper in excess of $500 million will be subject to GE's right as the holder of the Class B Common Stock to approve our incurrence of debt in excess of $700 million outstanding at any one time (subject to certain exceptions). See "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

We believe the proposed senior notes and commercial paper offerings and credit facilities, together with anticipated cash flows from operations, will provide us with sufficient liquidity to meet our operating requirements for the foreseeable future.

Net cash provided by operating activities was $3,716 million, $4,883 million and $2,229 million for the years ended December 31, 2003, 2002 and 2001, respectively. Cash flows from operating activities are affected by the timing of premiums received, fees received and investment income. Cash provided by operating activities decreased $1,167 million for the year ended December 31, 2003, compared to the year ended December 31, 2002. During both periods, principal sources of cash included sales of income annuities with life contingencies and long-term care insurance, as well as sales of structured settlements with life contingencies and term-life insurance. Cash provided by operating activities decreased primarily because of a payment of $440 million during the fourth quarter of 2003 of intercompany balances due to GE Capital included in other liabilities. Cash provided by operating activities increased $2,654 million for the year ended December 31, 2002, compared to the year ended December 31, 2001, primarily reflecting growth in sales of the products discussed above, as well as the timing of cash settlement for other assets and liabilities.

As an insurance business, we typically generate positive cash flows from operating and financing activities, as premiums and deposits collected from our insurance and investment products exceed benefits paid and redemptions, and we invest the excess. Accordingly, in analyzing our cash flow we focus on the change in the amount of cash available and used in investing activities. Net cash used in investing activities was $681 million, $6,525 million and $7,068 million for the years ended December 31, 2003, 2002, and 2001, respectively.

The decrease in net cash used in investing activities for the year ended December 31, 2003, compared to the year ended December 31, 2002, of $5,844 million was the result of both less cash provided by operating activities of $1,167 million, as discussed above, and more cash used in financing activities of $5,007 million. Within our investing activities, during 2003, we received $2,126 million of proceeds and dividends associated with the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses.

Net cash (used in) provided by financing activities was ($2,714) million, $2,293 million and $4,627 million for the years ended December 31, 2003, 2002 and 2001, respectively. The increase in cash used by financing activities for the year ended December 31, 2003, compared to the year ended December 31, 2002, of $5,007 million was primarily the result of both lower deposits and higher redemptions of investment contracts, as a result of the lower interest rate environment, equity market downturns and volatility and pricing actions we took. These factors contributed to an increase in the use of net cash from investment contracts by $3,202 million. In addition, dividends paid to our stockholder, net of capital contributions received, increased by $2,871 million. These increased uses of cash were partially offset by a net increase in cash provided from borrowings of $1,066 million, consisting of a net increase in short-term borrowings, including commercial paper, of $466 million, and an increase in non-recourse funding obligations of $600 million.

For the year ended December 31, 2002, compared to the year ended December 31, 2001, the $543 million decrease in cash used in investing activities resulted from reduced cash provided by financing activities, primarily from both lower sales and higher redemptions of investment contracts, as a result of the lower interest rate environment and customer uncertainty about the direction of equity markets, combined with pricing actions we took, reducing the net cash provided from investment contracts by $2,155 million, along with a greater increase in cash and cash equivalents of $863 million. These decreases in sources of cash available for investment were partially offset by the increase in net cash provided by operating activities of $2,654 million, as discussed above.

The liquidity requirements of our insurance subsidiaries principally relate to the liabilities associated with their various insurance and investment products, operating costs and expenses, the payment of dividends to us, contributions to their subsidiaries, payment of principal and interest on their outstanding debt obligations and income taxes. Liabilities arising from insurance and investment products include the payment of benefits, as well as cash payments in connection with policy surrenders and withdrawals, policy loans and obligations to redeem funding agreements under applicable put option provisions.

Historically, our insurance subsidiaries have used cash flow from operations and sales of investment securities to fund their liquidity requirements. Our insurance subsidiaries' principal cash inflows from operating activities derive from premiums, annuity deposits and policy and contract fees and other income, including commissions, cost of insurance, mortality, expense and surrender charges, contract underwriting fees, investment management fees, and dividends and distributions from their subsidiaries. The principal cash inflows from investment activities result from repayments of principal, sales of invested assets and investment income.

We also have entered into annually renewable floating rate funding agreements, which are deposit-type products that generally credit interest on deposits at a floating rate tied to an external market index. Purchasers of annually renewable funding agreements include money market funds, bank common trust funds and other short-term investors. Some of our funding agreements contain "put" provisions, through which the contractholder has an option to terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. GE Capital has agreed to guarantee our obligations under certain annually renewable funding agreements that were issued prior to November 18, 2003 and certain renewals with a final maturity on or before June 30, 2005. As of December 31, 2003, the aggregate amount of outstanding funding agreements with put option features was approximately $2.9 billion, including $450 million with put option notice periods of 30 days or less.

Our insurance subsidiaries maintain investment strategies intended to provide adequate funds to pay benefits without forced sales of investments. Products having liabilities with longer durations, such as certain life insurance and long-term care insurance policies, are matched with investments having similar estimated lives such as long-term fixed maturities and mortgage loans. Shorter-term liabilities are matched with fixed maturities that have short- and medium-term fixed maturities. In addition, our insurance subsidiaries hold highly liquid, high-quality short-term investment securities and other liquid investment-grade fixed maturities to fund anticipated operating expenses, surrenders, and withdrawals. On a pro forma basis, as of December 31, 2003, our total cash and invested assets was $61.2 billion. Our investments in privately placed fixed maturities, mortgage loans, policy loans, limited partnership interests, real estate and restricted investments held by securitization entities are relatively illiquid.

These asset classes represented approximately 30% of the carrying value of our total cash and invested assets as of December 31, 2003, on a pro forma basis.

Total assets decreased $14.0 billion, or 12%, on an historical combined basis, from $117.4 billion as of December 31, 2002 to $103.4 billion as of December 31, 2003. The decrease primarily resulted from the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, which had total assets of $22.1 billion classified as assets held for sale as of December 31, 2002. Excluding this sale, total assets would have increased $8.1 billion, or 8%. Total investments increased $6.6 billion, or 9%, on an historical combined basis, for the same comparison period, primarily reflecting net purchases of securities. Excluding investments and the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, all other assets increased $1.5 billion, or 7%, over the same period, primarily resulting from a $760 million increase in separate account assets.

Pro forma total assets were $97.8 billion as of December 31, 2003, compared to $103.4 billion on an historical combined basis. The decrease was primarily attributable to $2.8 billion of assets that will not be transferred to us in connection with our corporate reorganization and a $2.8 billion net decrease in assets in connection with the reinsurance transactions with UFLIC.

Total liabilities decreased $13.0 billion, or 13%, on an historical combined basis, from $100.6 billion as of December 31, 2002 to $87.6 billion as of December 31, 2003. This decrease primarily resulted from the sale of GEFAHI's Japanese life insurance and domestic auto and homeowners' insurance businesses, which had total liabilities of $20.0 billion classified as liabilities associated with assets held for sale as of December 31, 2002. Excluding this sale, total liabilities would have increased $7.0 billion, or 9%. Future annuity and contract benefits increased $2.7 billion, or 5%, primarily as a result of growth in our annuity and long-term care businesses. The increase also included a $760 million increase in separate account liabilities and a $1.1 billion increase of liabilities associated with the consolidation of certain securitization entities in the third quarter of 2003 in accordance with FIN 46.

Pro forma total liabilities were $86.9 billion as of December 31, 2003, compared to $87.6 billion on an historical combined basis. The decrease was primarily attributable to $3.5 billion of liabilities that will not be transferred to us in connection with our corporate reorganization. The decrease was also attributable to $690 million of liabilities associated with reinsurance transactions with UFLIC primarily consisting of a $666 million decrease in deferred income taxes. These decreases were partially offset by $3.4 billion of liabilities incurred in connection with our corporate reorganization, consisting primarily of $600 million of our Equity Units, $100 million of our Series A Preferred Stock, which is mandatorily redeemable, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note, partially offset by a net reduction in liabilities of $282 million attributable to the joint tax election with GE under section 338(h)(10) less the liability for amounts due to GE under the Tax Matters Agreement related to this election.

Contractual obligations

We enter into long-term obligations to third-parties in the ordinary course of our operations. These obligations, as of December 31, 2003, on a pro forma basis, are set forth in the table below. However, we do not believe that our cash flow requirements can be assessed based upon an analysis of these obligations. The most significant factor affecting our future cash flows is our ability to earn and collect cash from our customers. Future cash outflows, whether they are contractual obligations or not, also will vary based upon our future needs. Although some outflows are fixed, others depend on future events. Examples of fixed obligations include our obligations to pay principal and interest on fixed-rate borrowings. Examples of obligations that will vary include obligations to pay interest on variable-rate borrowings and insurance liabilities that depend on future interest rates and market performance. Many of our obligations are linked to cash-generating contracts. These obligations include payments to contractholders that assume those contractholders will continue to make deposits in accordance with the terms of their contracts. In addition, our operations involve significant expenditures that are not based upon "commitments." These include expenditures for income taxes and payroll.

(Dollar amounts in millions)	Pro forma payments due by period				
	Total	2004	2005-2006	2007-2008	2009 and thereafter
Borrowings(1)	$ 4,836	$ —	$ 2,950	$ —	$ 1,886
Operating lease obligations	215	48	62	78	27
Purchase obligations(2)	9	8	1	—	—
Insurance liabilities(3)	16,264	6,199	5,694	2,467	1,904
Other contractual liabilities(4)	645	31	74	84	456
Total contractual obligations	$ 21,969	$ 6,286	$ 8,781	$ 2,629	$ 4,273

(1) Includes our existing non-recourse funding obligations, long-term borrowings and new borrowings described in notes (i) and (m) to our pro forma financial information, included under "Selected Historical and Pro Forma Financial Information."

(2) Includes contractual minimum programming commitments; excludes funding commitments and items described in note (o) to our pro forma financial information.

(3) Primarily includes guaranteed investment contracts and funding agreements, structured settlements and income annuities (including contracts we will reinsure to UFLIC, because we remain the primary obligor under those contracts), based upon scheduled payouts; excludes insurance liabilities that do not have maturity dates.

(4) Because their future cash outflows are uncertain, the following non-current liabilities are excluded from this table: deferred taxes (except the Tax Matters Agreement, which is included, as described in note (k) to our pro forma financial information), derivatives, deferred revenue and certain other items.

Impairments of investment securities

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. Our impairment reviews involve our finance and risk teams as well as the portfolio management and research capabilities of GEAM. Our qualitative review attempts to identify those issuers with a greater than 50% chance of default in the coming twelve months. These securities are characterized as "at-risk" of impairment. As of December 31, 2003, securities "at risk" of impairment had aggregate unrealized losses of $40 million.

For fixed maturities, we recognize an impairment charge to earnings in the period in which we determine that we do not expect either to collect principal and interest in accordance with the contractual terms of the instruments or to recover based upon underlying collateral values, considering events such as a payment default, bankruptcy or disclosure of fraud. For equity securities, we recognize an impairment charge in the period in which we determine that the security will not recover to book value within a reasonable period. We determine what constitutes a reasonable period on a security-by-security basis based upon consideration of all the evidence available to us, including the magnitude of an unrealized loss and its duration. In any event, this period does not exceed 18 months for common equity securities. We measure impairment charges based upon the difference between the book value of a security and its fair value. Fair value is based upon quoted market price, except for certain infrequently traded securities where we estimate values using internally developed pricing models. These models are based upon common valuation techniques and require us to make assumptions regarding credit quality, liquidity and other factors that affect estimated values. The carrying value of infrequently traded securities as of December 31, 2003 was $14.1 billion.

In the years ended December 31, 2003, 2002 and 2001, we recognized impairment losses of $224 million, $343 million and $289 million, respectively. We generally intend to hold securities in unrealized loss positions until they recover. However, from time to time, we sell securities in the ordinary course of managing our portfolio to meet diversification, credit quality, yield and liquidity requirements. In the year ended December 31, 2003, the pre-tax realized investment loss incurred on the sale of fixed maturities and equity securities was $239 million. The aggregate fair value of securities sold during that year was $5,220 million, which was approximately 96% of book value.

The following tables present the gross unrealized losses and estimated fair values of our investment securities, on an historical basis, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, as of December 31, 2003:

	Less Than 12 Months				
(Dollar amounts in millions)	**Amortized cost or cost**	**Estimated fair value**	**Gross unrealized losses**	**% underwater**	**# of securities**
Fixed maturities:					
U.S. government and agencies	$ 228	$ 210	$ (18)	7.9%	11
State and municipal	119	118	(1)	0.8%	31
Government—non U.S.	501	493	(8)	1.6%	142
U.S. corporate (including public utilities)	5,948	5,738	(210)	3.5%	458
Corporate—non U.S.	1,573	1,530	(43)	2.7%	198
Asset backed	914	900	(14)	1.5%	95
Mortgage backed	2,065	2,001	(64)	3.1%	247
Subtotal, fixed maturities	11,348	10,990	(358)	3.2%	1,182
Equity securities	53	51	(2)	3.8%	58
Total temporarily impaired securities	$ 11,401	$ 11,041	$ (360)	3.2%	1,240
% Underwater—fixed maturities:					
<20% Underwater	$ 11,219	$ 10,898	$ (321)	2.9%	1,144
20-50% Underwater	128	92	(36)	28.1%	24
>50% Underwater	1	—	(1)	100.0%	14
Total fixed maturities	11,348	10,990	(358)	3.2%	1,182
% Underwater—equity securities:					
<20% Underwater	53	51	(2)	3.8%	40
20-50% Underwater	—	—	—	—	9
>50% Underwater	—	—	—	—	9
Total equity securities	53	51	(2)	3.8%	58
Total temporarily impaired securities	$ 11,401	$ 11,041	$ (360)	3.2%	1,240
Investment grade	$ 10,471	$ 10,185	$ (286)	2.7%	1,032
Below investment grade	810	739	(71)	8.8%	141
Not rated—fixed maturities	67	66	(1)	1.5%	9
Not rated—equities	53	51	(2)	3.8%	58
Total temporarily impaired securities	$ 11,401	$ 11,041	$ (360)	3.2%	1,240

(Dollar amounts in millions)	12 Months or More				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% underwater	# of securities
Fixed maturities:					
U.S. government and agencies	$ —	$ —	$ —	—	—
State and municipal	1	1	—	—	1
Government—non U.S.	12	12	—	—	6
U.S. corporate (including public utilities)	1,084	975	(109)	10.1%	134
Corporate—non U.S.	158	148	(10)	6.3%	30
Asset backed	111	110	(1)	0.9%	9
Mortgage backed	172	171	(1)	0.6%	19
Subtotal, fixed maturities	1,538	1,417	(121)	7.9%	199
Equity securities	49	43	(6)	12.2%	47
Total temporarily impaired securities	$ 1,587	$ 1,460	$ (127)	8.0%	246
% Underwater—fixed maturities:					
<20% Underwater	$ 1,439	$ 1,352	$ (87)	6.0%	169
20-50% Underwater	92	63	(29)	31.5%	23
>50% Underwater	7	2	(5)	71.4%	7
Total fixed maturities	1,538	1,417	(121)	7.9%	199
% Underwater—equity securities:					
<20% Underwater	26	25	(1)	3.8%	27
20-50% Underwater	23	18	(5)	21.7%	20
>50% Underwater	—	—	—	—	—
Total equity securities	49	43	(6)	12.2%	47
Total temporarily impaired securities	$ 1,587	$ 1,460	$ (127)	8.0%	246
Investment grade	$ 718	$ 691	$ (27)	3.8%	90
Below investment grade	820	726	(94)	11.5%	109
Not rated—fixed maturities	—	—	—	—	—
Not rated—equities	49	43	(6)	12.2%	47
Total temporarily impaired securities	$ 1,587	$ 1,460	$ (127)	8.0%	246

The investment securities in an unrealized loss position for less than twelve months account for $360 million, or 74%, of our total unrealized losses. Of the securities in this category, there were five securities with an unrealized loss in excess of $5 million. These five securities had aggregate unrealized losses of $30 million. The amount of the unrealized loss on these securities is driven primarily by the relative size of the holdings, the par values of which range from $40 million to $75 million.

The investment securities in an unrealized loss position for twelve months or more account for $127 million, or 26%, of our total unrealized losses. There are 68 fixed-maturity securities in three industry groups that account for $78 million or 61% of the unrealized losses in this category.

Forty-one of these 68 securities are in the transportation sector and are related to the airline industry. Ninety-nine percent of our airline securities are collateralized by commercial aircraft associated with five domestic airlines. The collateral underlying these securities consists of commercial jet aircraft. We believe these security holdings are in a loss position as a result of ongoing negative market reaction to difficulties in the commercial airline industry. In accordance with our impairment policy described above, we have recognized $30 million and $27 million in other-than-temporary impairments during 2003 and 2002, respectively, associated with the airline industry due to either bankruptcies or restructurings. These holdings were written down to estimated fair value based upon the present value of expected cash flows associated with revised lease terms or the value of the underlying aircraft. As of December 31, 2003 we expect to collect full principal and interest in accordance with the contractual terms of the instruments of our remaining holdings in airline securities. For those airline securities which we have previously impaired, we expect to recover our carrying amount based upon underlying aircraft collateral values.

Eighteen of these 68 securities are in the industrial sector and are primarily in the chemical and paper and timber products industries. Within this sector, there are two issuers, comprising five of the 18 securities, which represent $17 million of the unrealized losses in this sector. Each of the other securities in this sector has unrealized losses of less than $3 million. These two issuers, one of which is in the chemical industry and one of which is in the timber products industry, are current on all terms, show improving trends with regards to liquidity and security price and are not considered at risk of impairment. Our other holdings issued by the chemical company are in unrealized gain positions. Our other holdings issued by the timber products company are collateralized by assets, which provide greater than 100% coverage of the outstanding obligations based on the most recent valuations performed.

The remaining nine of these 68 securities are in the consumer-non cyclical sector and are primarily in the consumer products and retail industries. Within this sector, there is one issuer, comprising two of the nine securities, which represents $13 million of the unrealized losses in this sector. This one issuer, a national retail chain, is current on all terms, shows improving trends with regard to liquidity and security price, and is not considered at risk of impairment. Our other holdings issued by this company are in unrealized gain positions. The remainder of the securities in this sector each have unrealized losses less than $1 million.

In the remaining industry sectors, no single issuer of fixed-maturity securities has an unrealized loss greater than $5 million.

The equity securities in an unrealized loss position for twelve months or more are preferred stocks with fixed maturity-like characteristics and mutual fund investments. No single security has an unrealized loss greater than $5 million.

Off-balance Sheet Transactions

We have used off-balance sheet securitization transactions to mitigate and diversify our asset risk position and to adjust the asset class mix in our investment portfolio by reinvesting securitization proceeds in accordance with our approved investment guidelines.

We have not used securitization transactions to provide us with additional liquidity, and we do not anticipate using securitization transactions for that purpose in the future. The transactions we have used involved securitizations of some of our receivables and investments that were secured by commercial mortgage loans, fixed maturities or other receivables, consisting primarily of policy loans. Total securitized assets remaining as of December 31, 2003 and 2002 were $1.6 billion and $1.9 billion, respectively.

Securitization transactions resulted in net gains, before taxes, of approximately $43 million, $29 million and $145 million for the years ended December 31, 2003, 2002 and 2001, respectively, and were included in net realized investment gains (losses) in our financial statements.

We have arranged for the assets that we have transferred in securitization transactions to be serviced by us directly, or pursuant to arrangements with GEAM and with General Motors Acceptance Corporation. Servicing activities include ongoing review, credit monitoring, reporting and collection activities.

We have entered into credit support arrangements in connection with our securitization transactions. Pursuant to these arrangements, as of December 31, 2003, we provided limited recourse for a maximum of $119 million of credit losses. To date we have not been required to make any payments under any of the credit support agreements. These agreements will remain in place throughout the life of the related entities.

GE Capital, our indirect parent, provides credit and liquidity support to a funding conduit it sponsored, which exposes it to a majority of the risks and rewards of the conduit's activities and therefore makes GE Capital the primary beneficiary of the funding conduit. Upon adoption of FIN 46, GE Capital was required to consolidate the funding conduit because of this financial support. As a result, assets and liabilities of certain previously off-balance sheet securitization entities, for which we were the transferor, were required to be included in our financial statements because the funding conduit no longer qualified as a third party. Because these securitization entities lost their qualifying status, we were required to include $1.2 billion of securitized assets and $1.1 billion of associated liabilities in our Combined Statement of Financial Position in July 2003. The assets and liabilities associated with these securitization entities have been reported in the corresponding financial statement captions in our Combined Statement of Financial Position, and the assets are noted as restricted due to the lack of legal control we have over them. These balances will decrease as the assets mature because we will not sell any additional assets to these consolidated entities.

Our inclusion of these assets and liabilities does not change the economic or legal characteristics of the asset sales. Liabilities of these consolidated entities will be repaid with cash flows generated by the related assets. Credit recourse to us remains limited to the credit support described above. We included $36 million of revenue, $2 million of general expenses and $27 million of interest expense associated with these newly consolidated entities in our historical combined financial statements for the period from July 1 to December 31, 2003. Our consolidation of these securitization entities had no effect on our previously reported earnings.

The following table summarizes the assets and liabilities associated with the securitization entities we included in our Combined Statement of Financial Position, which are part of our Corporate and Other segment as of December 31, 2003:

(Dollar amounts in millions)	Historical
Assets:	
Restricted investments held by securitization entities	$ 1,069
Other assets	65
Total(1)	$ 1,134
Liabilities:	
Borrowings related to securitization entities	$ 1,018
Other liabilities	59
Total	$ 1,077

(1) Includes $51 million of retained interests in securitized assets now consolidated.

For additional information regarding our securitization transactions, see notes 2 and 20 to our combined financial statements, included elsewhere in this prospectus.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and equity prices. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. The following is a discussion of our market risk exposures and our risk management practices.

We enter into market-sensitive instruments primarily for purposes other than trading. The carrying value of our investment portfolio as of December 31, 2003 and 2002 was $77.6 billion and $72.1 billion, respectively, of which 84% and 84%, respectively, was invested in fixed maturities. The primary market risk to our investment portfolio is interest rate risk associated with investments in fixed maturities. We mitigate the market risk associated with our fixed maturities portfolio by matching the duration of our fixed maturities with the duration of the liabilities that those securities are intended to support.

The primary market risk for our long-term borrowings and Equity Units is interest rate risk at the time of maturity or early redemption, when we may be required to refinance these obligations. We continue to monitor the interest rate environment and to evaluate refinancing opportunities as maturity dates approach.

We are exposed to equity risk on our holdings of common stocks and other equities. We manage equity price risk through industry and issuer diversification and asset allocation techniques.

We also have exposure to foreign currency exchange risk. Our international operations generate revenues denominated in local currencies, and we invest cash generated outside the U.S. in non-U.S.-denominated securities. Although investing in securities denominated in local currencies limits the effect of currency exchange rate fluctuation on local operating results, we remain exposed to the impact of fluctuations in exchange rates as we translate the operating results of our foreign operations into our historical combined financial statements. We currently do not hedge this exposure. For the year ended December 31, 2003, 2002 and 2001, respectively, 26%, 12% and 11% of our net earnings from continuing operations were generated by our international operations.

We use derivative financial instruments, such as interest rate and currency swaps, currency forwards and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate interest rate and currency risk by:

- Reducing the risk between the timing of the receipt of cash and its investment in the market;
- Matching the currency of invested assets with the liabilities they support;
- Converting the asset duration to match the duration of the liabilities; and
- Protecting against the early termination of an asset or liability.

As a matter of policy, we have not and will not engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

Sensitivity analysis

Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments.

The following discussion about the potential effects of changes in interest rates, foreign currency exchange rates and equity market prices is based on so-called "shock-tests," which model the effects of interest rate, foreign exchange rate and equity market price shifts on our financial condition and results of operations. Although we believe shock tests provide the most meaningful analysis permitted by the rules and regulations of the Securities and Exchange Commission, they are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by their inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of shock tests for changes in interest rates, foreign currency exchange rates and equity market prices may have some limited use as benchmarks, they should not be viewed as forecasts. These forward-looking disclosures also are selective in nature and address only the potential impacts on our financial instruments. They do not include a variety of other potential factors that could affect our business as a result of these changes in interest rates, currency exchange rates and equity market prices.

One means of assessing exposure of our fixed maturities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in market value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is sometimes referred to as a parallel shift in the yield curve. Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would decrease the market value of our fixed income securities portfolio by approximately $4.0 billion, based on our securities positions as of December 31, 2003.

One means of assessing exposure to changes in foreign currency exchange rates is to model effects on reported earnings using a sensitivity analysis. We analyzed our combined currency exposure as of December 31, 2003, including financial instruments designated and effective as hedges to identify assets and liabilities denominated in currencies other than their relevant functional currencies. Net unhedged exposures in each currency were then remeasured, generally assuming a 10% decrease in currency exchange rates compared to the U.S. dollar. Under this model, with all other factors constant, we estimated at year end 2003 that such a decrease would have an insignificant effect on our net earnings from continuing operations for the year ended December 31, 2004.

One means of assessing exposure to changes in equity market prices is to estimate the potential changes in market values on our equity investments resulting from a hypothetical broad-based decline in equity market prices of 10%. Under this model, with all other factors constant, we estimated that such a decline in equity market prices would decrease the market value of our equity investments by approximately $40 million, based on our equity positions as of December 31, 2003. In addition, fluctuations in equity market prices affect our revenues and returns from our separate account and private asset management products, which depend upon fees that are related primarily to the value of assets under management.

Counterparty credit risk

We manage counterparty credit risk on an individual counterparty basis, which means that gains and losses are netted for each counterparty to determine the amount at risk. When a counterparty exceeds credit exposure limits in terms of amounts owed to us, typically as the result of changes in market conditions (see table below), no additional transactions are executed until the exposure with that counterparty is reduced to an amount that is within the established limit. All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below Moody's A3 or S&P's A-.

Swaps, purchased options and forwards with contractual maturities longer than one year are conducted within the credit policy constraints provided in the table below. Our policy allows for derivative transactions with lower rated counterparties (Moody's "Aa3" and S&P's "AA-") if the agreements governing such transactions require both parties to provide collateral supporting exposures above the unsecured credit limit. Our policy requires foreign exchange forwards with contractual maturities shorter than one year to be executed with counterparties having a credit rating by Moody's of A-1 and by S&P of P-1 and the credit limit for these transactions is $150 million per counterparty.

The following table sets forth our counterparty credit rating criteria as of December 31, 2003:

	Credit rating	
	Moody's	Standard & Poor's
Term of transaction		
Up to five years	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limit		
Up to $50 million	Aa3	AA-
Up to $75 million	Aaa	AAA

The conversion of interest rate and currency risk into credit risk requires us to monitor counterparty credit risk actively. As of December 31, 2003 and 2002, there were no notional amounts of long-term derivatives for which the counterparty was rated below Aa3 by Moody's.

The following table sets forth an analysis of our counterparty credit risk exposures as of the dates indicated:

	Percentage of notional derivative exposure by counterparty credit rating			
	Historical			Pro forma
	December 31,			December 31,
	2003	2002	2001	2003
Moody's rating				
Aaa	95%	91%	98%	93%
Aa	5%	9%	2%	7%
	100%	100%	100%	100%

Seasonality

In general, our business as a whole is not seasonal in nature. However, in our Mortgage Insurance segment, the level of defaults, which increases the likelihood of losses, tends to decrease in the first and second quarters of the calendar year and increase in the third and fourth quarters. As a result, we have experienced lower levels of losses resulting from defaults in the first and second quarters, as compared with the third and fourth quarters.

Inflation

In general, we do not believe that inflation has had a material effect on our historical combined results of operations, except insofar as inflation may affect interest rates. See "—Quantitative and Qualitative Disclosures About Market Risk—Market risk" and "Risk Factors—Risks Relating to Our Business—Interest rate fluctuations could adversely affect our cash flow and profitability."

New Accounting Standards

Currently effective

FIN 46. FIN 46, *Consolidation of Variable Interest Entities,* became effective for us on July 1, 2003. As described above, as a result of the adoption of FIN 46, GE Capital was required to consolidate a funding conduit it sponsored. As a result, assets and liabilities of certain previously off-balance sheet securitization entities were required to be included in our financial statements because the funding conduit no longer qualified as a third party.

B36. SFAS 133 Implementation Issue B36 ("B36"), *Modified Coinsurance Arrangements with Debt Instruments that Incorporate Credit Risk Exposures that are Unrelated or Only Partially Related to the*

Creditworthiness of the Obligor under those Instruments, became effective for us on October 1, 2003. B36 provides that modified coinsurance arrangements, where the ceding insurer withholds funds, may include an embedded derivative that must be bifurcated from the host instrument. The adoption of B36 did not have a material impact on our financial position upon adoption and, based upon our current and expected reinsurance arrangements, we do not expect a material impact on our results of operations or financial condition.

SFAS 150. Statement of Financial Accounting Standards 150 ("SFAS 150"), *Accounting for Certain Financial Instruments with characteristics of both Liabilities and Equity*, became effective for us for the quarter ended September 30, 2003. SFAS 150 requires issuers to classify the following three types of freestanding financial instruments as liabilities: mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity interests by transferring assets and certain obligations to issue a variable number of shares. The adoption of SFAS 150 did not have a material impact on our results of operations or financial condition.

SOP 03-1. In July 2003, the American Institute of Certified Public Accountants issued Statement of Position 03-1 ("SOP 03-1"), *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, which we adopted on January 1, 2004. This statement provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. Prior to adopting SOP 03-1 we held reserves for both variable annuity guaranteed minimum death benefits and the higher-tier annuitization benefit on two-tiered annuities. To record these reserves in accordance with SOP 03-1, we released $10 million, or 7%, of our two-tiered annuity reserves as well as $3 million of guaranteed minimum death benefit reserves. After giving effect to the impact of the additional deferred acquisition cost amortization related to these reserve releases, we recorded a $5 million benefit in cumulative effect of accounting changes, net of taxes, which is not reflected in net earnings from continuing operations.

Corporate Reorganization

Our History

Prior to the completion of this offering and the concurrent offerings, our businesses were owned by GE, a global diversified technology and services company. In the 1980s and 1990s, GE pursued a strategy of developing and acquiring insurance businesses, targeting attractive segments that included the U.S. and international mortgage and life insurance markets.

We entered the U.S. mortgage insurance business in 1981 through a start-up in Cincinnati, Ohio. In 1983, we acquired a competitor, American Mortgage Insurance, located in Raleigh, North Carolina and moved our mortgage insurance headquarters there. In the late 1980s and early 1990s, we acquired several other U.S. mortgage insurers or their books of business. We also acquired mortgage insurance operations in Canada and Australia and launched a start-up business in Europe as part of our strategy to expand into international markets.

We entered the life insurance business in 1993 through our acquisition of GNA Corp., a leading provider of annuities through the bank distribution channel. From 1993 to 2000, we successfully completed the acquisition and integration of 13 key businesses, which significantly expanded the breadth of our product offerings and the scope of our distribution capabilities. We maintained a disciplined focus on effectively integrating the operations of each business we acquired.

In recent years, we have been reviewing our businesses, with the objective of focusing on segments where we have competitive advantage and the greatest potential for growth and returns on capital. We began to redeploy our capital in accordance with that strategy in 2002 and have exited certain product lines, distribution relationships and business units where we lacked long-term competitive advantage, could not deploy capital efficiently or could not achieve our targeted returns. In August 2003, we sold our Japanese life insurance operations and our domestic auto and homeowners' insurance businesses to American International Group, Inc. We also repriced certain products for higher risk-adjusted margins and lowered production targets for products that were not achieving our targeted returns on capital. At the same time, GE has been reviewing its long-term strategy and has actively sought to reduce its investment in insurance businesses and redeploy some of the capital required by those businesses to its other businesses. For example, in December 2003, GE sold substantially all of its financial guaranty insurance business to a consortium led by The PMI Group, Inc.

We have benefited from GE's commitment to operational execution, continuous process improvement, cost productivity, risk management, technology and development of managerial talent. We believe these skills and values provide us with a significant competitive advantage, and we intend to retain them as an integral part of our culture. We also believe our independence from GE will provide us with a number of benefits, allowing us to:

- execute a strategy for our insurance business independent from GE's overall corporate strategy;
- obtain direct access to capital markets;
- use our stock for selective acquisitions; and
- align employee incentive plans more closely with the performance of our company.

Formation of Genworth Financial, Inc.

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization and this offering. We were incorporated solely for this purpose and have not engaged in any activities or formed any subsidiaries, except in preparation for our corporate reorganization and this offering and the concurrent offerings.

Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. GEFAHI is an indirect subsidiary of GE and a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, Viking Insurance Company, which is a Bermuda-based reinsurer primarily of leased equipment insurance and consumer credit insurance, and mortgage contract underwriting. All of our businesses will be transferred to us prior to the completion of this offering through stock transfers, except for the European payment protection business, which will be transferred to us initially through a combination of stock transfers and reinsurance arrangements. See "Arrangements Between GE and Our Company—European Payment Protection Insurance Business Arrangements."

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI the following securities:

- 489.5 million shares of our Class B Common Stock. For a description of the terms of our common stock, see "Description of Capital Stock—Common Stock." GEFAHI is offering 145.0 million shares of Class A Common Stock for sale in a concurrent offering, plus up to an additional 21,750,000 shares that may be sold pursuant to an over-allotment option (all of which shares will be converted from an equal number of shares of Class B Common Stock in connection with that offering).

- $600 million of our Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in this offering.

- $100 million of our Series A Preferred Stock. For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering shares of our Series A Preferred Stock for sale in a concurrent offering.

- $2.4 billion Short-term Intercompany Note. For a description of the terms of this note, see "Description of Certain Indebtedness—Short-term Intercompany Note."

- $550 million Contingent Note. For a description of the terms of this note, see "Description of Certain Indebtedness—Contingent Note."

The liabilities we will assume from GEFAHI include the Yen Notes, which are ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI, ¥3 billion of which GEFAHI currently holds and will transfer to us. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum.

Prior to the completion of this offering and the concurrent offerings, GEFAHI will own 100% of our outstanding common stock, which will consist solely of Class B Common Stock. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE. As a result, all the shares of common stock offered in the concurrent offering consist of Class A Common Stock. Upon the completion of this offering and the concurrent offerings, GE will beneficially own (through GEFAHI) approximately 70% of our outstanding common stock, if the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is not exercised, and 66%, if it is exercised in full. GE has informed us that, after completion of this offering, it intends, subject to market conditions, to divest its remaining interest in us as soon as practicable. GE has also informed us that, in any event, it expects to reduce its interest to below 50% within two years of the completion of this offering. GE currently expects to reduce its interest through one or more additional public offerings of our common stock, but it is not obligated to divest our shares in this or any other manner.

Prior to the completion of this offering, we will enter into a number of arrangements with GE governing our separation from GE and a variety of transition and other matters, including our relationship with GE while GE remains a significant stockholder in our company. These arrangements include several significant reinsurance transactions with Union Fidelity Life Insurance Company, or UFLIC, an indirect subsidiary of GE. As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, policy obligations under our structured settlement contracts, which had reserves of $12.0 billion, and our variable annuity contracts, which had general account reserves of $2.8 billion and separate account reserves of $7.9 billion, each as of December 31, 2003. These contracts represent substantially all of our contracts that were in force as of December 31, 2003 for these products. In addition, effective as of January 1, 2004, we will cede to UFLIC policy obligations under a block of long-term care insurance policies that we reinsured from Travelers, which had reserves of $1.5 billion, as of December 31, 2003. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. We are continuing new sales of structured settlement, variable annuity and long-term care insurance products, and we expect to achieve our targeted returns on these new sales. In addition, we will continue to service these blocks of business, which will preserve our operating scale and enable us to service and grow our new sales of these products. See "Arrangements Between GE and Our Company."

Business

We are a leading insurance company in the U.S., with an expanding international presence, serving the life and lifestyle protection, retirement income, investment and mortgage insurance needs of more than 15 million customers. We have leadership positions in key products that we expect will benefit from a number of significant demographic, governmental and market trends. We distribute our products and services through an extensive and diversified distribution network that includes financial intermediaries, independent producers and dedicated sales specialists. We conduct operations in 20 countries and have approximately 5,850 employees.

We have the following three operating segments:

- ***Protection.*** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. In 2003, we were the the leading provider of individual long-term care insurance and the sixth-largest provider of term life insurance in the U.S., according to LIMRA International (in each case based upon gross written premiums). We believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. and that this channel is the largest and fastest-growing distribution channel for term life insurance. Our leadership in long-term care insurance is based upon almost 30 years of product underwriting and claims experience. This experience has enabled us to build and benefit from what we believe is the largest actuarial database in the long-term care insurance industry. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of $481 million.

- ***Retirement Income and Investments.*** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management, and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. We are an established provider of these products and, in 2003, we were the leading provider of income annuities in the U.S., according to LIMRA International (based upon total premiums and deposits). For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of $93 million.

- ***Mortgage Insurance.*** In the U.S., Canada, Australia and Europe, we offer mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. These products generally also aid financial institutions in managing their capital efficiently by reducing the capital required for low-down-payment mortgages. In 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of mortgage insurance in the U.S. (based upon new insurance written), and we believe we are the largest provider of private mortgage insurance outside the U.S., with leading mortgage insurance operations in Canada, Australia and the U.K. and a growing presence in Continental Europe. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of $369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), most of our interest and other financing expenses, unallocated corporate income and expenses, and the results of several small, non-core businesses that are managed outside our operating segments. For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of $8 million.

We had $11.0 billion of total stockholder's interest and $97.8 billion of total assets as of December 31, 2003, on a pro forma basis. For the year ended December 31, 2003, on a pro forma basis, our revenues were $9.8 billion and our net earnings from continuing operations were $935 million. Upon the completion of this offering, we expect our principal life insurance companies to have financial strength ratings of "AA-" (Very Strong) from S&P, "Aa3" (Excellent) from Moody's and "A+" (Superior) from A.M. Best, and we expect our rated mortgage insurance companies to have financial strength ratings of "AA" (Very Strong) from S&P, "Aa2" (Excellent) from Moody's and "AA" (Very Strong) from Fitch. The "AA" and "AA-" ratings are the third- and fourth-highest of S&P's 21 ratings categories, respectively. The "Aa2" and "Aa3" ratings are the third- and fourth-highest of Moody's 21 ratings categories, respectively. The "A+" rating is the second-highest of A.M. Best's 15 ratings categories. The "AA" rating is the third-highest of Fitch's 24 ratings categories.

Market Environment and Opportunities

We believe we are well positioned to benefit from a number of significant demographic, governmental and market trends, including the following:

- ***Aging U.S. population with growing retirement income needs.*** According to the U.S. Social Security Administration, from 1945 to 2001, U.S. life expectancy at birth increased from 62.9 years to 73.8 years for men and from 68.4 years to 79.4 years for women, respectively, and life expectancy is expected to increase further. In addition, increasing numbers of baby boomers are approaching retirement age. The U.S. Census Bureau projects that the percentage of the U.S. population aged 55 or older will increase from approximately 21% (61 million) in 2002 to more than 29% (95 million) in 2020. These increases in life expectancy and the average age of the U.S. population heighten the risk that individuals will outlive their retirement savings. In addition, approximately $4.4 trillion of invested financial assets (25% of all U.S. invested financial assets) are held by people within 10 years of retirement and are expected to be converted to income as those people retire, according to a survey conducted by SRI Consulting Business Intelligence in 2002. We believe these trends will lead to growing demand for products, such as our annuities and other investment products, that help consumers accumulate assets and provide reliable retirement income.

- ***Growing lifestyle protection gap.*** The aging U.S. population and a number of other factors are creating a significant lifestyle protection gap for a growing number of individuals. This gap is the result of individuals not having sufficient financial resources, including insurance coverage, to ensure that their future assets and income will be adequate to support their desired future lifestyle. Other factors contributing to this gap include declining individual savings rates, rising healthcare and nursing home costs, and a shifting of the burden for funding protection needs from governments and employers to individuals. For example, many companies have reduced employer-paid benefits in recent years, and the Social Security Administration projected in 2003 that the annual costs of Social Security will exceed the program's tax revenue under current law in 2018, creating the potential for both long-term benefit reductions from these traditional sources and the need for individuals to identify alternative sources for these benefits. In addition, according to the U.S. Bureau of Economic Analysis, personal savings rates decreased from 10.9% in 1982 to 3.7% in 2002. Consumers are exposed to the rising costs of healthcare and nursing care during their retirement years, and some experts believe that many consumers are underinsured with respect to their protection needs. For example, according to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance. Moreover, the most recent Survey of Consumer Finances conducted by the Federal Reserve Board found that the median household's life insurance coverage decreased in recent years to 1.4 times household income, which we believe leaves a significant life insurance protection gap for individuals and families. We expect these trends to result in increased demand for our life, long-term care and small group life and health insurance products.

- ***Increasing opportunities for mortgage insurance in the U.S. and other countries.*** We believe a number of factors have contributed and will contribute to the growth of mortgage insurance in the U.S., Canada and Australia, where we have significant mortgage insurance operations. These factors include increasing homeownership levels (spurred in part by government housing policies that favor homeownership); expansion of low-down-payment mortgage loan offerings; legislative and regulatory policies that provide capital incentives for lenders to transfer the risks of low-down-payment mortgages to mortgage insurers; and expansion of secondary mortgage markets that require credit enhancements, such as mortgage insurance. We believe a number of these factors also are becoming evident in some European and Asian markets, where lenders increasingly are using mortgage insurance to manage the risks of their loan portfolios and to expand low-down-payment lending.

Competitive Strengths

We believe the following competitive strengths will enable us to capitalize on opportunities in our targeted markets:

- ***Leading positions in diversified targeted markets.*** We have established leading positions in our targeted markets. In our Protection segment, we are a leading provider of several core products including term life insurance and individual long-term care insurance in the U.S. and payment protection insurance in Europe. In our Retirement Income and Investments segment, we are the leading provider of income annuities. In our Mortgage Insurance segment, we have leading operations in the U.S., Canada, Australia, and the U.K. We believe our leading positions provide us with the scale necessary to compete effectively in these markets as they continue to grow. We also believe our strong presence in multiple markets provides balance to our business, reduces our exposure to adverse economic trends affecting any one market and provides stable cash flow to fund growth opportunities.

- ***Product innovation and smart breadth.*** We have a tradition of developing innovative financial products to serve the needs of our customers. For example, we were the first to introduce long-term care insurance plans that enable married couples to share long-term care insurance benefits. We also introduced the GE Retirement Answer®, a guaranteed income annuity product that mitigates a number of the risks that accompany traditional guaranteed minimum income benefits offered by many of our competitors. We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings. We believe our reputation for innovation and our smart breadth of products enable us to sustain strong relationships with our distributors. It also positions us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships, while at the same time providing distributors continued access to a breadth of products.

- ***Extensive, multi-channel distribution network.*** We have extensive distribution reach and offer consumers access to our products through a broad network of financial intermediaries, independent producers and dedicated sales specialists. In addition, we maintain strong relationships with leading distributors by providing a high level of specialized and differentiated distribution support, such as product training, advanced marketing and sales solutions, financial product design for affluent customers and technology solutions that support the distributors' sales efforts, and by pursuing joint business improvement efforts. For example, in our mortgage insurance business, our AU Central® Internet platform provides lenders real-time access to multiple automated underwriting systems at the point of sale, helping them to originate loans more easily and efficiently. We also offer a joint business improvement program (originally developed by GE), called "At the Customer For the Customer," or ACFC, through which we help our independent sales intermediaries increase sales and realize greater cost and operational efficiencies in their businesses. We believe programs such as AU Central® and ACFC have been favorably received by our distributors and helped to differentiate us from our competitors.

- ***Technology-enhanced, scalable, low-cost operating platform.*** We have pursued an aggressive approach to cost-management and continuous process improvement. We employ an extensive array of cost management disciplines, including aggressive integration efforts, forming dedicated teams to identify opportunities for cost reductions and the continuous improvement of business processes. This has enabled us to reduce our recurring operating expenses and provide funds for new growth and technology investments. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. These tools also make it easier for our customers and distributors to do business with us. For example, we recently introduced GENIUS®, a proprietary digital platform that automates our term life and long-term care insurance new business processing and improves the consistency and accuracy of our underwriting decisions. GENIUS® is designed to substantially shorten the cycle time from receipt-of-application to issuance-of-policy and significantly reduce our policy acquisition costs. In addition, we have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland.

- ***Disciplined risk management with strong compliance practices.*** Risk management and regulatory compliance are critical parts of our business, and we are recognized in the insurance industry for our excellence in these areas. We employ comprehensive risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management and technology development programs. We have an experienced group of more than 130 professionals dedicated exclusively to our risk management processes. As part of GE, we have been able to develop and share best practices for risk management across GE's financial services businesses. These best practices include an in-force product review process, an early-warning system to identify emerging risks and leading-edge tools for investment risk assessment. We believe our disciplined risk management processes have enabled us to avoid a number of the pricing and product design pitfalls that have affected other participants in the insurance industry. For example, we have not offered a traditional guaranteed minimum income benefit with our variable annuities as offered by many of our competitors because we concluded the exposures inherent in these benefits exceed our permissible risk tolerance. In our mortgage insurance business, we have substantially limited our exposure to the riskier portions of the bulk and sub-prime mortgage insurance market. We take a similar disciplined approach to legal and regulatory compliance and have approximately 200 professionals dedicated to these matters. Throughout our company we instill a strong commitment to integrity in business dealings and compliance with applicable laws and regulations. In recognition of this commitment, we have received the American Council of Life Insurers' Integrity First Award for compliance in both 2001 and 2002.

- ***Strong balance sheet and high-quality investment portfolio.*** We believe our size, ratings and capital strength provide us with a significant competitive advantage. We have a diversified, high-quality investment portfolio with $59.8 billion of investment securities, as of December 31, 2003, on a pro forma basis. More than 93% of our fixed maturities had ratings equivalent to investment-grade, and less than 1% of our total investment portfolio consisted of equity securities, as of December 31, 2003, on a pro forma basis. We also actively manage the relationship between our investment assets and our insurance liabilities. Our prudent approach to managing our balance sheet reflects our commitment to maintaining financial strength.

- ***Experienced and deep management team.*** Our senior management team has an average of approximately 17 years of experience in the financial services industry. We have adopted GE's recognized practices for successfully developing managerial talent at all levels of our organization and have instilled a performance- and execution-oriented corporate culture that we will continue to foster as an independent company.

Growth Strategies

Our objective is to increase operating earnings and enhance returns on equity. We intend to pursue this objective by focusing on the following strategies:

- ***Capitalize on attractive growth trends in three key markets.*** We have positioned our product portfolio and distribution relationships to capitalize on the attractive growth prospects in three key markets:

  Retirement income, where we believe growth will be driven by a variety of favorable demographic trends and the approximately $4.4 trillion of invested financial assets in the U.S. that are held by people within 10 years of retirement (according to SRI Consulting Business Intelligence). Our products are designed to enable the growing retired population to convert their invested assets into reliable retirement income.

  Protection, particularly long-term care insurance, where we believe growth will be driven by the increasing protection needs of the expanding aging population and a shifting of the burden for funding these needs to individuals from governments and employers. For example, according to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance.

  International mortgage insurance, where we continue to see attractive growth opportunities with the expansion of homeownership and low-down-payment loans. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. Our international mortgage insurance operations had net earnings of $144 million for the year ended December 31, 2003, or 39% of the total net earnings of our Mortgage Insurance segment.

- ***Further strengthen and extend our distribution channels.*** We intend to further strengthen and extend our distribution channels by continuing to differentiate ourselves in areas where we believe we have distinct competitive advantages. These areas include:

  Product and service innovations, as illustrated by new product introductions, such as the introduction in 2002 of our GE Retirement Answer® and our introduction of innovative private mortgage insurance products in the European market, which we believe have been well received by customers and have generated new distribution relationships for us. Our service innovations include programs such as our policyholder wellness initiatives in our long-term care insurance business and our AU Central® Internet platform in our mortgage insurance business.

Collaborative approach to key distributors, which includes a joint business improvement program (originally developed by GE), called "At the Customer, For the Customer," or ACFC, and our platinum customer service desks, which have benefited our distributors and helped strengthen our relationships with them.

Technology initiatives, such as our GENIUS® underwriting system, which makes it easier for distributors to do business with us, improves our term life and long-term care insurance underwriting speed and accuracy, and lowers our operating costs.

- ***Enhance returns on capital and increase margins.*** We believe we will be able to enhance our returns on capital and increase our margins through the following:

Rigorous product pricing and return discipline. We intend to maintain strict product pricing disciplines that are designed to achieve our target returns on capital. Over the past two years, we introduced restructured pricing on newly issued policies in a number of product lines in each of our operating segments, which we believe will increase our expected returns on new business. In addition, we exited products that were not achieving our target returns. We expect our returns on capital to improve as the benefits of these actions emerge over time and as we continue our focus on maintaining target returns in the future.

Capital efficiency enhancements. We continually seek opportunities to use our capital more efficiently to support our business, while maintaining our ratings and strong capital position. For example, in 2003, we took actions to reduce the statutory capital required to support most of our new term and universal life insurance policies. We expect these actions will enhance the returns on equity on these blocks of business over time. In addition, we expect that the returns for our U.S. mortgage insurance business will increase as a result of our 2003 decision to reduce excess capital at our mortgage insurance subsidiaries by operating at an "AA/Aa2" rating level.

Investment income enhancements. As part of GE, the yield on our investment portfolio has been affected by the practice in recent years of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy was pursued to offset impairments in our bond portfolio, fund consolidations and restructurings in our business and provide current income. As we transition to being an independent public company, our investment strategy will be to optimize investment income without relying on realized investment gains. As a result of this strategy, we expect the yield on our investment portfolio to stabilize, with the potential for increases in a rising interest rate environment. We also will seek to improve our investment yield by continuously evaluating our asset class mix and pursuing additional investment classes.

Ongoing operating cost reductions and efficiencies. We will continually focus on reducing our cost base while maintaining strong service levels for our customers. We expect to accomplish this in each of our operating units through a wide range of cost management disciplines, including consolidating operations, using low-cost operating locations, reducing supplier costs, leveraging Six Sigma and other process improvement efforts, forming dedicated teams to identify opportunities for cost reductions and investing in new technology, particularly for web-based, digital end-to-end processes.

- ***Pursue acquisitions opportunistically.*** We intend to continue to complement our core growth strategy through selective acquisitions designed to enhance our earnings and returns, the breadth of our product portfolio, or our distribution reach. We have successfully completed the acquisition and integration of 13 key businesses since 1993. As a public company, we will have direct access to capital markets, which we believe will enable us to raise external capital in an efficient manner to facilitate selective acquisitions.

Protection

Through our Protection segment, we offer life insurance, long-term care insurance, European payment protection insurance and employment-based group life and health insurance. The following table sets forth, on an actual and pro forma basis, selected financial information regarding our Protection segment as of the dates and for the periods indicated:

	Historical			Pro forma
	As of or for the years ended December 31,			As of or for the year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Net earned premiums				
Life insurance	$ 698	$ 685	$ 711	$ 698
Long-term care insurance	1,775	1,543	1,433	1,568
European payment protection insurance	1,507	1,242	1,161	1,507
Group life and health insurance	608	618	610	608
Total net earned premiums	$ 4,588	$ 4,088	$ 3,915	$ 4,381
Revenues, net of reinsurance				
Life insurance	$ 1,444	$ 1,432	$ 1,511	$ 1,444
Long-term care insurance	2,417	2,087	1,921	2,103
European payment protection insurance	1,615	1,372	1,303	1,615
Group life and health insurance	677	714	708	677
Total revenues, net of reinsurance	$ 6,153	$ 5,605	$ 5,443	$ 5,839
Segment net earnings				
Life insurance	$ 211	$ 252	$ 287	$ 211
Long-term care insurance	171	164	159	165
European payment protection insurance	64	82	58	64
Group life and health insurance	41	56	34	41
Total segment net earnings	$ 487	$ 554	$ 538	$ 481
Assets				
Life insurance	$ 11,742	$ 10,710	$ 10,218	$ 11,742
Long-term care insurance	11,757	10,711	8,651	11,279
European payment protection insurance	4,074	3,866	4,108	4,074
Group life and health insurance	1,681	1,817	1,670	1,681
Total assets	$ 29,254	$ 27,104	$ 24,647	$ 28,776

Life insurance

Overview

Life insurance provides protection against financial hardship after the death of an insured by providing cash payments to the beneficiaries of the policyholder. According to the American Council of Life Insurers, sales of new life insurance coverage in the U.S. were $2.9 trillion in 2002, and total life insurance coverage in the U.S. was $16.3 trillion as of December 31, 2002. Excluding variable life insurance, the sales of which have been adversely affected by recent stock market volatility, annualized premiums for life insurance increased by an average of 9.1% per year from 1999 to 2002, according to LIMRA International.

Our principal life insurance product is term life, which provides life insurance coverage with guaranteed level premiums for a specified period of time with little or no buildup of cash value that is payable upon lapse of the coverage. We have been a leading provider of term life insurance for more than two decades, and, in 2003, we were the sixth-largest provider of term life insurance in the U.S., based upon gross written premiums, according to LIMRA International, and we believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. In addition to term life insurance, we offer universal life insurance products, which are designed to provide protection for the entire life of the insured and may include a buildup of cash value that can be used to meet the policyholder's particular financial needs during his lifetime. Our life insurance business also includes a closed block of whole life insurance that is in run-off. Whole life insurance offers the beneficiary benefits in the event of the insured's death for his entire life, provided premiums have been paid when due. Whole life insurance also allows for the buildup of cash value but has no investment feature.

We price our insurance policies based primarily upon our own historical experience in the risk categories that we target. Our pricing strategy is to target individuals in preferred risk categories and offer them attractive products at competitive prices. Preferred risks include healthier individuals who generally have family histories that do not present increased mortality risk. As of December 31, 2003, approximately 82% of our in-force life insurance policies covered individuals in preferred risk categories. We also have significant expertise in evaluating people with health problems and offer appropriately priced coverage for people who meet our underwriting criteria. Our mortality experience generally has compared favorably to the assumptions we have used in pricing our products, and we believe this is indicative of the quality of our underwriting decision-making. In addition, the persistency of our policies also has compared favorably to our pricing assumptions.

We have been able to improve our returns on equity on new business by implementing pricing, reinsurance and capital management actions in response to Regulation XXX, which requires insurers to establish additional statutory reserves for term and universal life insurance policies with long-term premium guarantees. Virtually all our newly issued term and universal life insurance business is now affected by Regulation XXX.

We offer our life insurance products primarily through an extensive network of independent brokerage general agencies located throughout the U.S. We also offer our life insurance products through affluent market producer groups, financial intermediaries and dedicated sales specialists. We believe there are opportunities to expand our sales through each of these distribution channels.

The following table sets forth selected financial information regarding our life insurance products as of the dates and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
(Dollar amounts in millions)	2003	2002	2001
Term life insurance			
Net earned premiums	$ 664	$ 635	$ 661
Annualized first-year premiums(1)	106	138	105
Revenues, net of reinsurance	747	720	753
Future policy benefits/policy account balances, net of reinsurance	634	567	559
Life insurance in force, net of reinsurance (face amount)	296,942	263,622	278,720
Life insurance in force, before reinsurance (face amount)	457,738	416,305	375,244
Universal and whole life insurance			
Net earned premiums and deposits	402	406	412
Annualized first-year deposits(1)	57	57	41
Revenues, net of reinsurance	697	712	758
Future policy benefits/policy account balances, net of reinsurance	4,509	4,439	4,393
Life insurance in force, net of reinsurance (face amount)	43,726	44,663	45,721
Life insurance in force, before reinsurance (face amount)	53,074	54,587	54,228
Total life insurance(2)			
Net earned premiums and deposits	1,066	1,041	1,073
Annualized first-year premiums(1)	106	138	105
Annualized first-year deposits(1)	57	57	41
Revenues, net of reinsurance	1,444	1,432	1,511
Future policy benefits/policy account balances, net of reinsurance	5,143	5,006	4,952
Life insurance in force, net of reinsurance (face amount)	340,668	308,285	324,441
Life insurance in force, before reinsurance (face amount)	510,812	470,892	429,472

(1) Annualized first-year premiums for term life insurance and deposits for universal life insurance reflect the amount of business we generated during each period shown and do not include renewal premiums or deposits on policies written during prior periods. We consider annualized first-year premiums and deposits to be a measure of our operating performance because they represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

(2) Excludes life insurance written through our group life and health insurance business, a corporate-owned life insurance run-off block managed by our long-term care insurance business and variable life insurance written through our Retirement Income and Investments segment.

Products

Term life insurance

Our term life insurance policies provide a death benefit if the insured dies while the coverage is in force. Term life policies lapse with little or no required payment by us at the end of the coverage period if the insured is still alive. We also offer policyholders the right to convert most of our term insurance policies to specified universal or variable universal life insurance policies issued by us. We seek to reduce the mortality risk associated with conversion by restricting its availability to certain ages and by limiting the period during which the conversion option can be exercised.

Our primary term life insurance products have guaranteed level premiums for initial terms of 5, 10, 15, 20 or 30 years. In addition, our 5-year products offer, at the end of the initial term, a second 5-year term of level premiums, which may or may not be guaranteed. After the guaranteed period expires, premiums increase annually and the policyholder has the option to continue under the current policy by paying the increased premiums without demonstrating insurability or qualifying for a new policy by submitting again to the underwriting process. Coverage continues until the insured reaches the policy expiration age or the policyholder ceases to make premium payments or otherwise terminates the policy, including potentially converting to a permanent plan of insurance. The termination of coverage is called a lapse. For newer policies, we seek to reduce lapses at the end of the guaranteed period by gradually grading premiums to the attained age scale of the insured over the five years following the guaranteed period. After this phase-in period, premiums continue to increase as the insured ages.

Universal life insurance

Our universal life insurance policies provide policyholders with lifetime death benefit coverage, the ability to accumulate assets on a flexible, tax-deferred basis, and the option to access the cash value of the policy through a policy loan, partial withdrawal or full surrender. Our universal life products allow policyholders to adjust the timing and amount of premium payments. We credit premiums paid, less certain expenses, to the policyholder's account and from that account deduct regular expense charges and certain risk charges, known as cost of insurance, which generally increase from year to year as the insured ages. Our universal life insurance policies accumulate cash value that we pay to the insured when the policy lapses or is surrendered. Most of our universal life policies also include provisions for surrender charges for early termination and partial withdrawals. As of December 31, 2003, 54% of our in-force block of universal life insurance was subject to surrender charges. We also sell joint, second-to-die policies that are typically used for estate planning purposes. These policies insure two lives rather than one, with the policy proceeds paid after the death of both insured individuals.

We credit interest on policyholder account balances at a rate determined by us, but not less than a contractually guaranteed minimum. Our in-force universal life insurance policies generally have minimum guaranteed crediting rates ranging from 4.0% to 6.0% for the life of the policy, with a majority of those products currently crediting rates between 4.0% and 5.5%. The most frequent minimum guaranteed crediting rate as of December 31, 2003 was 4%. With interest rates currently at or near historical lows, we are seeking regulatory authorization to reduce our minimum guaranteed crediting rates for new policies.

Underwriting and pricing

We believe that effective underwriting and pricing are significant drivers of the profitability of our life insurance business, and we have established rigorous underwriting and pricing practices to maximize our profitability. We retain most of the risk we currently underwrite (89% in the second half of 2003), thereby minimizing the premiums ceded to reinsurers. Our retention policy is to reinsure all risks in excess of $1 million per life, and the reinsured amount is generally based on the policy amount at the time of issue. We set pricing assumptions for expected claims, lapses, investment returns, expenses and customer demographics based on our own relevant experience and other factors. Our strategy is to price our products competitively for our target risk categories and not, necessarily, to be equally competitive in all categories.

Our current underwriting guidelines place each insurable life insurance applicant in one of eight primary risk categories, depending upon current health, medical history and other factors. Each of these eight categories has specific health criteria, including the applicant's history of using nicotine products. We consider each life insurance application individually and apply our guidelines to place each applicant in the appropriate risk category, regardless of face value or net amount at risk. We may decline an applicant's request for coverage if his health or lifestyle assessment is unacceptable to us. We do not delegate underwriting decisions to independent sales intermediaries or to our dedicated sales specialists. Instead, all underwriting decisions are made by our own underwriting personnel or by our automated underwriting system. We often share information with our reinsurers to gain their insights on potential mortality and underwriting risks and to benefit from their broad expertise. We use the information we obtain from the reinsurers to help us develop effective strategies to manage those risks.

We use independent laboratories to analyze blood and urine samples from applicants and to report their findings to us using standard laboratory techniques and metrics. For applicants of certain ages and for policies with higher face amounts, we collect and evaluate other medical information, such as EKGs and treadmill tests. We ask for comprehensive medical reports on an applicant when we believe existing medical risk factors make it appropriate to do so. We also actively monitor emerging medical technologies and diagnostic indicators, and we incorporate those in our underwriting process based on cost-effectiveness and market acceptance. We believe our monitoring and evaluation process facilitates more effective underwriting decisions and thereby improves our mortality performance.

A key part of our life insurance underwriting program is the streamlined, technology-enhanced process called GENIUS®, which automates new business processing for term life insurance. With this proprietary digital platform, our automated systems are capable of making up to 50% of our underwriting decisions. GENIUS® is designed to significantly shorten the cycle time from receipt-of-application to issuance-of-policy and to reduce our policy acquisition costs. GENIUS® also improves the consistency and accuracy of our underwriting decisions by reducing information and decision-making variation.

Long-term care insurance

Overview

We offer individual long-term care insurance products that provide protection against the high and escalating costs of long-term health care provided in the insured's home and in assisted living and nursing facilities. Insureds become eligible for benefits when they are incapable of performing certain activities of daily living or when they become cognitively impaired. In contrast to health insurance, long-term care insurance provides coverage for skilled and custodial care provided outside of a hospital. The typical claim covers a duration of care of 3 to 24 months.

We were the leading provider of individual long-term care insurance in 2003, according to LIMRA International, based upon number of policies sold and annualized first-year premiums. We established ourselves as a pioneer in long-term care insurance almost 30 years ago. Since that time, we have accumulated extensive pricing and claims experience, which we believe is the most comprehensive in the industry and has enabled us to build what we believe is the largest actuarial database in the industry. We believe our experience gives us a deep understanding of what is required for long term, consistent success and has enabled us to develop a disciplined growth strategy built on a foundation of strong risk management, product innovation and a diversified distribution strategy.

Total individual long-term care insurance premiums for in-force policies in the U.S. increased from approximately $2.4 billion in 1997 to $6.6 billion in 2003, according to LIMRA International, representing a compound annual growth rate of 18.4%. We believe the long-term care insurance market will continue to expand over time as the result of aging demographics, increasing medical costs, the lack of alternate sources to cover these costs (such as Medicare) and increasing public awareness of the need for long-term care insurance. According to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance.

Given the relatively low penetration rate for long-term care insurance, we expect that sales of this product will increase with the growing public awareness of the discrepancy between long-term care costs and Medicare and other public benefits. As the leading provider of individual long-term care insurance, we have made significant investments to further the education and awareness of the benefits of long-term care insurance. Examples of these investments include the national sponsorship of the Alzheimer's Association annual Memory Walk, the creation of a national long-term care awareness day, and free access to our Center for Financial Learning website.

Our rigorous focus on risk management in long-term care insurance is a key part of our disciplined growth strategy and we believe it has differentiated us from our competitors. This focus includes strong pricing disciplines, intelligent product positioning, experienced-based underwriting, sound claims adjudication, disciplined asset-liability management and extensive in-force monitoring processes. Our critical product pricing assumptions such as lapse rates, investment yields, mortality and morbidity are based upon 30 years of experience. As part of our approach to product pricing we stress test all our morbidity and other pricing assumptions through stochastic modeling. Our products are positioned to be particularly attractive to certain segments of the population, based on age and marital status, where we see consistent, favorable claims experience. Our extensive pricing and claims experience and databases enable us to perform in depth analysis so that we can respond to emerging experience and execute product pricing strategies to achieve target returns. We have comprehensive underwriting processes including an experienced team of underwriters, the use of field underwriting procedures that leverage our 1,800 long term care sales specialists, and advanced analytics and technology to improve our risk assessment and operating efficiency. We believe we have one of the largest and most experienced claims organizations in the industry. Our claims adjudication process includes a pre-eligibility assessment by an experienced health professional to establish preliminary claims eligibility, followed by an on-site assessment and care coordination phase to validate eligibility and to design an appropriate plan of care. To mitigate exposure to interest rate risk, including interest rate risk on the investment of in-force premiums, we execute investment and hedging strategies designed to closely match the duration of assets and liabilities related to our long-term care policies. Finally, our in-force monitoring processes include on-going evaluations of product performance, external validation of risks and various simulation tests including stochastic modeling.

Throughout our history, we have consistently been a leader in product innovation. We were one of the first long-term care insurers to offer home care coverages and the first to offer shared plan coverage for married couples. We developed these innovations based upon our risk analytics and in response to policyholder needs and emerging claims experience. Our most recent innovations have included our policyholder wellness initiatives that are designed to improve the overall health of our policyholders. These initiatives provide valuable services to our policyholders, reduce claims expenses and differentiate us from our competitors.

We have a network of diversified sales channels for our long-term care insurance products and services, including a dedicated sales team of approximately 1,800 specialists that accounted for 57% of our annualized first-year premiums in the year ended December 31, 2003. The balance of our new business comes from various other distribution relationships with financial intermediaries, independent producers and other affinity programs. More than 300 dedicated associates support these diversified distribution channels.

The following table sets forth, on an actual and pro forma basis, selected financial information regarding our long-term care insurance business, which includes long-term care insurance, Medicare supplement insurance, as well as several run-off blocks of accident and health insurance and corporate-owned life insurance, as of the dates and for the periods indicated:

	Historical			Pro forma
	As of or for the years ended December 31,			As of or for the year ended December 31,
(Dollar amounts in millions)	2003	2002	2001	2003
Net earned premiums	$ 1,775	$ 1,543	$ 1,433	$ 1,568
Annualized first-year premiums(1)	240	257	255	240
Revenues, net of reinsurance	2,417	2,087	1,921	2,103
Reserves	8,907	7,606	6,473	8,926

(1) Annualized first-year premiums reflect the amount of business we generated during each period shown and do not include renewal premiums on policies written during prior periods. We consider annualized first-year premiums to be a measure of our operating performance because they represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

Products

Our principal product is individual long-term care insurance. Prior to the mid-1990s, we issued primarily indemnity policies, which provide for fixed daily amounts for long-term care benefits. Since the mid-1990s, we have offered primarily reimbursement policies, which provide for reimbursement of documented expenses for nursing home, assisted living facilities or home care expenses. As of December 31, 2003, our in-force policies consisted of approximately 84% reimbursement policies and 16% indemnity policies, measured on a pro forma premium-weighted basis. Reimbursement policies permit us to review individual claims expenses and, therefore, provide greater control over claims cost management than indemnity policies.

Our current long-term care insurance product offerings include a comprehensive coverage product that includes features such as no elimination period for home-care benefits, international coverage and a choice between monthly maximum expense limits and daily limits. We also offer a lower-priced alternative that allows customization of individual benefit plans, including an option that provides reimbursement for 50% of home-care benefits.

Our products provide customers with a choice of a maximum period of coverage from two years to ten years, as well as lifetime coverage. Our current products also provide customers with different choices for the maximum reimbursement limit for their policy, with $100 to $150 per day being the most common choices nationwide. Our new policies can be purchased with a benefit increase option that provides for increases in the maximum reimbursement limit at a fixed rate of 5% per year, which helps to mitigate customers' exposure to increasing long-term care costs. Many long-term care insurance policies sold in the industry have a feature referred to as an elimination period that is a minimum period of time that an insured must incur the direct cost of care before becoming eligible for policy benefits. Although many of our new policies have no elimination period for home care coverage, the majority of our new policies do have an elimination period for care provided in assisted living and nursing facilities. All of these product features allow customers to tailor their coverage to meet their specific requirements and allow us to price our products with better predictability regarding future claim costs.

We sell our long-term care insurance policies on a guaranteed renewable basis, which means that we are required to renew the policies each year as long as the premium is paid. The terms of all our long-term care insurance policies permit us to increase premiums during the premium-paying period if appropriate in light of our experience with a relevant group of policies, although historically it has been our practice not to do so. We may increase premiums on a group of policies in response to those policies' performance, subject to the receipt of regulatory approvals. However, we may not increase premiums due to changes in an individual's health status or age.

In addition to our individual long-term care insurance products, we also offer a group long-term care insurance program for GE employees in the U.S. This group program currently consists of approximately 40,000 long-term care insurance policies and accounted for approximately $24 million of premiums for the year ended December 31, 2003.

We also offer Medicare supplement insurance that provides coverage for Medicare-qualified expenses that are not covered by Medicare because of applicable deductibles or maximum limits. Medicare supplement insurance often appeals to a similar sector of the population as long-term care insurance, and we believe we will be able to use our marketing and distribution strengths for long-term care insurance products to increase sales of Medicare supplement insurance.

The financial results of our long-term care insurance business also include the results of our Medicare supplement insurance product and several small run-off blocks of accident and health insurance products and corporate-owned life insurance. We believe that these blocks of business do not have a material effect on the results of our long-term care insurance business.

Prior to the completion of this offering, we will reinsure a block of our in-force long-term care insurance business with UFLIC, and we will assume a small in-force block of Medicare supplement insurance from UFLIC. See "Arrangements Between GE and Our Company—Reinsurance Transactions."

Underwriting and pricing

We employ extensive medical underwriting policies and procedures to assess and quantify risks before we issue our long-term care insurance policies. For individual long-term care products, we use underwriting criteria that are similar to, but separate from, those we use in underwriting life insurance products. Depending upon an applicant's age and health status, we use a variety of underwriting information sources to determine morbidity risk, or the probability that an insured will be unable to perform activities of daily living or suffer cognitive impairment, and eligibility for insurance. The process entails a comprehensive application that requests health, prescription drug and lifestyle- and activity-related information. Higher-risk applicants are also required to participate in an assessment process by telephone or in person. A critical element of this assessment process is a cognitive exam to identify early cognitive impairments. In addition, an experienced long-term care insurance underwriter conducts a comprehensive review of the application, the results of the assessment process and, in many cases, complete medical records from the applicant's physicians.

To streamline the underwriting process and improve the accuracy and consistency of our underwriting decisions, we implemented the GENIUS® automated underwriting technology in our long-term care insurance business beginning in January 2003. We currently process approximately 25% of our long-term care insurance applications through GENIUS®, and we expect to introduce further enhancements in 2004 that will increase the use of GENIUS® in processing our long-term care insurance applications.

We believe we have one of the largest and most experienced long-term care insurance claims management operations in the industry. Our claims adjudication process includes, with respect to newer policies, a pre-claim assessment by an experienced health professional who establishes preliminary claims eligibility, followed by an on-site assessment and care coordination phase to validate eligibility and to work with the customer in determining an appropriate plan of care. Continued claims eligibility is verified through an ongoing eligibility assessment for existing claimants. We will continue to make investments in new processes and technologies that will improve the efficiency and effectiveness of our long-term care insurance expense tracking and claims decision-making process.

The overall profitability of our long-term care insurance policies depends to a large extent on the degree to which our claims experience, morbidity and mortality experience, lapse rates and investment yields match our pricing assumptions. We believe we have the largest actuarial database in the industry, derived from almost 30 years of experience in offering long-term care insurance products. This database has provided substantial claims experience and statistics regarding morbidity risk, which has helped us to develop a sophisticated pricing methodology tailored to segmented risk categories, depending upon marital status, medical history and other factors. We continually monitor trends and developments that may affect the risk, pricing and profitability of our long-term care insurance products and adjust our new product pricing and other terms as appropriate. We also work with a Medical Advisory Board, composed of independent experts from the medical and nursing care industries, that provides insights on emerging morbidity and medical trends, enabling us to be more proactive in our risk segmentation, pricing and product development strategies.

European payment protection insurance

Overview

We provide payment protection insurance to customers throughout Europe. Payment protection insurance helps consumers meet their payment obligations on outstanding financial commitments, such as mortgages, personal loans or credit cards, in the event of a misfortune such as illness, involuntary unemployment, temporary incapacity, permanent disability or death. We currently offer payment protection insurance in the U.K., where we have offered the product for more than 30 years, and in 12 other European markets, including Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

Finaccord, an industry research firm, estimates that, in 2002, gross written premiums for payment protection insurance with an involuntary unemployment, temporary incapacity, permanent disability or death element were approximately €25.7 billion in the U.K. and the six other European countries it reviewed. Between 1998 to 2002, Finaccord estimates that the average annual growth rates in these seven countries were approximately 10% for retail lending balances and 16.9% for mortgage loans. The U.K. is the largest and most mature market compared to the Republic of Ireland and countries in Continental Europe. Although recent growth rates and margins have varied throughout Continental Europe, they are generally significantly higher than in the U.K.

We distribute our payment protection products primarily through financial institutions, such as major European banks, which offer our insurance products in connection with underlying loans or other financial products they sell to their customers. Under these arrangements, the distributors typically take responsibility for branding and marketing the products, allowing us to take advantage of their distribution capabilities, while we take responsibility for pricing, underwriting and claims payment. As of December 31, 2003, we had arrangements with approximately 87 distributors, including 63 outside the U.K.

We continue to implement innovative methods for distributing our payment protection insurance products, including using web-based tools that provide our distributors with a cost-effective means of applying and selling our products in combination with a broad range of underlying financial products. We believe these innovative methods also will make it easier to establish arrangements with new distributors.

During the year ended December 31, 2003, we entered into 31 new arrangements with financial institutions in Continental Europe and the Republic of Ireland and one new arrangement in the U.K. As we enter into new arrangements and as existing arrangements become due for renewal, we are focused on maintaining a disciplined approach to growth, with an emphasis on arrangements that achieve our targeted returns on capital and increase our operating earnings.

For a description of the arrangements pursuant to which we will acquire the European payment protection business from affiliates of GE, see "Arrangements Between GE and Our Company—European Payment Protection Insurance Business Arrangements."

Products

Our principal product is payment protection insurance, which can support any loan, credit agreement or other financial commitment. Depending upon the type of financial product or commitment, our policies may cover all or a portion of the policyholder's obligation or may cover monthly payments for a fixed period of time. We are able to customize the circumstances under which benefits are paid from among the range of events that can prevent policyholders from meeting their payment obligations. In the event of a policyholder's illness, involuntary unemployment or other temporary inability to work, we cover monthly payment obligations until the policyholder is able to return to work, usually subject to a maximum period of 24 months. In the event of a policyholder's death or permanent disability, we typically repay the entire covered obligation.

In addition to payment protection insurance, we offer related consumer protection products, primarily in the U.K., including:

- Personal accident insurance, which provides a lump-sum benefit in the event that the policyholder sustains a temporary or permanent disability or death as the result of an accident;
- Guaranteed asset protection, which, in the event of an automobile accident, covers any shortfall between the insured value of the vehicle and any outstanding balance under the related loan;
- Purchase protection, which covers losses in the event that products purchased with a credit or debit card are lost, damaged or stolen within a specified period after purchase; and
- Travel insurance, which provides benefits following certain events, such as trip cancellation, medical emergency or death, and the incurrence of legal expenses while traveling. We decided to discontinue this business as of January 1, 2004 because of unfavorable returns, although we will continue to write new consumer policies under our existing contracts with distributors until these contracts expire.

With the exception of our travel insurance arrangements, we will continue to evaluate opportunities to take advantage of our European operations and distribution infrastructure to offer these, and other consumer protection insurance products, more broadly throughout Europe.

The following table sets forth selected financial information regarding our payment protection insurance and other related consumer protection insurance products as of the dates and for the periods indicated:

(Dollar amounts in millions)	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
Gross written premiums	$ 1,532	$ 1,548	$ 1,229
Net earned premiums	1,507	1,242	1,161
Total revenues, net of reinsurance	1,615	1,372	1,303
Losses and loss adjustment expenses	376	307	266
Reserves	2,425	2,342	1,949

We work with our distributors to design and promote insurance products in ways that best complement their product strategies and risk profiles and to ensure that our products comply with all applicable consumer regulations. Through this close cooperation, we believe there are opportunities to increase the benefit of these arrangements by extending our payment protection insurance products across the full range of consumer finance products offered by our distributors. We are also working closely with our distributors to help them increase the percentage of their customers who purchase our protection insurance at the time they enter into a loan or financial commitment and reduce the percentage of customers who elect not to renew our policies upon expiration. Consumers generally pay premiums for our insurance to our distributors, who in turn forward these payments to us, typically net of commissions.

The following table sets forth gross written premiums for payment protection insurance and other related consumer protection products, based upon the residence of the consumer (not the location of the distributor) for each of the periods indicated:

(Dollar amounts in millions)	Historical		
	Years ended December 31,		
	2003	2002	2001
Gross written premiums by region			
U.K. and Republic of Ireland	$ 1,097	$ 1,231	$ 960
France	193	147	130
Nordic region(1)	136	104	76
Southern region(2)	76	43	47
Central region(3)	30	23	16
Total gross written premiums	$ 1,532	$ 1,548	$ 1,229

(1) Finland, Sweden, Norway and Denmark.

(2) Portugal, Spain and Italy.

(3) Germany, Switzerland and The Netherlands.

Our payment protection insurance business is concentrated with relatively few large distributors, and our top five distributors accounted for 64% of our gross written premiums during the year ended December 31, 2003, compared to 68% during the year ended December 31, 2002. Similarly, during the year ended December 31, 2003, the U.K. accounted for approximately 58% of our gross written premiums. Our top five U.K. distributors accounted for 52% of our total gross written premiums.

For the years ended December 31, 2003 and 2002, GE's consumer finance division and other related GE entities accounted for 19% and 14% of our European payment protection insurance gross written premiums, respectively. Prior to the completion of this offering, we will enter into a five-year agreement, subject to certain early termination provisions, that extends our relationship with GE's consumer finance division and provides us with the right to be the exclusive provider of payment protection insurance in Europe for GE's consumer finance operations in jurisdictions where we offer these products.

Consistent with our focus on disciplined growth and returns on capital, as we enter into new arrangements and review existing arrangements with distributors, we will seek to manage these arrangements and deploy capital where we believe we can achieve the highest returns while strengthening our client relationships. In some cases, particularly in the U.K., we have arrangements in place that account for significant revenue without a corresponding benefit to returns on capital. As these arrangements come up for renewal, we intend to reprice these arrangements more favorably, or if this is not possible for competitive or other reasons, in most cases we will not renew them. For example, we did not renew arrangements with our largest distributor (as measured by gross written premiums), a large U.K. bank, which accounted for 25% of gross written premiums during the year ended December 31, 2003, when these arrangements expired at the end of 2003. Although we expect our revenue to decline significantly over the next few years as existing policies from these less profitable arrangements begin to run off, we believe this will not have a material impact on our operating earnings and will have a favorable effect on our returns as capital is released and redeployed into markets with potential for higher growth and returns.

We are continuing to diversify and expand our base of distributors. We are also exploring growth opportunities in Central and Eastern Europe, which we believe will be increasingly receptive to payment protection insurance as consumer lending further develops in those markets. In addition, we believe the accession of additional countries to the European Union will facilitate our entry into those markets.

Underwriting and pricing

We have more than 30 years of experience in underwriting payment protection insurance. Consistent with market practices, our payment protection insurance currently is underwritten and priced on a program basis, by type of product and by distributor, rather than on the basis of the characteristics of the individual policyholder. In setting prices, we take into account the underlying obligation, the particular product features and the average customer profile of the distributor (including data such as customer age, gender and occupation). We also consider morbidity and mortality rates, lapse rates and investment yields in pricing our products. We believe our experience in underwriting allows us to provide competitive pricing to distributors and generate targeted returns and profits for our business.

Group life and health insurance

Overview

We offer a full range of employment-based benefit products and services to employers with fewer than 1,000 employees, as well as select groups within larger companies that require highly customized benefit plans. We refer to our group life and health insurance business as the Employee Benefits Group. This group's products include group non-medical insurance products, such as dental, vision, life and disability insurance; group medical insurance products, such as stop loss insurance and fully insured medical; and individual voluntary products. We use an independent network of approximately 5,000 licensed group life and health insurance brokers and agents, supported by our nationwide sales force of approximately 100 employees, to distribute our group life and health insurance products. Individual voluntary products are sold through employers and other worksite-based groups using a network of independent insurance producers. As of December 31, 2003, our Employee Benefits Group provided employment-based benefit products and services to more than 29,000 organizations, including approximately 2.2 million plan participants.

Many of the employers in our target market do not have large human resource departments with individuals devoted to benefit design, administration and budgeting. As a result, we work closely with independent group benefit brokers and the end customer or employer to design benefit plans to meet the employer's particular requirements. Our customers are small and mid-size employers that require knowledgeable independent group benefit brokers and insurance company representatives to understand their individual financial needs and employee profiles and to structure benefit plans that are appropriate for their particular size, geographical markets and resources. We believe our extensive experience and expertise in group life and health insurance products provide us with opportunities to foster close broker relationships and to assist employers in designing benefit plans, as well as selling traditional insurance products.

The following table sets forth selected financial information regarding our group life and health insurance products as of the dates and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
(Dollar amounts in millions)	2003	2002	2001
Net earned premiums			
Group non-medical insurance	$ 393	$ 402	$ 440
Group medical insurance	179	178	136
Individual voluntary products	36	38	34
Total net earned premiums	$ 608	$ 618	$ 610
Annualized first-year premiums(1)			
Group non-medical insurance	$ 95	$ 93	$ 79
Group medical insurance	35	58	57
Individual voluntary products	14	17	13
Total annualized first-year premiums	$ 144	$ 168	$ 149
Revenues, net of reinsurance			
Group non-medical insurance	$ 428	$ 448	$ 491
Group medical insurance	210	224	179
Individual voluntary products	39	42	38
Total revenues, net of reinsurance	$ 677	$ 714	$ 708
Reserves			
Group non-medical insurance	$ 1,034	$ 1,036	$ 1,021
Group medical insurance	62	72	64
Individual voluntary products	40	39	38
Total reserves	$ 1,136	$ 1,147	$ 1,123
Coverages(2)			
Group non-medical insurance	40,802	41,234	40,689
Group medical insurance	1,517	1,823	1,745
Individual voluntary products	3,446	3,320	3,531

(1) Annualized first-year premiums reflect the amount of business we generated during each period shown and do not include renewal premiums on policies written during prior periods. We consider annualized first-year premiums to be a measure of our operating performance because they

represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

(2) "Coverages" refers to covered groups within a line of coverage. A "covered group" consists of all the employees of a covered company or a select group of employees within a company. A covered group with multiple lines of coverage is counted separately for each line of coverage.

Products

We offer a full range of employee benefits products for the group, group voluntary and individual voluntary markets. We sell group benefits exclusively to employers, which pay all or most of the applicable premiums. We sell group voluntary and individual voluntary benefits through employers to employees, who generally pay all or most of the premiums through payroll deductions. Coverage in both group and group voluntary benefits generally ceases upon the termination of employment, whereas coverage in individual voluntary benefits continues after the termination of employment. Voluntary benefit products enable an employer to expand its available employee benefits without adding to the company's costs. As a result, these programs allow employees to select benefit packages to meet their individual and family needs and budgets, generally at lower premiums than they would pay for comparable benefit packages assembled independently. Employers help to administer group and group voluntary benefits, and we administer individual voluntary benefits with little involvement from employers.

Group non-medical insurance

Our group non-medical insurance consists of dental and vision, life and disability insurance products.

Dental and vision insurance. Our group dental coverage provides benefits to insured employees and their eligible dependents for specified dental services. We also offer dental managed-care plans, which provide differentiated benefit levels depending upon whether the dental provider is a member of a nationwide network. Vision coverage generally is offered as a supplement to dental coverage.

Life insurance. Our group term life insurance product provides benefits in the event of an insured employee's death. The death benefit can be based upon an individual's earnings or occupation, or can be fixed at a set dollar amount. Our products also include optional accidental death and dismemberment coverage as a supplement to our term life insurance policies. This coverage provides benefits for an insured employee's loss of life, limb or sight as a result of accidental death or injury.

Disability insurance. Our group long-term disability coverage is designed to cover the risk of employee loss of income during prolonged periods of disability. Our group short-term disability coverage provides partial replacement of an insured employee's weekly earnings in the event of disability resulting from an injury or illness. Benefits can be a set dollar amount or based upon a percentage of earnings.

Group medical insurance

Our group medical insurance consists of stop loss insurance and fully insured medical.

Stop loss insurance. Our stop loss insurance coverage is written for employers that self-insure their employee medical benefits and covers the risk of higher-than-expected claims experience. Our coverage provides reimbursement for claims in excess of a predetermined level.

We recently launched GE Health Manager™, which is an integrated self-funded medical benefits program that provides employers with stop-loss reinsurance coverage coupled with administrative services. GE Health Manager™ provides simplified on-line administration and effective claims management to employers in our target market. This integrated product provides us with the ability to analyze claims expenses and frequencies and suggest alternative premium structures and customized services to reduce employers' benefits costs.

Fully insured medical. Our group medical coverage provides benefits for insured employees and their dependents for hospital, surgical and ancillary medical expenses. We offer several types of plans with a wide range of plan features, such as indemnity plans, which contain deductibles and co-insurance payments, and preferred provider organization plans, or PPO plans, which reduce deductibles and co-insurance payments for medical services provided by members of a preferred provider network of healthcare providers.

We have purchased excess-of-loss reinsurance coverage to limit our exposure to losses from our group medical insurance policies. This reinsurance covers losses in excess of specified amounts arising from individual claims, as well as aggregate claims from a single group. Our annualized first-year premiums for group medical coverage declined in recent years in part as a result of our decision to concentrate our fully-insured medical plans in limited segments of the employer market where we believe we can achieve our target returns.

Individual voluntary products

We offer individual voluntary life and health insurance and annuity contracts through worksite marketing programs in which our representatives visit employer premises and make presentations to employees. Our individual health coverage consists primarily of short-term disability benefits with benefit periods generally ranging from nine months to two years. Although the policies are sold in connection with a benefit package offered to company employees, each policyholder receives an individual policy, and coverage can continue after termination of employment if the policyholder continues to make premium payments.

Underwriting and pricing

Group insurance pricing is different from individual product pricing in that it reflects the group's claims experience, when appropriate. The risk characteristics of each group are reviewed at the time the policy is issued and each year thereafter, resulting in ongoing adjustments to the group's pricing. The key rating and underwriting criteria are the group's demographic composition, including the age, gender and family composition of the group's members, the industry of the group, geographic location, regional economic trends, plan design and the group's prior claims experience.

We have a data warehouse that is integrated with all our claims processing systems. The data warehouse contains at least seven years of experience for each product that helps us predict future experience by modeling the impact of changes in current rates against historic claims. Our automated underwriting quotation and renewal systems efficiently process low-risk cases and identify high-risk cases for further underwriter review. We also have developed proprietary automated underwriting techniques that enhance the speed and accuracy of, and reduce variations in, our underwriting decision-making.

Competition

We face significant competition in all our Protection segment operations. Our competitors include other large and highly rated insurance carriers. Some of these competitors have greater resources than we do, and many of them offer similar products and use similar distribution channels. We also face competition in our life, long-term care and group insurance product lines for independent sales intermediaries and our dedicated sales specialists. This competition is based primarily upon product pricing and features, compensation and benefits structure and support services offered. We continuously provide technology upgrades and enhanced training, and we seek to improve service for our independent sales intermediaries and dedicated sales specialists.

In our European payment protection insurance business, we are one of the few payment protection insurance providers with operations across Europe. Our competitors are divided into two broad groups: the large pan-European payment protection providers and local competitors, consisting principally of smaller national insurance companies. We also compete with captive insurers, particularly in the U.K., as our distributors increasingly consider the benefits of providing payment protection insurance directly to their customers.

Retirement Income and Investments

Overview

Through our Retirement Income and Investments segment, we offer fixed deferred, fixed immediate, and variable deferred annuities. We offer these products to a broad range of consumers, generally aged 45 and older, who want to accumulate tax-deferred assets for retirement, desire a tax-efficient source of income during their retirement, and seek to protect against outliving their assets during retirement. According to LIMRA International, sales of individual annuities were $220 billion in 2002, the last year for which industry data regarding aggregate sales of individual annuities is available, compared to $185 billion in 2001. For the year ended December 31, 2003, based upon total premiums and deposits, we were the largest provider of income annuities in the U.S., according to LIMRA International.

We offer fixed and variable deferred annuities, in which assets accumulate until the contract is surrendered, the contractholder dies or the contractholder begins receiving benefits under an annuity payout option, as well as retirement or fixed immediate annuities, in which payments begin within one year of issue and continue for a fixed period or for life. We believe our wide range of fixed annuity products has provided a stable source of asset growth during volatile equity and bond markets in recent years, and our variable annuity offerings continue to appeal to contractholders who wish to participate in returns linked to equity and bond markets. We also offer variable life insurance through our Retirement Income and Investments segment because this product provides investment features that are similar to our variable annuity products.

In addition to our annuity and variable life insurance products, we also offer a number of specialty products, including guaranteed investment contracts, or GICs, funding agreements and structured settlements. We sell GICs to ERISA-qualified plans, such as pension and 401(k) plans, and we sell funding agreements to money market funds that are not ERISA-qualified and to other institutional investors. Our structured settlements provide an alternative to a lump sum settlement generally in a personal injury lawsuit and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant with benefits scheduled to be paid throughout a fixed period or for the life of the claimant. In addition, we offer private asset management services for affluent individual investors.

We structure our annuity products through a rigorous pricing and underwriting process designed to achieve targeted returns based upon each product's risk profile and our expected rate of investment returns. We compete for sales of annuities through competitive pricing policies and innovative product design. For example, we recently introduced the GE Retirement Answer®, or GERA™, which is an annuity product that guarantees a minimum income stream to the contractholder at the end of an accumulation period, but avoids a number of the risks to the insurer that generally accompany traditional products with guaranteed minimum income benefits. We also expect to continue to differentiate ourselves through other innovative products, and we are developing a suite of additional retirement income products for launch in 2004.

We offer our annuities and other investment products primarily through financial institutions and specialized brokers, as well as independent accountants and independent advisers associated with our captive broker dealer.

The following table sets forth selected information regarding the products we offer through our Retirement Income and Investments segment as of the dates and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
(Dollar amounts in millions)	2003	2002	2001
Spread-Based Retail Products			
Fixed annuities			
Account value net of reinsurance, beginning of period	$ 13,753	$ 11,965	$ 10,753
Deposits	1,069	2,663	2,434
Interest credited	603	606	552
Surrenders and benefits	(1,248)	(1,471)	(1,763)
Product charges	(11)	(10)	(11)
Account value net of reinsurance, end of period	$ 14,166	$ 13,753	$ 11,965
Income annuities			
Account value net of reinsurance, beginning of period	$ 4,673	$ 4,002	$ 3,456
Net earned premiums and deposits	717	979	786
Interest credited	292	277	253
Surrenders and benefits	(650)	(562)	(471)
Product charges	(24)	(23)	(22)
Account value net of reinsurance, end of period	$ 5,008	$ 4,673	$ 4,002
Structured settlements(1)			
Account value, beginning of period	$ 11,544	$ 11,098	$ 10,279
Net earned premiums and deposits	581	516	856
Interest credited	827	797	770
Surrenders and benefits	(912)	(847)	(778)
Product charges	(23)	(20)	(29)
Account value, end of period	$ 12,017	$ 11,544	$ 11,098
Total annualized first-year premiums from spread-based retail products(2)	$ 1,045	$ 991	$ 1,023
Total deposits on spread-based retail products(3)	1,322	3,167	3,053
Spread-Based Institutional Products			
GICs and funding agreements			
Account value, beginning of period	$ 10,274	$ 8,693	$ 5,800
Deposits (4)	3,702	3,862	4,228
Interest credited	296	230	315
Surrenders and benefits (4)	(4,745)	(2,511)	(1,650)
Account value, end of period	$ 9,527	$ 10,274	$ 8,693
Total deposits on spread-based institutional products(3)(4)	$ 3,702	$ 3,862	$ 4,228

(Dollar amounts in millions)	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
Fee-Based Products			
Variable annuities(1)			
Account value, beginning of period	$ 9,048	$ 10,168	$ 10,700
Deposits	2,102	1,667	2,309
Interest credited and investment performance	1,356	(1,091)	(1,530)
Surrenders and benefits	(1,483)	(1,571)	(1,172)
Product charges	(119)	(125)	(139)
Account value, end of period	$ 10,904	$ 9,048	$ 10,168
Variable life insurance			
Deposits	$ 45	$ 47	$ 53
Future policy benefits/policy account balances, net of reinsurance	12	8	3
Separate account liability	269	220	255
Life insurance in force	3,630	3,628	3,476
Asset management			
Revenues	32	40	—
Deposits(5)	760	650	—
Assets under management	2,395	1,762	1,836
Total deposits on fee-based products(3)	2,907	2,364	2,362

(1) Prior to the completion of this offering, we will cede to UFLIC, effective as of January 1, 2004, all of our in-force structured settlement contracts and substantially all of our in-force variable annuity contracts.

(2) Represents annualized first-year premiums earned on spread-based income annuities and structured settlements with life contingencies. Annualized first-year premiums reflect the amount of business we generated during each period shown and do not include renewal premiums on policies written during prior periods. We consider annualized first-year premiums to be a measure of our operating performance because they represent a measure of new sales of insurance policies during a specified period, rather than a measure of our revenues or profitability during that period. This operating measure enables us to compare our operating performance across periods without regard to revenues or profitability related to policies sold in prior periods or from investments or other sources.

(3) Represents deposits received on spread-based non-life-contingent products and on fee-based products. We consider deposits, like annualized first-year premiums, to be a measure of our operating performance because they represent a measure of additional investments by our customers during a specified period, rather than a measure of our revenues or profitability during that period.

(4) "Surrenders and benefits" include contracts that have matured but are redeposited with our company and reflected as deposits. In the years ended December 31, 2003, 2002 and 2001, surrenders and benefits of spread-based institutional products included $1,675 million, $800 million and $485 million, respectively, that was redeposited and reflected under "Deposits."

(5) Our clients own the assets deposited in our asset management products, and we receive a management fee based on the amount of assets under management.

The following table sets forth, on an actual and pro forma basis, selected financial information regarding our Retirement Income and Investments segment as of the dates and for the periods indicated:

	As of or for the years ended December 31,			Pro forma As of or for the year ended December 31,
	2003	2002	2001	2003
(Dollar amounts in millions)				
Net earned premiums				
Spread-based retail products	$ 1,045	$ 991	$ 1,023	$ 1,045
Spread-based institutional products	—	—	—	—
Fee-based products	—	—	—	—
Total net earned premiums	$ 1,045	$ 991	$ 1,023	$ 1,045
Revenues, net of reinsurance				
Spread-based retail products	$ 3,111	$ 3,028	$ 2,992	$ 2,238
Spread-based institutional products	346	419	464	346
Fee-based products	324	309	265	123
Total revenues, net of reinsurance	$ 3,781	$ 3,756	$ 3,721	$ 2,707
Segment net earnings				
Spread-based retail products	$ 109	$ 119	$ 164	$ 60
Spread-based institutional products	29	47	43	29
Fee-based products	13	20	8	4
Total segment net earnings	$ 151	$ 186	$ 215	$ 93
Assets				
Spread-based retail products	$ 34,255	$ 33,493	$ 30,377	$ 32,112
Spread-based institutional products	9,346	10,175	9,129	9,346
Fee-based products	12,013	9,956	11,006	11,207
Total assets	$ 55,614	$ 53,624	$ 50,512	$ 52,665

Products

Spread-Based Retail Products

Fixed annuities

We offer fixed single premium deferred annuities, or SPDAs, which provide for a single premium payment at time of issue, an accumulation period and an annuity payout period at some future date. We also offer fixed annuities that permit additional deposits to be made into the contract after the time of issue. During the accumulation period, we credit the account value of the annuity with interest earned at an interest rate, called the crediting rate. The crediting rate is guaranteed initially for a period of one to seven years, at the contractholders' option, and thereafter is subject to change based upon competitive factors, prevailing market rates and product profitability. Each contract also has a minimum guaranteed crediting rate. Our fixed annuity contracts are funded by our general account, and the accrual of interest during the accumulation period is generally on a tax-deferred basis to the owner. The majority of our fixed annuity contractholders retain their contracts for 5 to 10 years. After the period specified in the annuity contract, the contractholder may elect to take the proceeds of the annuity as a single payment or over time.

Our fixed annuity contracts permit the contractholder at any time during the accumulation period to withdraw all or part of the single premium paid, plus the amount credited to his account, subject to contract provisions such as surrender charges that vary depending upon the terms of the product. The contracts impose surrender charges that typically vary from 5.0% to 8.0% of the account value, starting in the year of deposit and decreasing to zero over a 5- to 9-year period. The contractholder also may withdraw annually up to 10% of the account value without penalty. Approximately $10.4 billion, or 73.8% of the total account value of our fixed annuities as of December 31, 2003, were subject to surrender charges.

At least once each month, we set an interest crediting rate for newly issued fixed SPDAs and additional deposits. We maintain the initial crediting rate for a minimum period of one year or the guarantee period, whichever is longer. Thereafter, we may adjust the crediting rate no more frequently than once per year for any given deposit. Our in-force fixed annuity products generally have minimum guaranteed crediting rates ranging from 3.0% to 5.5% for the life of the contract, and currently we are crediting rates between 3.0% and 4.2% on a majority of those products. The most frequent minimum guaranteed crediting rate as of December 31, 2003 was 3.0%. We are in the process of filing new products with lower minimum guaranteed crediting rates and, as of December 31, 2003, we have received regulatory approval from 45 states. As a result, most of our recently issued annuity contracts have minimum guaranteed crediting rates between 1.5% and 3.0%. Minimum guaranteed rates will not change for our in-force contracts.

Our earnings from fixed annuities are based upon the spread between the crediting rate on our fixed annuity contracts and the returns we earn on our investment of premiums in our general account.

Income annuities

We offer income annuities, also known in the industry as single premium immediate annuities, or SPIAs, which provide for a single premium at the time of issue and guarantee a series of payments beginning within one year of the issue date and continuing over a period of years.

Our income annuities differ from deferred annuities in that they provide for contractually guaranteed payments that begin within one year of issue. Income annuities are not subject to surrender or borrowing by the contractholder, and therefore they provide us with the opportunity to match closely the underlying investment of the deposit received to the cash benefits to be paid under a policy and provide for an anticipated margin for expenses and profit, subject to credit, reinvestment and, in some cases, mortality risk.

The two most common types of income annuities are the life-contingent annuity, which makes payments for the life of a contractholder, and the joint and survivor annuity, which continues to make payments to a second contractholder, such as a spouse, after the death of the contractholder. We also offer period certain annuities, which make payments for a minimum period from 5 to 20 years even if the contractholder dies within the term certain period. Income annuities typically are sold to contractholders approaching retirement. We anticipate higher sales of income annuities with the demographic shift toward more people reaching retirement age and focusing on their need for dependable retirement income.

Structured settlements

Structured settlement contracts provide an alternative to a lump-sum settlement, generally in a personal injury lawsuit, and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant. The structured settlements provide scheduled payments over a fixed period or, in the case of a life-contingent structured settlement, for the life of the claimant with a guaranteed minimum period of payments. These settlements offer tax-advantaged, long-range financial security to the injured party and facilitate claim settlement for the property and casualty insurance carrier. Structured settlement contracts are long-term in nature, guarantee a fixed benefit stream and generally do not permit surrender or borrowing against the amounts outstanding under the contract.

Prior to the completion of this offering, GE Capital guaranteed some of our structured settlement contracts. After the completion of this offering, GE Capital will no longer guarantee any of our new structured settlement contracts.

Prior to the completion of this offering, we will reinsure all of our in-force structured settlements business with UFLIC. See "Arrangements Between GE and Our Company —Reinsurance Transactions." We intend to continue to write structured settlements on a limited, opportunistic basis at targeted returns, capitalizing on our experience and relationships in this product which may result in decreased sales of structured settlements.

Spread-Based Institutional Products

Guaranteed investment contracts and funding agreements

We offer guaranteed investment contracts, or GICs, and funding agreements, which are deposit-type products that pay a guaranteed return to the contractholder on specified dates. GICs are purchased by ERISA-qualified plans, including pension and 401(k) plans. Funding agreements are purchased by institutional accredited investors for various kinds of funds and accounts that are not ERISA-qualified. Purchasers of funding agreements include money market funds, bank common trust funds and other corporate and trust accounts and private investors in the U.S. and other countries.

Substantially all our GICs allow for the payment of benefits at contract value to ERISA plan participants prior to contract maturity in the event of death, disability, retirement or change in investment election. We carefully underwrite these risks before issuing a GIC to a plan and historically have been able to effectively manage our exposure to these benefit payments. Our GICs typically credit interest at a fixed interest rate and have a fixed-maturity generally ranging from two to six years. Contractholders may terminate our GICs upon 90 days' notice, but subject to an adjustment to the contract value for changes in the level of interest rates from the time the GIC was issued.

Our funding agreements generally credit interest on deposits at a floating rate tied to an external market index. To hedge our exposure to fluctuations in interest rates, we invest the proceeds backing floating-rate funding agreements in floating-rate assets. Some of our funding agreements are purchased by money market funds, bank common trust funds and other short-term investors. These funding agreements typically are renewed annually, and generally contain "put" provisions, through which the contractholder has an option to terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. GE Capital has agreed to guarantee our obligations under these funding agreements that were issued prior to November 18, 2003 and certain renewals with a final maturity on or before June 30, 2005. As of December 31, 2003, the aggregate amount outstanding of these funding agreements was approximately $2.9 billion, of which $2.4 billion had put option features, including $450 million with put option notice periods of 30 days or less, compared to an aggregate of $3.7 billion as of December 31, 2002. We issue the remainder of our funding agreements to trust accounts to back medium-term notes purchased by investors. These funding agreements contain no early termination provisions and typically are issued for terms of one to seven years. As of December 31, 2003, the aggregate amount of these type of funding agreements was $3.0 billion, compared to $3.1 billion as of December 31, 2002.

In addition to the GICs that we offer, effective as of January 1, 2004, we entered into three agreements with affiliates of GE to manage a pool of municipal guaranteed investment contracts issued by those affiliates. Pursuant to these agreements, we will originate GIC liabilities and advise the GE affiliates regarding the investment, administration and management of their assets that support those liabilities. Under two of those agreements, we will receive an administration fee of 0.165% per annum of the maximum program size for those GE affiliates, which was an aggregate of $15.0 billion as of December 31, 2003. The agreements also provide for termination fees in the event of early termination at the option of either affiliate. Under a third agreement with another affiliate, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or similar securities issued by this affiliate after January 1, 2003, which was $912 million as of December 31, 2003. The fee we will receive on the contracts issued by that affiliate before January 1, 2003 will be based upon a pricing arrangement that will vary depending upon the maturities of those contracts and that affiliate's cost of capital. The book value of the contracts issued before January 1, 2003 was $2,008 million as of December 31, 2003 and is expected to generate a weighted average fee of approximately 0.35% in 2004. We also will receive reimbursement of our operating expenses under each of the agreements. The initial term of each of the three agreements will expire December 31, 2006, and unless terminated at the option of either party, each agreement will automatically renew on January 1 of each year for successive terms of one year. See "Arrangements Between GE and Our Company—Relationship with GE—Liability and Portfolio Management Agreements."

Fee-Based Products

Variable annuities

We offer variable annuities that allow the contractholder to make payments into separate investment accounts, as determined by the contractholder. Like a deferred fixed annuity, a deferred variable annuity has an accumulation period and a payout period. The main difference between our fixed annuity products and our variable annuity products is that the variable annuities allow the contractholder to allocate all or a portion of his account value to separate accounts that invest in investment accounts that are distinct from our general account and track the performance of selected mutual funds, including offerings from Fidelity, AIM and GE. There is no guaranteed minimum rate of return in these subaccounts, and the contractholder bears the entire risk associated with the performance of these subaccounts. Some of our variable annuities also permit the contractholder to allocate all or a portion of his account value to our general account, in which case we credit interest at specified rates, subject to certain guaranteed minimums, which are comparable to the minimum rates in effect for our fixed annuities.

Similar to our fixed annuities, our variable annuity contracts permit the contractholder to withdraw all or part of the premiums paid, plus the amount credited to his account, subject to contract terms such as surrender charges. The cash surrender value of a variable annuity contract depends upon the value of the assets that have been allocated to the contract, how long those assets have been in the contract and the investment performance of the mutual funds to which the contractholder has allocated assets.

Variable annuities provide us with fee-based revenue in the form of expense charges and, in some cases, mortality charges. These fees equal a percentage of the contractholder's assets in the separate account and typically range from 1.25% to 1.70% per annum. We also receive fees charged on assets allocated to our separate account to cover administrative costs, as well as a portion of the management fees from the mutual funds in which assets are invested.

We also offer variable annuities with fixed account options and with bonus features. Variable annuities with fixed account options enable the contractholder to allocate a portion of his account value to the fixed account, which pays a fixed interest crediting rate. The portion of the account value allocated to the fixed account option represents general account liability for us and functions similarly to a traditional fixed annuity, whereas for the portion allocated to the separate account, the contractholder bears the investment risk. Our variable annuities with bonus features entitle the contractholder to an additional increase to his account value upon making a deposit. However, variable annuities with bonus features are subject to different surrender charge schedules and expense charges than variable annuities without the bonus feature.

We provide our variable annuity contractholders with the option to purchase, as a separate rider, a guaranteed minimum death benefit, or GMDB, which provides the contractholder's survivors a minimum account value upon the contractholder's death. As of December 31, 2003, the account value of our variable annuities with GMDBs was approximately $10.5 billion, with related death benefit exposure of approximately $1.6 billion. We have reinsured approximately 62% of the account value and 86% of this in-force exposure. Assuming every contractholder died on December 31, 2003, as of that date, contracts with GMDB features not covered by reinsurance had an account value of $3.9 billion and a related death benefit exposure of $234 million net amount at risk. In addition to reinsurance, prior to our adoption of SOP 03-1 on January 1, 2004, we established reserves equal to the accumulated value of the charges for the benefit less any actual death benefit claims. In recent years, because of adverse claims experience and other factors, reinsurers began to withdraw from this market. Consequently, in June 2003, we stopped reinsuring all of our newly issued variable annuity contracts with GMDB features. In May 2003, we raised prices of, and reduced certain benefits under, our newly issued GMDBs. We continue to evaluate our pricing of GMDB features and intend to seek regulatory approval for additional price increases when appropriate.

We continually review potential new variable annuity products and pursue only those where we believe we can achieve targeted returns in light of the risks involved. Unlike several of our competitors, we have not offered variable annuity products with traditional guaranteed minimum income benefits, or GMIBs, or with guaranteed minimum accumulation benefits, or GMABs. Traditional GMIB products guarantee a specified minimum appreciation rate for a defined period of time after annuity payments commence. GMAB products guarantee a customer's account value will be no less than the original investment at the end of a specified accumulation period, plus a specified interest rate.

Although we do not offer traditional GMIBs or GMABs, we have been able to capitalize on the demand for products with guarantees with our GERA™ product, which we launched in April 2002. GERA™ is a variable deferred annuity that has a minimum 10-year scheduled deposit period for customers who desire guaranteed minimum income streams at the end of an accumulation period. If a contractholder makes the required scheduled deposits, he is guaranteed a minimum income stream at the end of the accumulation period. The income stream may exceed the guaranteed minimum based upon the performance of the separate accounts underlying the product. As of December 31, 2003, we had $139 million of lump-sum deposits and collected scheduled periodic deposits for this product. Based on key product design features, some of which have patents pending, we believe GERA™ allows us to provide our customers a guaranteed income annuity product that mitigates a number of the risks that accompany traditional guaranteed minimum income benefits offered by many of our competitors.

Prior to the completion of this offering, we will reinsure our in-force variable annuities business, excluding the GERA™ product and a small block of contracts in run-off, with UFLIC. See "Arrangements Between GE and Our Company—Reinsurance Transactions."

Variable life insurance

We offer variable life insurance products that provide insurance coverage through a policy that gives the policyholder flexibility in investment choices and, in some products, in premium payments and coverage amounts. Our variable life products enable the policyholder to allocate all or a portion of his premiums to separate accounts that invest in investment accounts that are distinct from our general account and track the performance of selected mutual funds, including funds from Fidelity, AIM and GE. There is no guaranteed minimum rate of return in these subaccounts, and the policyholder bears the entire risk associated with the performance of these subaccounts. Some of our variable life insurance products also permit the policyholder to allocate all or a portion of his account value to our general account, in which case we credit interest at specified rates, subject to certain guaranteed minimums, which are comparable to the minimum rates in effect for our fixed annuities.

Similar to our variable annuity products, we collect specified mortality and expense charges, fees charged on assets allocated to the separate account to cover administrative services and costs, and a portion of the management fees from the various underlying mutual funds in which the assets are invested. We collect cost of insurance charges on our variable life insurance products to compensate us for the mortality risk of the guaranteed death benefit, particularly in the early years of the policy when the death benefit is significantly higher than the value of the policyholder's account.

Asset management

We offer asset management services to affluent individual investors. Most of our clients for these services have accumulated significant retirement capital, and our principal asset management strategy is to help protect their retirement assets while taking advantage of opportunities for capital appreciation. Our asset management clients are referred to us through their financial advisers. We work with these financial advisers to develop portfolios consisting of individual securities, mutual funds and variable annuities designed to meet each client's particular investment objectives. Our products consist of separately managed accounts, managed mutual funds accounts, and managed variable annuity services. For each of these products, we receive a management fee based upon the amount of assets under management.

A separately managed account is an individually managed client account in which multiple institutional money managers purchase a diversified portfolio of individual stocks on a client's behalf, in accordance with the client's defined needs and objectives. Our clients directly own the stocks in their individual portfolios, and we continuously monitor and evaluate each money manager and the investment performance in each portfolio. We also offer clients access to managed accounts investing in a variety of mutual funds, including funds offered by GE. By working in cooperation with our clients' financial advisers, we seek to achieve each client's investment objectives by selecting the optimal mutual funds.

Our asset management services generally require minimum investments of $50,000. As of December 31, 2003, we managed more than $2 billion for more than 15,000 accounts worldwide.

Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, asset retention services and compliance support. GEFAHI will pay us a fee of up to $10 million per year for four years to provide these services. The fee will be determined based upon the level of third-party assets under management managed by GEAM over the four-year term.

Underwriting and pricing

We generally do not underwrite individual lives in our annuity products, other than structured settlements and some income annuities. Instead, we price our products based upon our expected investment returns and our expectations for mortality, longevity and persistency for the group of our contractholders as a whole, taking into account mortality improvements in the general population and our historical experience. We price variable and immediate deferred annuities by analyzing longevity and persistency risk, volatility of expected earnings on our assets under management, and the expected time to retirement. We price our GICs using customized pricing models that estimate both expected cash flows and likely variance from those expectations caused by reallocations of assets by plan participants. We price income annuities and structured settlements using our mortality experience and assumptions regarding continued improvement in annuitant longevity, as well as assumptions regarding investment yields at the time of issue and thereafter.

Competition

As in our Protection segment, we face significant competition in all our Retirement Income and Investments businesses. Many other companies actively compete for sales in our markets, including other major insurers, banks, other financial institutions, mutual fund and money asset management firms and specialty providers. In many of our product lines, we face competition from competitors that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher claims-paying ratings than we do. Many competitors offer similar products and use similar distribution channels. The substantial expansion of banks' and insurance companies' distribution capacities and expansion of product features in recent years has intensified pressure on margins and production levels and has increased the level of competition in many of our business lines.

We believe competition in our Retirement Income and Investments businesses is based on several factors, including product features, customer service, brand reputation, penetration of key distribution channels, breadth of product offering, product innovations and price.

Mortgage Insurance

Overview

Through our Mortgage Insurance segment, we offer mortgage insurance in the U.S., Australia, Canada and Europe.

Private mortgage insurance expands homeownership opportunities by enabling borrowers to buy homes with "low-down-payment mortgages," which are usually defined as loans with a down payment of less than 20% of the home's value. Low-down-payment mortgages are sometimes also referred to as high loan-to-value mortgages. Mortgage insurance products increase the funds available for residential mortgages by protecting mortgage lenders and investors against loss in the event of a borrower's default. These products generally also aid financial institutions in managing their capital efficiently by reducing the capital required for low-down-payment mortgages. If a borrower defaults on mortgage payments, private mortgage insurance reduces and, in some instances, eliminates the loss to the insured institution. Private mortgage insurance also facilitates the sale of mortgage loans in the secondary mortgage market.

We have been providing mortgage insurance products and services in the U.S. since 1981 and now operate in all 50 states in the U.S. and the District of Columbia. For the year ended December 31, 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of mortgage insurance in the U.S. (based upon new insurance written). We expanded our operations internationally throughout the 1990s and today we believe we are the largest provider of mortgage insurance outside the U.S. In 2002, we were the leading provider in Australia based upon new policies written according to Insurance Statistics Australia Limited, and one of two major insurers in Canada. We also are one of the leading private mortgage insurance providers in the U.K. and have a growing presence in the developing private mortgage insurance market in Continental Europe. In addition to private mortgage insurance, we provide lenders with various underwriting and other products and services related to home mortgage lending.

The following table sets forth selected financial information regarding our U.S. and international mortgage insurance business, as of and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
(Dollar amounts in millions)			
Assets			
U.S. mortgage insurance	$ 3,806	$ 4,650	$ 4,801
International mortgage insurance	2,304	1,416	1,029
Total assets	$ 6,110	$ 6,066	$ 5,830
Primary insurance in force			
U.S. mortgage insurance	$ 122,200	$ 120,600	$ 125,400
International mortgage insurance	136,300	79,800	53,900
Total primary insurance in force	$ 258,500	$ 200,400	$ 179,300
Risk in force			
U.S. mortgage insurance	$ 26,900	$ 29,600	$ 32,100
International mortgage insurance(1)	43,400	25,700	16,700
Total risk in force	$ 70,300	$ 55,300	$ 48,800
New insurance written			
U.S. mortgage insurance	$ 67,400	$ 46,900	$ 47,100
International mortgage insurance	39,200	28,200	16,100
Total new insurance written	$ 106,600	$ 75,100	$ 63,200
Net premiums written			
U.S. mortgage insurance	$ 486	$ 529	$ 592
International mortgage insurance	464	311	205
Total net premiums written	$ 950	$ 840	$ 797
Net premiums earned			
U.S. mortgage insurance	$ 501	$ 550	$ 600
International mortgage insurance(2)	215	127	98
Total net premiums earned	$ 716	$ 677	$ 698
Total revenues, net of reinsurance			
U.S. mortgage insurance	$ 665	$ 750	$ 812
International mortgage insurance	317	196	153
Total revenues, net of reinsurance	$ 982	$ 946	$ 965
Benefits and expenses			
U.S. mortgage insurance	$ 358	$ 254	$ 316
International mortgage insurance	93	64	65
Total benefits and expenses	$ 451	$ 318	$ 381
Segment net earnings			
U.S. mortgage insurance	$ 225	$ 366	$ 366
International mortgage insurance	144	85	62
Total segment net earnings	$ 369	$ 451	$ 428

Loss ratio(3)			
U.S. mortgage insurance	20%	6%	21%
International mortgage insurance	7%	9%	24%
Total loss ratio	16%	7%	21%
Expense ratio(4)			
U.S. mortgage insurance	53%	41%	32%
International mortgage insurance	17%	17%	20%
Total expense ratio	35%	32%	29%

(1) Our businesses in Australia, New Zealand and Canada currently provide 100% coverage on the majority of the loans we insure in those markets. For the purpose of representing our risk in-force, we have computed an "Effective Risk in Force" amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our businesses in Australia, New Zealand and Canada. As of December 31, 2003 this factor was 35% in each of Australia, New Zealand and Canada.

(2) Most of our international mortgage insurance policies provide for single premiums at the time that loan proceeds are advanced. We initially allocate most of the single premiums to unearned premium reserves and recognize the premium earned over time according to an actuarially determined multi-year schedule. As of December 31, 2003, our unearned premium reserves were $1.2 billion.

(3) The ratio of incurred losses and loss adjustment expense to net premiums earned.

(4) The ratio of an insurer's general expenses to net premiums written. In our business, general expenses consist of underwriting, acquisition and insurance expenses, net of deferrals, and amortization of DAC and intangibles.

U.S. mortgage insurance

Overview

The U.S. private mortgage insurance industry is defined in large part by the requirements and practices of Fannie Mae, Freddie Mac and other large mortgage investors. Fannie Mae and Freddie Mac purchase residential mortgages from mortgage lenders and investors, as part of their governmental mandate to provide liquidity in the secondary mortgage market. In 2003, Fannie Mae purchased approximately 38% of all the mortgage loans originated in the U.S., and Freddie Mac purchased approximately 22%, according to information published by *Inside the GSEs*. Mortgages guaranteed by Fannie Mae or Freddie Mac totaled more than $3.35 trillion as of December 31, 2003, or approximately 45% of the total outstanding mortgage debt in the U.S. In connection with these activities, Fannie Mae and Freddie Mac also have established mortgage loan origination, documentation, servicing and selling requirements and standards for the loans they purchase. Fannie Mae and Freddie Mac are "government sponsored enterprises," and we refer to them in this prospectus as the "GSEs."

The GSEs may purchase mortgages with unpaid principal amounts up to a specified maximum. The maximum single-family principal balance loan limit eligible for purchase by the GSEs is called the "conforming loan limit." It is currently $333,700 and subject to annual adjustment. Each GSE's Congressional charter generally prohibits it from purchasing a mortgage where the loan-to-value ratio exceeds 80% of home value unless the portion of the unpaid principal balance of the mortgage which is in excess of 80% of the value of the property securing the mortgage is insured against default by lender recourse, participation or by a qualified insurer. As a result, high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance. Fannie Mae and Freddie Mac purchased approximately 68% of the loans we insured as of December 31, 2003.

The aggregate value of non-FHA and non-VA mortgage loans originated below the conforming loan limit and with loan-to-value ratios above 80% was $694 billion, $460 billion and $340 billion for the years ended December 2003, 2002 and 2001, respectively, according to *Inside Mortgage Finance* and *Marketrac*.

The majority of our U.S. mortgage insurance policies provide default loss protection on a portion (typically 10%-40%) of the balance of an individual mortgage loan. Most of our primary mortgage insurance policies are "flow" insurance policies, which cover individual loans at the time the loan is originated. We also enter into "bulk" transactions with lenders and investors in selected instances, under which we insure a portfolio of loans for a negotiated price. Bulk insurance constituted less than 2% of our new risk written for the years ended December 31, 2003 and 2002.

In addition to flow and bulk primary mortgage insurance business, we have previously written mortgage insurance on a pool basis. Under pool insurance, the mortgage insurer provides coverage on a group of specified loans, typically for 100% of all losses on every loan in the portfolio, subject to an agreed aggregate loss limit. We ceased writing pool insurance in 1993, with the exception of a limited amount of insurance we wrote for state housing finance agencies and in connection with a sale of loans by an affiliate.

The following table sets forth new risk written and risk in force in our U.S. mortgage insurance business, by product type, as of and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
(Dollar amounts in millions)	2003	2002	2001
New risk written			
Flow insurance	$ 12,612	$ 10,547	$ 9,843
Bulk insurance(1)	189	53	998
Pool insurance(2)	2	—	—
Total	$ 12,803	$ 10,600	$ 10,841
Risk in force			
Flow insurance	$ 25,396	$ 27,573	$ 28,620
Bulk insurance	410	431	652
Pool insurance	1,046	1,638	2,824
Total	$ 26,852	$ 29,642	$ 32,096

(1) A small portion of our bulk insurance is classified as pool insurance under MICA reporting rules.

(2) We do not offer traditional pool insurance, which generally is characterized as providing 100% per loan coverage (except for a limited amount that we wrote for state housing finance agencies and in connection with a sale of loans by an affiliate).

Products and services

Primary mortgage insurance

Flow insurance. Flow insurance is primary mortgage insurance placed on an individual loan when the loan is originated. Our primary mortgage insurance covers default risk on first mortgage loans generally secured by one- to four-unit residential properties, and can be used to protect mortgage lenders and investors from default on any type of residential mortgage loan instrument that we have approved. Our insurance covers a specified coverage percentage of a "claim amount" consisting of unpaid loan principal, delinquent interest and certain expenses associated with the default and subsequent foreclosure. As the insurer, we generally are required to pay the coverage percentage of a claim amount specified in the primary policy, but we also have the option to pay the lender an amount equal to the unpaid loan principal, delinquent interest and certain expenses incurred with the default and foreclosure, and acquire title to the property. In addition, the claim amount may be reduced or eliminated if the loss on the defaulted loan is reduced as a result of the lender's disposition of the property. The lender selects the coverage percentage at the time the loan is originated, often to comply with investor requirements to reduce the loss exposure on loans purchased by the investor.

For a 30-year fixed-rate mortgage, the most common mortgage product in the U.S., the GSEs generally require coverage percentages of 30% for loan-to-value ratios, determined at loan origination, of 90.01%-95.00%, 25% for loan-to-value ratios of 85.01%-90.00% and 12% for loan-to-value ratios of 80.01%-85.00%. However, the GSEs may alter their coverage requirements and propose different product structures, and we also offer a range of other mortgage insurance products that provide greater or lesser coverage amounts.

The borrower's mortgage loan instrument generally requires the borrower to pay the mortgage insurance premium. In other cases, no insurance requirement is imposed upon the borrower, in which case the lender pays the premium and recovers those payments through the interest rate charged on the mortgage. Our mortgage insurance premiums for flow insurance typically are paid monthly, but premiums also may be paid annually or in a single, lump-sum payment. During each of the last three years, the monthly premium plan represented more than 98% of our flow new insurance written, with the annual premium plan and the single premium plan representing the balance of our new insurance written.

We are not permitted to terminate our mortgage insurance coverage in force, except for non-payment of premium or material breach of policy conditions. The insurance remains renewable at the option of the policyholder, usually at the renewal rate fixed when the loan was initially insured. As a result, we are not able to raise prices on existing policies to respond to unanticipated default patterns. In addition, our policyholders may cancel their insurance at any time at their option, including when a mortgage is repaid, which may be accelerated by mortgage refinancings in times of falling interest rates. Cancellations are generally driven primarily by the prevailing interest rate environment and the cancellation policies of the GSEs and other investors.

Under the U.S. Homeowners Protection Act, or the HPA, a borrower generally has the right to terminate private mortgage insurance coverage on loans closed after July 28, 1999 that are secured by a single-dwelling property that is the borrower's primary residence when certain loan-to-value ratio thresholds are met. In general, a borrower may stop making mortgage insurance payments when the loan-to-value ratio is scheduled to reach 80% (based upon the loan's amortization schedule established at loan origination) if the borrower so requests and if certain requirements relating to the borrower's payment history and the property's value since origination are satisfied. In addition, a borrower's obligation to make payments for private mortgage insurance generally terminates regardless of whether a borrower so requests when the loan-to-value ratio reaches 78% of the unpaid principal balance of the mortgage. Some states require mortgage servicers to notify borrowers periodically of the circumstances in which they may request a mortgage servicer to cancel private mortgage insurance. Some states allow the borrower to request that the mortgage servicer cancel private mortgage insurance or require the mortgage servicer to cancel such insurance automatically when the circumstances permitting cancellation occur.

Refinancings due to declining interest rates, coupled with strong appreciation of housing values, resulted in relatively high policy cancellation rates of 54% for the year ended December 31, 2003, compared to 43% and 36% for the years ended December 31, 2002 and 2001, respectively. However, the relatively high cancellation rates during these periods were partially offset by relatively high volumes of new insurance written. Our flow new risk written was 20% higher in 2003 than in 2002, 7% higher in 2002 than in 2001, and 59% higher in 2001 than in 2000. The significant increase in 2001 was due primarily to the significant refinancing activity that began that year.

Bulk insurance. Under our primary bulk insurance, we insure a portfolio of loans in a single, bulk transaction. Generally, in our bulk insurance, the individual loans in the insured portfolio are insured to specified levels of coverage, and there is an aggregate loss limit applicable to all of the insured loans. We base the premium on our bulk insurance upon our evaluation of the overall risk of the insured loans included in a transaction, and we negotiate the premium directly with the securitizer or other owner of the loans. Most of our bulk insurance business relates to loans financed by lenders who participate in the mortgage programs sponsored by the Federal Home Loan Banks. Premiums for bulk transactions generally are paid monthly by lenders or investors or a securitization vehicle in connection with a securitization transaction or the sale of a loan portfolio.

The loans we insure in bulk transactions typically consist of prime credit-quality loans with loan-to-value ratios of 50% to 95%. Because of the relatively high credit quality of these borrowers, some of these loans are made based upon less documentation of borrower income or assets than is typically required by GSEs and other investors. We generally have avoided the riskier portions of the sub-prime segments of the market, because we believe market pricing for mortgage insurance on sub-prime bulk transactions has not been adequate and we have had concerns regarding the volatility of this segment. However, we may consider insuring such loans where we believe our return and risk criteria are met. Loans that we insure in bulk transactions with loan-to-value ratios above 80% typically have primary mortgage insurance on a flow basis, written either by us or another private mortgage insurer. Our mortgage insurance coverage levels in bulk transactions typically range from 10% to 40%.

Pool insurance

In addition to our flow and bulk primary mortgage insurance, we previously have written mortgage insurance on a pool basis. Pool insurance generally is used as an additional credit enhancement for secondary market mortgage transactions. We ceased writing pool insurance in 1993 (with the exception of a limited amount of insurance that we wrote for state housing finance agencies and have routinely reinsured and in connection with a sale of loans by an affiliate) because of relatively high losses on pool policies, resulting primarily from inadequate pricing, loss severity and risk concentration in certain parts of the country. However, we will consider writing pool insurance for state housing finance agencies and others where we believe our return and risk criteria are met.

Our remaining pool insurance in force, which relates primarily to policies written between 1990 and 1993, generally covers the loss on a defaulted mortgage loan that exceeds either the claim payment under the primary coverage (if primary insurance is required on that loan) or the total loss (if that loan does not require primary insurance), in each case up to a stated aggregate loss limit. Mortgage loans that we insured in pool insurance with loan-to-value ratios above 80% typically are covered by flow mortgage insurance, written either by us or another private mortgage insurer.

Contract underwriting services

We perform fee-based contract underwriting services for mortgage lenders. Historically, lenders and mortgage insurers each maintained underwriting staffs and performed separate, and in many ways duplicative, underwriting activities with respect to each mortgage loan. Over time, lenders and mortgage insurers have developed a number of arrangements designed to eliminate those inefficiencies. The provision of underwriting services by mortgage insurers serves this purpose and speeds the approval process.

The principal contract underwriting service we provide is determining whether the data relating to a borrower and a proposed loan contained in a mortgage loan application file complies with the lender's loan underwriting guidelines or the investor's loan purchase requirements. In connection with that service, we also compile the application data and submit it to the automated underwriting systems of Fannie Mae and Freddie Mac, which independently analyze the data to determine if the proposed loan complies with their investor requirements. If the loan being reviewed requires mortgage insurance under the applicable lender or investor criteria, we also underwrite the loan to our mortgage insurance guidelines and issue the appropriate mortgage insurance coverage. We believe our contract underwriting services appeal to mortgage lenders because they enable lenders to reduce their costs and improve their operating efficiencies.

Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria.

New risk written by our contract underwriters represented 23% of our new risk written for the year ended December 31, 2003, compared to 26% and 21% for the years ended December 31, 2002 and 2001, respectively.

Risk mitigation arrangements

Preferred Partner Program. We have established a Preferred Partner Program, pursuant to which we pay lenders fees for services that improve the quality of the loans that they refer to us for primary mortgage insurance. These services include:

- counseling services provided to individual borrowers designed to improve the quality of the loans and thereby reduce the chance that they will default on their loans;
- consumer education programs designed to explain the benefits of private mortgage insurance to consumers generally; and
- technology services that facilitate efficient interaction with lenders, which enables us to process applications more quickly and accurately.

The credit characteristics of the mortgage loans generated through the Preferred Partner Program generally are stronger than the average credit characteristics across our entire loan portfolio, as measured by OmniScore®, our proprietary mortgage scoring model. We believe the benefits and cost savings we derive through the enhanced credit characteristics of these loans exceed our costs of maintaining the Preferred Partner Program.

Secondary market coverage. We have entered into secondary market coverage, or SMC, arrangements with Fannie Mae and Freddie Mac under which the existing primary insurance coverage on an identified portfolio of eligible loans purchased by a GSE is restructured to reallocate risk of loss between the insurer and the insured. The restructured loans are eligible loans purchased in a given year by the GSE from identified originating lenders. The restructuring involves our reducing primary coverage on each loan in the portfolio to the minimum level permitted under the GSEs' charters, and adding supplemental coverage that is subject to a "stop-loss" which, if reached, results in the GSE suffering greater losses than they would suffer if the primary coverage were not reduced. In addition, the GSEs provide us with a variety of services under these agreements, including providing various periodic reports, property marketing services, and information on product and market trends.

Captive reinsurance. Captive reinsurance is a reinsurance program in which we share portions of our U.S. mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies, or captive reinsurers, affiliated with these lenders. In return, we cede to the captive reinsurers an agreed portion of our gross premiums on flow insurance written. New insurance written through the bulk channel generally is not subject to these arrangements.

The following table sets forth selected financial information regarding our captive reinsurance arrangements, as of and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
Primary new risk written subject to captive reinsurance arrangements, as a percentage of total primary new risk written	75%	77%	61%
Primary risk in force subject to captive reinsurance arrangements, as a percentage of total primary risk in force	64%	55%	42%
Gross written premiums ceded pursuant to captive reinsurance arrangements, as a percentage of total gross written premiums	23%	18%	12%

We believe that the increases in the percentages of primary new risk written and primary risk in force subject to captive reinsurance agreements were driven by a higher percentage of new insurance written generated by lenders having captive reinsurance programs during a period of high refinancing activity. Many large mortgage lenders have developed captive reinsurance affiliates, and the recent consolidation among large mortgage lenders has resulted in an increased percentage of mortgage loans originated by lenders with captive reinsurance programs. The recent low-interest-rate environment has generated significant refinancing activity in recent years, which has resulted in increased concentration of mortgage loans with larger lenders that tend to use captive reinsurance arrangements.

In order to increase our return on capital, we announced in August 2003 that, effective January 1, 2004, we generally would not renew, on their existing terms, our existing excess-of-loss risk sharing arrangements with net premium cessions in excess of 25%. Most large mortgage lenders have developed reinsurance operations that obtain net premium cessions from mortgage insurers of 25% to 40%. We expect that these actions will result in a significant reduction in business from these lenders. We recently decided that we may, in selected cases, enter into captive reinsurance arrangements that involve premium cessions in excess of 25% in situations where the terms and conditions, including the level of reinsurance coverage, will enable us to achieve our target returns on capital.

As of December 31, 2003, other than reinsurance under captive arrangements, we reinsured less than 1% of our mortgage insurance in force.

Customers

Our principal mortgage insurance customers are originators of residential mortgage loans, such as mortgage banks, savings institutions, commercial banks, mortgage brokers, credit unions and other lenders, who typically determine which mortgage insurer or insurers they will use for the placement of mortgage insurance written on loans they originate. To obtain primary insurance written on a flow basis, a mortgage lender must first apply for and receive from us a mortgage guaranty master policy. In recent years, there has been significant consolidation among the largest lenders, which now underwrite a substantial portion of all the mortgages written in the U.S. The top ten lenders accounted for 48% of our flow new insurance written for the year ended December 31, 2003, compared to 40% for the year ended December 31, 1998.

We are focused on expanding our presence throughout the mortgage loan market by providing superior customer sales support, product offerings designed to meet the specific needs of our customers, and technology products designed to enable customers to reduce costs and expand revenues. In addition, as discussed under "—Operations and Technology," we have developed web based technology services that enable our customers to interact more efficiently with us.

Underwriting and pricing

Loan applications for all loans we insure are reviewed to evaluate each individual borrower's ability to repay the proposed mortgage loan, the characteristics of the loan and the value of the underlying property. This analysis generally includes reviewing the following criteria:

- the borrower's credit strength and history, as reported by credit reporting agencies;
- the borrower's debt-to-income ratios;
- the loan-to-value ratio;
- the type of mortgage instrument;
- the purpose of the loan;
- the type of property; and
- appraisals to confirm the property market value is fairly stated.

Loan applications for primary mortgage insurance are reviewed by our employees directly as part of our traditional underwriting process or by our contract underwriters as we process mortgage loan applications that require mortgage insurance. Some mortgage lenders also underwrite loan applications for mortgage insurance under a delegated underwriting program, in which we permit approved lenders to commit us to insure loans using underwriting guidelines that we have previously approved. Before granting a lender delegated underwriting authority, our risk management personnel review the lender's underwriting experience and processes, loan quality and specific loan programs to be included in the delegated program. In addition, we conduct audits on a sample of the delegated loans we insure to confirm that lenders with delegated authority adhere to approved underwriting guidelines and procedures.

The majority of mortgage loans we insure today are underwritten using Fannie Mae's and Freddie Mac's automated underwriting systems, or AUS, which lenders have widely adopted due to the GSEs' requirements and the efficiencies that AUS provide. We have evaluated loans approved by Fannie Mae's and Freddie Mac's AUS and, like other mortgage insurers, we generally have agreed to insure loans approved by these systems. Under the delegated underwriting program, lenders may use their own AUS provided that we have reviewed and approved their system. AUS have automated many of the underwriting steps that were previously performed by underwriters on a manual basis and use sophisticated mortgage scoring methodologies to evaluate borrower default risk. Although we review AUS before allowing their use under our delegated program, under which lenders have the responsibility to determine whether the loans comply with our approved underwriting guidelines, a potential risk to us of using AUS is that factors that we might otherwise evaluate in making an underwriting decision are not considered if not required by the AUS.

Loans insured under our delegated underwriting program accounted for approximately 59% of our total risk in force as of December 31, 2003, compared to 56% and 52% as of December 31, 2002 and 2001, respectively. The percentage of new risk written by delegated underwriters was 62% for the year ended December 31, 2003, compared to 61% for the year ended December 31, 2002 and 60% for the year ended December 31, 2001.

In pricing mortgage insurance policies, we generally target substantially similar returns on capital regardless of the loan-to-value ratio, product type and depth of coverage. We establish premium rates principally on the basis of long-term claims experience in the industry, reflecting periods of lower and higher losses and various regional economic downturns. We believe that over the long term each region of the U.S. will be subject to similar factors affecting risk of loss on insurance written, and therefore we generally use a nationally based premium rate policy, rather than a regional, local or lender-based policy. Our premium rates vary with the coverage percentage and the perceived risk of a claim on the insured loan, which takes into account the loan-to-value ratio, the type of mortgage and the term of the mortgage. Our premium rates also reflect our expectations, based upon our analysis of historical data, of the persistency of the policies in our book of business. Our premium rates also take into account competitive alternatives available to consumers, including rates offered by other mortgage insurers.

Our premium rates also consider the location of the borrower's credit score within a range of credit scores. In accordance with industry practice, we use the "FICO" score as one indicator of a borrower's credit quality. Fair Isaac and Company, or FICO, developed the "FICO" credit scoring model to calculate a FICO score based upon a borrower's credit history. The higher the credit score, the lower the likelihood that a borrower will default on a loan. FICO credit scores range up to 850, with a score of 620 or more generally viewed as a "prime" loan and a score below 620 generally viewed as a "sub-prime" loan. "A minus" loans generally are loans where the borrowers have FICO credit scores between 575 and 660, and where the borrower has a blemished credit history. As of December 31, 2003, on a risk in force basis, approximately 92% of our flow insurance loans had FICO credit scores of at least 620, approximately 6% had FICO credit scores between 575 and 619, and approximately 2% had FICO scores of 574 or less.

As of December 31, 2003, on a risk in force basis, approximately 87% of our bulk insurance loans had FICO credit scores of at least 620, approximately 7% had FICO credit scores between 575 and 619, and approximately 6% had FICO scores of 574 or less. The majority of loans we currently insure in bulk transactions meet the conforming loan limit and have FICO credit scores of at least 620. After 2001, we significantly reduced writing insurance of loans in bulk transactions that included non-conforming and lesser-quality loans, such as "A minus" loans and "sub-prime" loans, because we believe market pricing was inadequate to compensate us for the risk.

Loan portfolio

The following table sets forth selected financial information regarding our U.S. primary mortgage insurance loan portfolio as of the dates indicated:

	Historical		
	December 31,		
(Dollar amounts in millions)	2003	2002	2001
Primary risk-in-force lender concentration (by original applicant)	$ 25,805	$ 28,004	$ 29,272
Top 10 lenders	12,047	12,538	11,979
Top 20 lenders	14,392	15,360	15,118
Loan-to-value ratio			
95.01% and above	3,431	2,538	1,909
90.01% to 95.00%	10,759	12,313	13,129
80.01% to 90.00%	10,868	11,681	12,582
80.00% and below	747	1,472	1,652
Total	$ 25,805	$ 28,004	$ 29,272
Loan grade			
Prime	$ 23,408	$ 26,025	$ 27,687
A minus and sub-prime	2,397	1,979	1,585
Total	$ 25,805	$ 28,004	$ 29,272
Loan type			
Fixed rate mortgage	$ 24,354	$ 26,619	$ 27,798
Adjustable rate mortgage	1,451	1,385	1,474
Total	$ 25,805	$ 28,004	$ 29,272
Mortgage term			
15 years and under	$ 1,489	$ 1,214	$ 940
More than 15 years	24,316	26,790	28,332
Total	$ 25,805	$ 28,004	$ 29,272

Loans in default and claims

Our default management process begins with notification by the loan servicer of a default on an insured loan. "Default" is defined in our master policies as the borrower's failure to pay when due an amount equal to the scheduled monthly mortgage payment under the terms of the mortgage. Generally, the master policies require an insured to notify us of a default no later than 10 days after the borrower has been in default by three monthly payments. In most cases, however, defaults are reported earlier. We generally consider a loan to be in default and establish reserves if the borrower has failed to make a required mortgage payment for two consecutive months. Borrowers default for a variety of reasons, including a reduction of income, unemployment, divorce, illness, inability to manage credit and interest rate levels. Borrowers may cure defaults by making all of the delinquent loan payments or by selling the property in full satisfaction of all amounts due under the mortgage. In most cases, defaults that are not cured result in a claim under our policy.

The following table sets forth the number of loans insured, the number of loans in default and the default rate for our U.S. mortgage insurance portfolio:

	Historical		
	December 31,		
	2003	2002	2001
Primary Insurance			
Insured loans in force	950,157	993,906	1,064,880
Loans in default	32,207	33,278	33,387
Percentage of loans in default (default rate)	3.4%	3.3%	3.1%
Flow loans in force	839,891	948,224	1,018,895
Flow loans in default	29,787	30,194	30,906
Percentage of flow loans in default (default rate)	3.5%	3.2%	3.0%
Bulk loans in force	110,266	45,682	45,985
Bulk loans in default	2,420	3,084	2,481
Percentage of bulk loans in default (default rate)	2.2%	6.8%	5.4%
A minus and sub-prime loans in force	75,584	63,646	52,934
A minus and sub-prime loans in default	6,881	5,547	4,271
Percentage of A minus and sub-prime loans in default (default rate)	9.1%	8.7%	8.1%
Pool Insurance			
Insured loans in force	37,702	55,195	88,987
Loans in default	855	1,505	2,135
Percentage of loans in default (default rate)	2.3%	2.7%	2.4%

Primary insurance default rates differ from region to region in the U.S. at any one time depending upon economic conditions and cyclical growth patterns. The two tables below set forth our primary default rates for the various regions of the U.S. and the ten largest states by our risk in force as of December 31, 2003. Default rates are shown by region based upon location of the underlying property, rather than the location of the lender.

	Percent of primary risk in force as of December 31,	Default rate		
		December 31,		
	2003	2003	2002	2001
U.S. Regions				
Southeast(1)	22%	3.59%	3.51%	3.36%
South Central(2)	16%	3.65%	3.45%	3.06%
Northeast(3)	13%	3.88%	3.87%	3.85%
Pacific(4)	13%	2.54%	2.94%	2.90%
North Central(5)	12%	2.71%	2.94%	2.84%
Great Lakes(6)	9%	4.33%	4.08%	3.47%
Plains(7)	6%	2.54%	2.43%	2.23%
Mid-Atlantic(8)	5%	2.94%	3.25%	3.26%
New England(9)	4%	2.79%	2.82%	2.48%
Total	100%	3.38%	3.34%	3.14%

(1) Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee.

(2) Arizona, Colorado, Louisiana, New Mexico, Oklahoma, Texas and Utah.

(3) New Jersey, New York and Pennsylvania.

(4) Alaska, California, Hawaii, Nevada, Oregon and Washington.

(5) Illinois, Minnesota, Missouri and Wisconsin.

(6) Indiana, Kentucky, Michigan and Ohio.

(7) Idaho, Iowa, Kansas, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

(8) Delaware, Maryland, Virginia, Washington, D.C. and West Virginia.

(9) Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

	Percent of primary risk in force as of December 31,	Default rate December 31,		
	2003	2003	2002	2001
Florida	7.79%	2.75%	3.08%	3.39%
California	7.14%	1.91%	2.45%	2.69%
Texas	6.73%	4.15%	3.80%	3.41%
New York	5.61%	3.47%	3.46%	3.70%
Illinois	5.31%	3.23%	3.66%	3.76%
Pennsylvania	3.82%	4.38%	4.49%	4.34%
North Carolina	3.82%	4.12%	3.68%	3.27%
Georgia	3.57%	4.68%	4.40%	3.95%
Ohio	3.52%	4.64%	4.20%	3.67%
Arizona	3.52%	3.18%	3.52%	2.92%

Claim activity is not spread evenly throughout the coverage period of a primary insurance book of business. Based upon our experience, the majority of claims on primary mortgage insurance loans occur in the third through seventh years after loan origination, and relatively few claims are paid during the first two years after loan origination. Primary insurance written from the period from January 1, 1998 through December 31, 2001 represented 20% of our primary insurance in force as of December 31, 2003. This portion of our loan portfolio is in its expected peak claim period with respect to traditional primary loans. We believe our "A minus" and "sub-prime" loans will have earlier incidences of default than our prime loans. "A minus" loans represented 2.7% of our primary insurance in force as of December 31, 2003 and 1.5% as of December 31, 2002, and "sub-prime" loans represented 5.1% of our primary insurance in force as of December 31, 2003 and 5.1% as of December 31, 2002.

The following table sets forth the dispersion of our primary insurance in force and risk in force as of December 31, 2003, by year of policy origination and average annual mortgage interest rate since we began operations in 1981:

Policy Year	Average rate	Primary insurance in force	Percent of total	Primary risk in force	Percent of total
1981-92	9.20%	$ 2,163	1.77%	$ 480	1.86%
1993	7.41%	1,585	1.30%	329	1.28%
1994	7.66%	1,803	1.47%	391	1.52%
1995	8.21%	1,294	1.06%	347	1.34%
1996	7.90%	1,499	1.23%	402	1.56%
1997	7.82%	1,375	1.12%	367	1.42%
1998	7.11%	3,846	3.15%	973	3.77%
1999	7.26%	4,915	4.02%	1,198	4.64%
2000	8.06%	3,404	2.78%	808	3.13%
2001	7.44%	12,076	9.88%	2,819	10.93%
2002	6.51%	25,776	21.09%	5,861	22.71%
2003	5.63%	62,491	51.13%	11,830	45.84%
Total portfolio	6.37%	$ 122,227	100.00%	$ 25,805	100.00%

Primary mortgage insurance claims paid for the year ended December 31, 2003 were $99 million, compared to $80 million and $81 million for the years ended December 31, 2002 and 2001, respectively. Pool insurance claims paid for the year ended December 31, 2003 were $1 million, compared to $2.8 million and $4.0 million for the years ended December 31, 2002 and 2001, respectively.

The frequency of defaults may not correlate directly with the number of claims received because the rate at which defaults are cured is influenced by borrowers' financial resources and circumstances and regional economic differences. Whether an uncured default leads to a claim principally depends upon the borrower's equity at the time of default and the borrower's or the insured's ability to sell the home for an amount sufficient to satisfy all amounts due under the mortgage loan. When we receive notice of a default, we use a proprietary model to determine whether a delinquent loan is a candidate for work-out. When the model identifies such a candidate, our loan workout specialists prioritize cases for loss mitigation based upon the likelihood that the loan will result in a claim. Loss mitigation actions include loan modification, extension of credit to bring a loan current, foreclosure forbearance, pre-foreclosure sale, and deed-in-lieu. We believe these loss mitigation efforts often are an effective way to reduce our claim exposure and ultimate payouts.

Our policies require the insured to file a claim with us, specifying the claim amount (unpaid principal, interest and expenses), no later than 60 days after it has acquired title to the underlying property, usually through foreclosure. The claim amount is subject to our review and possible adjustment. Depending upon the applicable state foreclosure law, an average of approximately 16 months elapse from the date of default to the filing of a claim on an uncured default. Our master policies exclude coverage for physical damage whether caused by fire, earthquake or other hazard where the borrower's default was caused by an uninsured casualty.

We have the right to rescind coverage and refuse to pay a claim if it is determined that the insured or its agents misrepresented material information in the insurance application. In addition, where loans are underwritten by lenders through our delegated underwriting program, we have the right to rescind coverage if the loan was not underwritten in compliance with our approved guidelines.

Within 60 days after a claim and supporting documentation have been filed, we have the option:

- to pay the claim amount, multiplied by coverage percentage specified in the certificate of insurance;

- in the event the property is sold pursuant to an agreement made prior to payment of the claim, which we refer to as a pre-arranged sale, to pay the lesser of 100% of the claim amount less the proceeds of sale of the property, or the claim amount multiplied by the coverage percentage; or

- to pay the lender an amount equal to the unpaid loan principal, delinquent interest and certain expenses incurred with the default and foreclosure, and acquire title to the property. We bear the risk of any loss in connection with the acquisition and sale of the property.

For the year ended December 31, 2003, we settled a majority of the primary insurance claims processed for payment on the basis of a pre-arranged sale.

Titles to the properties that we purchased have been sold to, and will continue to be held by, GE Mortgage Services, an affiliate of GE. As of December 31, 2003, GE Mortgage Services owned approximately $5 million of residential properties from claim settlements. In addition, GE Mortgage Services held $11 million in residential loans as of December 31, 2003 relating to loss mitigation activities, for which we have indemnified it against loss.

The ratio of the claim paid to the unpaid principal amount multiplied by the coverage percentage is referred to as "claim severity." The main determinants of claim severity are the age of the mortgage loan, the value of the underlying property, accrued interest on the loan, expenses advanced by the insured and foreclosure expenses. These amounts depend partly upon the time required to complete foreclosure, which varies depending upon state laws. Pre-foreclosure sales, acquisitions and other early workout efforts help to reduce overall claim severity. Our average primary mortgage insurance claim severity was 93%, 93% and 97% for the years 2003, 2002 and 2001, respectively.

Competition

We compete primarily with U.S. and state government agencies, other private mortgage insurers, mortgage lenders and other investors, the GSEs and, potentially, the Federal Home Loan Banks. We also compete, indirectly, with structured transactions in the capital markets and with other financial instruments designed to mitigate credit risk.

U.S. and state government agencies. We and other private mortgage insurers compete for flow business directly with U.S. federal and state governmental and quasi-governmental agencies, principally the FHA and, to a lesser degree, the VA. The following table sets forth the relative mortgage insurance market share of FHA/VA and private mortgage insurers over the past five years:

	U.S. federal government and private mortgage insurance market share				
	December 31,				
	2003	2002	2001	2000	1999
FHA/VA	36.4%	35.6%	37.3%	41.4%	47.6%
Private mortgage insurance	63.6%	64.4%	62.7%	58.6%	52.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: *MICA 2002 Factbook (1999-2002), IMF (2003)*

Loans insured by the FHA cannot exceed maximum principal amounts that are determined by a percentage of the conforming loan limit. For 2004, the maximum FHA loan amount for homes with one dwelling unit in "high cost" areas is $290,319. Although the VA does not specify a maximum loan limit, VA loans are generally $240,000 or less. We and other private mortgage insurers are not limited as to maximum individual loan amounts that we can insure.

In January 2001, the FHA reduced the up-front mortgage insurance premium it charges on loans from 2.25% to 1.5% of the original loan amounts. The FHA has also streamlined its down-payment formula, making FHA insurance more competitive with private mortgage insurance in areas with higher home prices. These and other legislative and regulatory changes could cause future demand for private mortgage insurance to decrease.

In addition to competition from the FHA and the VA, we and other private mortgage insurers face competition from state-supported mortgage insurance funds in several states, including California, Illinois and New York. From time to time, other state legislatures and agencies consider expansions of the authority of their state governments to insure residential mortgages.

Government entities with which we compete typically do not have the same capital requirements and do not have the same profit objectives as we do. Although private companies establish pricing terms for their products to achieve targeted returns, these government entities may offer products on terms designed to accomplish social or political objectives or reflect other non-economic goals.

Private mortgage insurers. The private mortgage insurance industry is highly competitive. The private mortgage insurance industry currently consists of seven mortgage insurers plus our company.

The other companies are Mortgage Guaranty Insurance Corporation; PMI Mortgage Insurance Company; CMG Mortgage Insurance Company, a joint venture in which PMI is one of the partners; Radian Guaranty Inc.; Republic Mortgage Insurance Co., an affiliate of Old Republic International; Triad Guaranty Insurance Corp.; and United Guaranty Residential Insurance Company, an affiliate of American International Group, Inc. Assured Guaranty Ltd., currently a subsidiary of ACE Limited, has announced its intention to offer mortgage insurance in the U.S., and we believe other companies also may be considering offering mortgage insurance.

Mortgage lenders and other investors. We and other mortgage insurers compete with transactions structured by mortgage lenders to avoid mortgage insurance on low-down-payment mortgage loans. These transactions include self-insuring and simultaneous second loans, which separate a mortgage with a loan-to-value ratio of more than 80%, which generally would require mortgage insurance, into two loans, a first mortgage with a loan to-value-ratio of 80% and a simultaneous second mortgage for the excess portion of the loan. Simultaneous second loans are also often known as "80-10-10 loans," because they often comprise a first mortgage with an 80% loan-to-value ratio, a second mortgage with a 10% loan-to-value ratio and the remaining 10% paid in cash by the buyer, rather than a first mortgage with a 90% loan-to-value ratio. However, simultaneous seconds also can be structured as 80-15-5 loans or 80-20-0 loans, as well as other configurations.

Over the past several years, we believe the volume of simultaneous second loans as an alternative to loans requiring private mortgage insurance has increased substantially. We believe this recent increase reflects the following factors:

- the lower cost of simultaneous second loans compared to the cost of mortgage insurance, due to the current low-interest-rate environment and the emerging popularity of 15- and 30-year amortizing simultaneous seconds;

- the fact that second mortgage interest is generally tax-deductible, whereas mortgage insurance payments currently are not tax-deductible (although from time to time there have been proposed legislative initiatives to permit deductions for mortgage insurance payments); and

- adverse consumer, broker and realtor perceptions of private mortgage insurance.

Mortgage lenders also may compete with mortgage insurers as a result of legislation that has removed restrictions on affiliations between banks and insurers. The Graham-Leach-Bliley Act of 1999 permits the combination of banks, insurers and securities firms under one holding company. This legislation may increase competition by increasing the number, size and financial strength of potential competitors. In addition, mortgage lenders that establish or affiliate with competing mortgage insurers may reduce their purchases of our products.

We also compete with structured transactions in the capital markets and with other financial instruments designed to mitigate the risk of mortgage defaults, such as credit default swaps and credit linked notes, with lenders who forego mortgage insurance (self-insure) on loans held in their portfolios, and with mortgage lenders who maintain captive mortgage insurance and reinsurance programs.

The GSEs—Fannie Mae and Freddie Mac. As the predominant purchasers of conventional mortgage loans in the U.S., Fannie Mae and Freddie Mac provide a direct link between mortgage origination and capital markets. As discussed above under "—Primary mortgage insurance," most high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac are insured with private mortgage insurance issued by an insurer deemed qualified by the GSEs. Our mortgage insurance company is a qualified insurer with both GSEs.

Private mortgage insurers may be subject to competition from Fannie Mae and Freddie Mac to the extent the GSEs are compensated for assuming default risk that would otherwise be insured by the private mortgage insurance industry. Fannie Mae and Freddie Mac each have programs under which an up-front delivery fee may be paid to the GSE so that primary mortgage insurance coverage may be substantially reduced compared to the coverage requirements that would apply in the absence of the fee payment. Moreover, in October 1998, Freddie Mac's charter was amended to give Freddie Mac flexibility to use credit enhancements other than private mortgage insurance for low-down-payment mortgages. Although this amendment was repealed, if the legislation is reintroduced and adopted, and the GSEs permitted to purchase low-down-payment loans that are not insured by private mortgage insurance, it is likely that the size of the market for private mortgage insurance would contract significantly.

The GSEs are currently subject to oversight by the Department of Housing and Urban Development, or HUD. In October 2000, HUD announced new GSE mortgage purchase requirements, known as affordable housing goals. Under these goals, which became effective in 2001, at least 50% of all loans purchased by the GSEs must support low- and moderate-income homebuyers, and 31% of such loans must be on properties in underserved areas. We believe that the GSEs' goals to expand purchases of affordable housing loans have increased the size of the mortgage insurance market. The GSEs also have expanded programs to include commitments to purchase certain volumes of loans with loan-to-value ratios greater than 95%.

Private mortgage insurers must satisfy requirements set by the GSEs to be eligible to insure loans sold to the GSEs, and the GSEs have the ability to implement new eligibility requirements for mortgage insurers. They also have the authority to change the pricing arrangements for purchasing retained-participation mortgages as compared to insured mortgages, increase or reduce required mortgage insurance coverage percentages, and alter or liberalize underwriting standards on low-down-payment mortgages they purchase.

Federal Home Loan Banks. In October 1999, the Federal Housing Finance Board, or FHF Board, adopted resolutions that authorize each Federal Home Loan Bank, or FHLB, to offer Mortgage Partnership Finance Programs, or MPF Programs, to purchase single-family conforming mortgage loans originated by participating member institutions. In July 2000, the FHF Board gave permanent authority to each FHLB to purchase these loans from member institutions without any volume cap. Purchases of loans under the MPF Program have steadily increased in the past several years.

The MPF Program is similar to the purchase of mortgage loans by the GSEs. Although not required to do so, the FHLBs currently use mortgage insurance on substantially all mortgage loans with a loan-to-value ratio above 80% and have become a source of increasing new business for us. However, to the extent that the FHLBs purchased uninsured mortgage loans or used other credit-enhancement products, the MPF Program could result in a decrease in the size of the market for private mortgage insurance.

International mortgage insurance

We have significant mortgage insurance operations in Australia and Canada, two of the largest markets for mortgage insurance products outside the U.S., as well as in the smaller New Zealand market and the developing European market. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. Insurance in-force for our international mortgage insurance business contributed 53% of our total insurance in-force as of December 31, 2003, compared to 40% as of December 31, 2002.

The mortgage loan markets in the U.S., Canada, Australia and New Zealand are well developed. Although mortgage insurance plays an important role in each of these markets, the markets vary significantly and are influenced in large part by the different cultural, economic and regulatory conditions in each market. We believe the following factors have contributed to the growth of robust mortgage insurance demand in these countries:

- A desire by lenders to offer low-down-payment mortgage loans to facilitate the expansion of their business;
- The recognition of the higher default risk inherent in low-down-payment lending and the need for specialized underwriting expertise to conduct this business prudently;
- Government housing policies that support increased homeownership;
- Government policies that support the use of securitization and secondary market mortgage sales, in which third-party credit enhancement is often used, as a source of funding and liquidity for mortgage lending; and
- Bank regulatory capital policies that provide incentives to lenders to transfer some or all of the increased credit risk on low-down-payment mortgages to third parties, such as mortgage insurers.

We believe a number of these factors are becoming evident in certain markets throughout Europe and Asia and provide attractive opportunities for us to expand our mortgage insurance business in those markets.

Based upon our experience in the mature markets, we believe a favorable regulatory framework is important to the development of an environment in which lenders routinely extend high loan-to-value loans and use products such as mortgage insurance to protect against default risk or obtain capital relief. As a result, we have advocated that governmental and policymaking agencies throughout our markets adopt legislative and regulatory policies that support increased homeownership and capital relief for lenders and mortgage investors that insure their loan portfolios with private mortgage insurance. Although the products we offer in each of our international markets differ, they represent substantially similar risk propositions and involve similar business practices. We have developed significant expertise in mature markets, and we intend to leverage this experience in developing markets as we continue to encourage regulatory authorities to implement incentives for private mortgage insurance as an effective risk management strategy.

We believe the proposed revisions to a set of regulatory rules and procedures governing global bank capital standards that were introduced by the Basel Committee of the Bank for International Settlements, known as Basel II, also may encourage further growth of international mortgage insurance. Basel II, which is expected to become effective in 2006, has been designed to reward banks that have developed effective risk management systems by allowing them to hold less capital than banks with less effective systems. For example, Basel II may reward a lender that transfers some risk of mortgage default to a third-party insurer by reducing the amount of capital that the lender must hold to back a mortgage. However, the details of the regulatory capital requirements in Basel II remain under discussion, and therefore we cannot predict the benefits that ultimately will be provided to lenders, or how any such benefits may affect the opportunities for the growth of mortgage insurance.

We also intend to expand into Asian countries that have high demand for mortgage loan financing and underserved housing needs. We believe lenders in these countries will seek to expand their consumer mortgage loan portfolios, while maintaining strong risk and capital management routines. With the expected implementation of the new Basel II standards, we believe we will be well positioned to assist lenders in these markets in meeting those goals and in complying with the anticipated complexity of the risk-based capital and operating standards.

Canada

We entered the Canadian mortgage insurance market in 1995 with our acquisition of certain assets and employees from the Mortgage Insurance Corporation of Canada, and we now operate in every province and territory. We are the only private mortgage insurer in the Canadian market. Our mortgage insurance operations in Canada accounted for approximately 55% of our total international mortgage insurance revenues for the year ended December 31, 2003.

Products

We offer two products in Canada: primary flow insurance and portfolio credit enhancement insurance. As of December 31, 2003, primary flow insurance represented 77% and portfolio credit enhancement represented 23% of our mortgage insurance in force. Our principal product is primary flow insurance, which is similar to the primary flow insurance we offer in the U.S. Regulations in Canada require the use of mortgage insurance for all mortgage loans extended by banks, trust companies and insurers, where the loan-to-value ratio exceeds 75%. Mortgage insurance in Canada is typically single premium and provides 100% coverage, in contrast to the U.S., where monthly premiums and lower coverage levels are typical. Under the single-premium plan, lenders usually collect the single premium from prospective borrowers at the time the loan proceeds are advanced and remit the amount to us as the mortgage insurer. We in turn allocate most of the proceeds to unearned premium reserves, invest those proceeds and recognize the premium revenues over time according to an actuarially determined multi-year schedule.

We also provide portfolio credit enhancement insurance to lenders that have originated loans with loan-to-value ratios of less than 75%. These policies provide lenders with immediate capital relief from applicable bank regulatory capital requirements and facilitate the securitization of mortgages in the Canadian market. In both primary flow insurance and portfolio policies, our mortgage insurance in Canada provides insurance coverage for the entire unpaid loan balance, including interest, selling costs and expenses, following the sale of the underlying property.

The leading mortgage product in the Canadian market is a mortgage with the interest rate fixed for the first five years of the loan. After the fifth year, the loan becomes due and payable and the borrower must negotiate its renewal, at which time the borrower may choose to have the interest rate float or have it fixed for an additional period. Lenders typically charge a mortgage pre-payment penalty that serves as a disincentive for borrowers to refinance their mortgages. Changes in interest rates, adverse economic conditions and high levels of borrowing affect the frequency of defaults and claims with respect to these loans, which may adversely affect our loss experience.

Government guarantee

We have an agreement with the Canadian government under which it guarantees the benefits payable under a mortgage insurance policy, less 10% of the original principal amount of an insured loan, in the event that we fail to make claim payments with respect to that loan because of insolvency. We pay the Canadian government a risk premium for this guarantee and make other payments to a reserve fund in respect of the government's obligation. Because banks are not required to maintain regulatory capital on an asset backed by a sovereign guarantee, our 90% sovereign guarantee permits lenders purchasing our mortgage insurance to reduce their regulatory capital charges for credit risks on mortgages by 90%.

Our agreement with the Canadian government provides that we and the government are entitled to review the terms of the guarantee when certain pricing assumptions have changed or other events have occurred that cause either party to believe that these changes or other events have resulted in unfairness, prejudice or obvious hardship. In this event, the agreement requires us to negotiate in good faith for six months to make such modifications as are required to remove or modify the unfairness, prejudice or obvious hardship. If we and the government are unable to agree on appropriate changes to the guarantee, the matter must be referred to binding arbitration.

In addition, our agreement with the Canadian government provides that the government has the right to review the terms of the guarantee if GE's ownership of our Canadian mortgage insurance company decreases below 50% or certain other events occur that affect the purposes of the agreement or the government's risk or exposure under the guarantee. In this event, the agreement requires us to negotiate in good faith to make such modifications as are required to remove or modify any unfairness, prejudice or obvious hardship that may have resulted from the change in ownership or other events. If we are unable to agree on appropriate modifications within six months, the agreement may be terminated for any new insurance written after the termination. GE has informed us that it expects to reduce its equity ownership of us to below 50% within two years of the completion of this offering. That disposition would permit the Canadian government to review the terms of its guarantee and could lead to a modification or termination of the guarantee. Although we believe the Canadian government will preserve the guarantee to maintain competition in the Canadian mortgage insurance industry, any adverse change in the guarantee's terms and conditions or termination of the guarantee could have a material adverse effect on our ability to continue offering mortgage insurance products in Canada.

Customers

The nine largest mortgage originators in Canada, consisting of banks, trust companies, and credit unions, collectively provide more than 80% of the financing for Canada's residential mortgage financing. These nine originators provided us with 85% of our new insurance written for the year ended December 31, 2003, compared with 86% for the year ended December 31, 2002 and 89% for the year ended December 31, 2001. Other market participants include regional banks, trust companies, and credit unions.

Competitors

The only other mortgage insurance competitor in Canada is the Canada Mortgage and Housing Corporation, or CMHC, which is a Crown corporation owned by the Canadian government. Because CMHC is a government-owned entity, its mortgage insurance provides lenders with 100% capital relief from bank regulatory requirements. CMHC also operates the Canadian Mortgage Bond Program, which provides lenders the ability to efficiently guaranty and securitize their mortgage loan portfolios. We compete with CMHC primarily based upon our reputation for high-quality customer service, quick decision-making on insurance applications, strong underwriting expertise and flexibility in terms of product development. In July 2003 the CMHC announced a 15% reduction in rates, which we have matched. This rate reduction, as well as any further similar actions taken by the CMHC, may cause our future revenue in our Canadian mortgage insurance business to decline. In addition, as in other markets, we compete in Canada with alternative products and financial structures, such as credit default swaps and captive insurers owned by lenders, that are designed to transfer credit default risk on mortgage loans.

Australia and New Zealand

We entered the Australian mortgage insurance market in 1997 with our acquisition of the operating assets of the Housing Loans Insurance Corporation, or HLIC, from the Australian government. We entered the New Zealand mortgage insurance market in 1999 as an expansion of our Australian operations. Our mortgage insurance operations in Australia and New Zealand accounted for approximately 36% of our total international mortgage insurance revenues for the year ended December 31, 2003.

Products

In Australia and New Zealand, we offer primary flow insurance, known as "lenders mortgage insurance," or LMI, and portfolio credit enhancement policies. As of December 31, 2003, LMI represented 89% and portfolio credit enhancement represented 11% of our mortgage insurance in force in Australia and New Zealand. Our principal product is LMI, which is similar to the primary flow insurance we offer in Canada, with single premiums and 100% coverage. Lenders usually collect the single premium from prospective borrowers at the time the loan proceeds are advanced and remit the amount to us as the mortgage insurer. We in turn allocate most of the proceeds to unearned premium reserves, invest those proceeds and recognize the premium revenues over time according to an actuarially determined multi-year schedule.

We provide LMI on a flow basis to two types of customers: banks, building societies and credit unions; and non-bank mortgage originators, called mortgage managers. Banks, building societies and credit unions generally acquire LMI only for residential mortgage loans with loan-to-value ratios above 80%, because reduced capital requirements apply to high loan-to-value residential mortgages only if they have been insured by an "A" rated, or equivalently rated, mortgage insurance company that is regulated by the Australian Prudential Regulation Authority, or APRA. Our insurance subsidiary that serves the Australian and New Zealand markets has financial-strength ratings of "AA" (Very Strong) from S&P and Fitch and a rating of "Aa2" (Excellent) from Moody's. There is no comparable capital incentive to purchase mortgage insurance for mortgages with loan-to-value ratios below 80%. The "AA" rating is the third-highest of S&P's 21 ratings categories and the third-highest of Fitch's 24 ratings categories. The "Aa2" rating is the third-highest of Moody's 21 ratings categories.

Mortgage managers fund their operations primarily through the issuance of mortgage-backed securities. Because they are not regulated by APRA, they do not have the same capital incentives as banks for acquiring LMI. However, they use LMI as the principal form of credit enhancement for these securities and generally purchase insurance for every loan they originate, without regard to the loan-to-value ratio.

We also provide portfolio credit enhancement policies to APRA-regulated lenders that have originated loans for securitization in the Australian market. Portfolio mortgage insurance serves as an important source of credit enhancement for the Australian securitization market, and our portfolio credit enhancement coverage generally is purchased for low loan-to-value, seasoned loans written by APRA-regulated institutions. To date, a market for these portfolio credit enhancement policies has not developed in New Zealand to the same extent as in Australia.

In both primary LMI and portfolio credit enhancement policies, our mortgage insurance provides insurance coverage for the entire unpaid loan balance, including selling costs and expenses, following the sale of the security property. Most of the loans we insure in Australia and New Zealand are variable rate mortgages with loan terms of between 20 and 30 years.

In connection with our acquisition of the operating assets of HLIC in 1997, we agreed to service a mortgage insurance portfolio that was retained by the Australian government. We receive a small amount of management fees for handling claims and providing loss mitigation and related services, but we did not acquire HLIC's originated insurance policies and do not bear any risk on those policies.

Customers

The ten largest mortgage originators in Australia, consisting of seven banks and three mortgage managers, collectively provide more than 80% of Australia's and New Zealand's residential mortgage financing. These ten originators provided us with 78% of our new insurance written for the year ended December 31, 2003, compared with 77% and 74% for the years ended December 31, 2002 and 2001, respectively. Other market participants in Australian and New Zealand mortgage lending include regional banks, building societies and credit unions.

Competitors

The Australian and New Zealand mortgage insurance markets are served by one other independent LMI company, PMI, as well as various lender-affiliated captive mortgage insurance companies. We compete with PMI primarily based upon our reputation for high-quality customer service, quick decision making on insurance applications, strong underwriting expertise and flexibility in terms of product development. As in Canada, we also compete in Australia and New Zealand with alternative products and financial structures that are designed to transfer credit default risk on mortgage loans.

APRA's license conditions require Australian mortgage insurance companies, including ours, to be mono-line insurers, which are insurance companies that offer just one type of insurance product. However, in November 2003, APRA announced that it is considering, and has sought comment on, a proposal to eliminate the requirement that mortgage insurance companies be mono-line insurers, which APRA believes could facilitate the entry of new competitors.

Europe

We began our European operations in 1994 in the U.K., which is Europe's largest market for mortgage loan originations. We expanded into five additional countries between 1999 and 2003, and we continue to explore opportunities in other European countries. Mortgage insurance originating in the U.K. accounted for approximately 81% of our European mortgage insurance in force as of December 31, 2003. This large concentration in the U.K. is attributable primarily to the fact that we have been operating in that country considerably longer than in any other European country. Our mortgage insurance operations in Europe accounted for approximately 9% of our total international mortgage insurance revenues for the year ended December 31, 2003.

Products

Our European business currently consists principally of primary flow insurance on adjustable-rate mortgages. As is the case in our other non-U.S. markets, most primary flow insurance policies written in Europe are structured with single premium payments. Our primary flow insurance generally provides first-loss coverage in the event of default on a portion (typically 10%-20%) of the balance of an individual mortgage loan. We believe that, over time, there is an opportunity to provide additional products with higher coverage percentages to reduce the risks to lenders of low-down-payment lending to levels similar to those in more mature mortgage insurance markets. We also recently began offering portfolio credit enhancement policies to lenders that have originated loans for securitization in select European markets.

Customers

As a result of our strategy to expand organically into new markets in Europe with attractive growth potential, our portfolio of international mortgage insurance in force in Europe is concentrated in the countries where we have been active for the longest period of time and with customers with whom we have been doing business for the longest period of time. We expect this concentration to diminish over time. Our customers are primarily banks and mortgage investors, and our largest customer in Europe, which is a bank in the U.K., accounted for 48% of our new insurance written in the European markets for the year ended December 31, 2003, compared with 67% and 92% for the years ended December 31, 2002 and 2001, respectively. This customer periodically reviews its needs for external risk mitigation, including mortgage insurance, and recently has indicated to us that it may cease to purchase mortgage insurance. We are in discussions regarding alternative arrangements to retain our relationship with this customer. In any event, we believe that any decline in new insurance written with this customer will be offset by increased business from our existing and future customers.

Competitors

Our European business faces competition from both traditional mortgage insurance companies as well as providers of alternative credit enhancement products. Our competitors are both public and private entities. Public mortgage guarantee facilities exist in The Netherlands, Sweden, Finland and Italy, which provide (except in The Netherlands) first-loss coverage at premium rates and coverage levels similar to ours. We also face competition from affiliates of other U.S. private mortgage insurers, such as PMI, Radian and United Guaranty Residential Insurance Company, as well as multi-line insurers primarily in the U.K. and the Republic of Ireland, such as Norwich Union, Legal & General and Royal & SunAlliance. In April 2004, PMI purchased Royal & SunAlliance's mortgage insurance business in the U.K.

We also face competition from alternative credit enhancement products, such as personal guarantees on high loan-to-value loans, second mortgages and bank guarantees, and captive insurance companies organized by lenders. Lenders also have sought other forms of risk transfer, such as the use of capital market solutions through credit derivatives. In addition, some European lenders have chosen to price for and retain the additional credit risk, effectively self-insuring their low-down-payment loans. We believe that our global expertise, coverage flexibility, and strong ratings provide a very valuable offering compared with competitors and alternative products.

Loan portfolio

The following table sets forth selected financial information regarding the effective risk in force of our international mortgage insurance loan portfolio as of the dates indicated:

	Historical		
	December 31,		
(Dollar amounts in millions)	2003	2002	2001
Loan-to-value ratio			
95.01% and above	$ 132	$ 12	$ 11
90.01% to 95.00%	11,549	6,884	4,486
80.01% to 90.00%	15,762	8,718	5,563
80.00% and below	15,926	10,091	6,651
Total	$ 43,369	$ 25,705	$ 16,711
Loan type			
Fixed rate mortgage	$ —	$ —	$ —
Adjustable rate mortgage	43,369	25,705	16,711
Total	$ 43,369	$ 25,705	$ 16,711
Mortgage term			
15 years and under	$ 17,493	$ 11,813	$ 8,694
More than 15 years	25,876	13,892	8,017
Total	$ 43,369	$ 25,705	$ 16,711

Our businesses in Australia, New Zealand and Canada currently provide 100% coverage on the majority of the loans we insure in those markets. The table above presents effective risk in force, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in force has been calculated by applying to insurance in force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our businesses in Australia, New Zealand and Canada. As of December 31, 2003 this factor was 35% in each of Australia, New Zealand and Canada.

Loans in default and claims

The claim process in our international mortgage insurance business is similar to the process we follow in our U.S. mortgage insurance business. "See—Mortgage Insurance—U.S. mortgage insurance—Loans in default and claims." The following table sets forth the number of loans insured, the number of loans in default and the default rate for our international mortgage insurance portfolio:

	Historical		
	December 31,		
	2003	2002	2001
Primary insurance			
Insured loans in force	1,282,731	1,054,703	790,294
Loans in default	4,926	3,641	3,471
Percentage of loans in default (default rate)	0.4%	0.4%	0.4%
Flow loans in force	1,044,131	753,314	549,039
Flow loans in default	4,679	3,268	3,262
Percentage of flow loans in default (default rate)	0.5%	0.4%	0.6%
Portfolio credit enhancement loans in force	238,600	301,389	241,255
Portfolio credit enhancement loans in default	247	373	209
Percentage of portfolio credit enhancement loans in default (default rate)	0.1%	0.1%	0.1%

Corporate and Other

Our Corporate and Other segment consists of net realized investment gains (losses), and unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), interest, and other financing expenses that are incurred at our holding company level. This segment also includes the results of Viking Insurance Company, GE Seguros and a few other small, non-core businesses that are managed outside our operating segments.

Our subsidiary, Viking Insurance Company, is a Bermuda-based reinsurer primarily of leased equipment insurance and consumer credit insurance underwritten by American Bankers Insurance Company, or ABIC. GE's Vendor Financial Services business purchases property and casualty insurance from ABIC on behalf of certain of its lessees to cover leased equipment. ABIC then reinsures those policies with Viking. GE's Card Services business develops and markets credit insurance through credit card issuers, retailers and banks. These credit insurance policies also are underwritten by ABIC and then reinsured with Viking.

Viking also has an in-force block of reinsurance of U.S. and Canadian consumer auto warranties and property and casualty gap insurance that protects consumers from the risk of loss on any difference between the value of an automobile and any loans secured by it. We do not intend to enter into any new warranty or gap insurance reinsurance treaties, and we intend to place the existing treaties in run-off, with the remaining program expiring over the next four years.

GE has informed us that Vendor Financial Services intends to cease purchasing new insurance coverage on behalf of lessees through ABIC, as of March 1, 2004, and Card Services intends to phase out marketing credit insurance over the next several years. GE Capital has agreed to take all commercially reasonable efforts to maintain the relevant existing insurance and reinsurance relationships, but we expect Viking's reinsurance programs with GE's Card Services business and Vendor Financial Services to decline steadily over the next several years and, ultimately, be discontinued. With respect to Card Services' credit insurance, GE Capital may decide to encourage a switch of existing coverages to another program. In that event, GE Capital has agreed to pay Viking an amount equal to the net underwriting income that Viking is projected to receive as reinsurer from the date of discontinuation of any credit insurance program through December 31, 2008. See "Agreements Between GE and our Company—Relationship with GE—Agreement Regarding Continued Reinsurance by Viking."

Our subsidiary, GE Seguros, is a small Mexican-domiciled multi-line insurer. We acquired this business in 1995 and currently hold 99.6% of its outstanding shares. GE Seguros is licensed to sell property and casualty, life and health insurance in Mexico.

GE Seguros currently writes primarily motor vehicle coverage for personal and commercial domestic vehicles and personal coverage for tourist vehicles. It also writes a small amount of homeowners', commercial property, transport and life insurance. GE Seguros distributes its products through independent agents in Mexico and, for the tourist auto business, it also distributes its products through agents located in key U.S. border locations. GE Seguros maintains agency relationships through its branch offices in ten major Mexican cities.

Viking, GE Seguros and other small, non-core businesses had aggregate net earnings of $28 million, $42 million and $47 million for the years ended December 31, 2003, 2002 and 2001.

Distribution

We distribute our products through an extensive and diversified distribution network that is balanced between independent sales intermediaries, including financial intermediaries and independent producers, and dedicated sales specialists. We believe this access to a variety of distribution channels enables us to respond effectively to changing consumer needs and distribution trends. We have strategically positioned our multi-channel distribution network to capture a broad share of the distributor and consumer markets and to accommodate different consumer preferences in how to purchase insurance and financial services products.

Protection and Retirement Income and Investments segments

Our Protection and Retirement Income and Investments segments both distribute their products through the following channels:

- Financial intermediaries, including banks, securities brokerage firms, and independent broker/dealers;
- Independent producers, including brokerage general agencies, affluent market producer groups and specialized brokers; and
- Dedicated sales specialists, including long-term care sales agents and affiliated networks of both accountants and personal financial advisers.

The following table sets forth our annualized first-year premiums and deposits for the products in our Protection and Retirement Income and Investments segments (other than our European payment protection insurance business), categorized by each of our distribution channels. For our European payment protection business, the following table sets forth gross written premiums because historically we have not tracked annualized first-year premiums for this business.

(Dollar amounts in millions)	Historical			
	Year ended December 31, 2003			
	Financial Intermediaries	Independent producers	Dedicated sales specialists	Total
Annualized first-year Premiums and Deposits(1)				
Protection				
Life insurance	$ 10	$ 145	$ 8	$ 163
Long-term care insurance	53	51	136	240
Group life and health insurance	—	144	—	144
Retirement Income and Investments				
Spread-based retail products	1,386	897	84	2,367
Spread-based institutional products(2)	—	3,702	—	3,702
Fee-based products	2,005	803	99	2,907
Gross Written Premiums				
Protection				
European payment protection insurance	1,381	151	—	1,532

(1) Annualized first-year premiums and deposits reflect the amount of business we generated during a specified period. We consider annualized first-year premiums and deposits to be a measure of our operating performance because they represent a measure of new sales of insurance policies and additional investments by our customers during a specified period, rather than a measure of our revenues or profitability during that period.

(2) Deposits on spread-based institutional products include contracts that have matured but are redeposited with our company. In the year ended December 31, 2003, deposits of spread-based institutional products included $1,675 million that was redeposited.

Financial intermediaries

We have selling agreements with approximately 900 financial intermediaries in the U.S., including banks, securities brokerage firms and independent broker/dealers. We use financial intermediaries to distribute a significant portion of our fixed, variable and income annuities and other investment products, and long-term care insurance. They also distribute a small portion of our life insurance policies to their individual clients. We have approximately 100 wholesalers in the U.S. who are our employees and who work to develop sales relationships with new financial intermediaries and to expand sales through existing financial intermediaries. In addition, we have 87 distributors, most of which are financial intermediaries, for our European payment protection insurance products.

Independent producers

Brokerage general agencies. We distribute most of our products, including life insurance, annuities and long-term care insurance through approximately 500 independent brokerage general agencies, or BGAs, located throughout the U.S. Approximately 270 of these BGAs distribute our life insurance, annuities and long-term care insurance products, and approximately 230 of them are long-term care insurance specialists and generally distribute only our long-term care insurance products. These BGAs market our products, and those of other insurance companies, through a network of approximately 243,500 independent brokers who are licensed and appointed to sell our products.

Affluent market producer groups. We have preferred carrier relationships with several industry leading affluent market producer groups. Through these relationships, we have access to approximately 5,000 producers who are licensed and appointed to sell our products. These groups target high-net-worth individuals, which we define to include households with at least $1 million of liquid assets, as well as small to medium-size businesses, which we define as those with fewer than 1,000 employees. We distribute life insurance, long-term care insurance and annuity products through these groups.

Specialized brokers. We distribute many of our products through brokers that specialize in a particular insurance or investment product and deliver customized service and support to their clients. We use a network of approximately 350 specialized independent brokers to distribute income annuities and structured settlements. We believe we have one of the oldest and largest distribution systems for structured settlements, and our relationships with many of these specialized brokers date back more than 20 years. We distribute our group life and health insurance products and services through an independent network of approximately 5,000 licensed group life and health brokers and agents that are supported by our nationwide sales force of approximately 100 employees. These group brokers and agents typically specialize in providing employee benefit and retirement solution services to employers. We also distribute GICs and funding agreements through a group of approximately 35 specialized brokers and investment managers.

Dedicated sales specialists

Long-term care agents. We have approximately 1,800 sales agents who specialize in selling our long-term care insurance products, 70 of which are product specialists who assist our independent sales intermediaries in selling our long-term care insurance products. They also sell our Medicare supplement insurance product and the products of other insurers on a select basis. We employ the individuals who manage and support the dedicated sales specialists. We compensate our long-term care agents primarily on a commission basis. To support lead generation for this channel, we have a comprehensive direct mail and marketing program, including mass marketing and affinity strategies that target members of various organizations, such as travel, social and professional organizations. We also identify prospective customers through educational seminars, policyholder referrals and targeted promotions linked to our national advertising campaigns.

Accountants and personal financial advisers. We have more than 2,000 affiliated personal financial advisers, of whom approximately 1,700 are accountants, who sell our annuity and insurance products including variable products, third-party mutual funds and other investment products through our wholly-owned broker/dealers. In the past several years, accountants have been increasingly responsible for assisting their clients with long-term financial planning, as well as traditional accounting and tax-related services. As a result, we believe accountants provide us with an opportunity for growth as a distribution channel. We distribute primarily annuities and other investment products through this distribution channel.

Mortgage Insurance

We distribute our mortgage insurance products through our dedicated sales force of more than 100 employees located throughout the U.S. This sales force primarily markets to financial institutions and mortgage originators, which in turn offer mortgage insurance products to borrowers. In addition to our field sales force, we also distribute our products through a telephone sales force serving our small lender and broker customer segments, as well as through our "Action Center" which provides live phone and web chat based support for all our customer segments.

We also maintain a dedicated sales force that markets our mortgage insurance products to lenders in Canada, Australia, New Zealand, and Europe. As in the U.S. market, our sales force markets to financial institutions and mortgage originators, who in turn offer mortgage insurance products to borrowers.

Marketing

In addition to the breadth and variety of our distribution channels, we have differentiated our approach to the market through product breadth, technology services, specialized support for our distributors and innovative marketing programs tailored to particular consumer groups. We also have developed a comprehensive strategy to promote our new corporate brand after the completion of our initial public offering and our separation from GE.

We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings. We believe our reputation for innovation and our smart breadth of products enable us to sustain strong relationships with our distributors and position us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships, while at the same time they continue to be able to access a broad range of products. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. These tools also make it easier for our customers and distributors to do business with us.

We maintain strong relationships with leading distributors by providing a high level of specialized and differentiated distribution support, such as product training, advanced marketing and sales solutions, financial product design for affluent customers and technology solutions that support the distributors' sales efforts and by pursuing joint business improvement efforts. We also sponsor various advisory councils with independent sales intermediaries and dedicated sales specialists to gather their feedback on industry trends, new product suggestions and ways to enhance our relationships. For the past several years, we have offered programs to share our Six Sigma process quality methods with our distributors. To this end, we have participated in a joint business improvement initiative (originally developed by GE), called "At the Customer For the Customer," or ACFC, through which we help our independent sales intermediaries increase sales and realize greater efficiencies in their businesses. We believe ACFC has been favorably received by our distributors and has helped to differentiate us from our competitors. During 2003, our independent sales intermediaries initiated more than 200 projects through the ACFC program.

We have designed innovative marketing programs that target different consumer groups. For example, we sponsor the GE Center for Financial Learning, which provides a web site to promote financial literacy. The site has won more than 35 Internet and industry awards and contains detailed information about various insurance and investment products and financial decisions facing consumers. The site was developed with the help of leading academic experts and financial professionals who also serve on the GE Center for Financial Learning's Advisory Board. This website is devoted solely to financial education and does not sell or promote any products. However, we believe the website contributes to the recognition of our products and services and generates loyalty among independent sales intermediaries and consumers.

We also have been actively marketing our products to U.S. Latino customers, who we believe are substantially underserved by insurance and investment products, despite being the largest minority group in the U.S. As part of this campaign, we recruit Spanish-speaking agents, translate various marketing materials into Spanish, advertise our services on Telemundo Spanish television, participate in Latin American street fairs, and, as part of the GE Center for Financial Learning, operate a Spanish-language web site devoted to financial education for U.S. Latinos.

Our other innovative marketing programs include our two mobile marketing units that visit more than 50 communities each year to generate publicity and sales opportunities for our products, our coordination of the national Long-Term Care Awareness Day, and our sponsorship of the Alzheimer Association's annual Memory Walk across the U.S.

Branding has been, and will continue to be, an important aspect of our total marketing program. We currently use the GE brand name and logo in nearly all our marketing and distribution activities, including product names, product brochures, websites, stationery, signage, advertising and promotions. In addition, many of our insurance subsidiaries incorporate "GE," "General Electric" or "GE Capital" in their corporate names. Pursuant to a transitional trademark license agreement, GE will grant us the right to use the "GE" mark and the "GE" monogram for up to five years in connection with our products and services. GE also will grant us the right to use "GE," "General Electric" and "GE Capital" in the corporate names of our subsidiaries until the earlier of twelve months after the date on which GE owns less than 20% of our outstanding common stock and five years from the date of the trademark license agreement. In addition, insurance regulators in the U.S. and the other countries where we do business could require us to accelerate the transition to our independent brand. See "Arrangements Between GE and Our Company—Relationship with GE—Intellectual Property Arrangements—Transitional Trademark License Agreement."

Our branding strategy is to establish our new Genworth brand expeditiously while we continue to use the GE brand name and logo with customers. We are planning a phased brand rollout. Our first phase will emphasize the relationship between Genworth and the GE brand with continued references to GE and the GE brand in selective marketing materials. Within 12 months of the completion of our initial public offering, we intend to re-brand most standard communications materials with the Genworth logo, name and corporate identity, including the references to GE. During 2004 and 2005, we also intend to promote the Genworth brand through various communications, such as advertising, promotions, print media, the Internet, public relations efforts, and special events for distributors and consumers. We intend to customize our brand transition strategy for each of our distribution channels.

We expect to incur aggregate expenses of approximately $35 million in each of the years ending December 31, 2004, 2005 and 2006 on marketing, advertising and legal entity transition expenses, reflecting primarily the costs of establishing our new brand throughout our business, including with consumers and sales intermediaries.

Risk Management

Overview

Risk management is a critical part of our business, and we have adopted rigorous risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management, and technology development projects. The primary objective of these risk management processes is to reduce the variations we experience from our expected results. We have an experienced group of more than 130 professionals, including actuaries, statisticians and other specialists, dedicated exclusively to our risk management process. We believe we have benefited from the sophisticated risk management techniques that GE applies throughout its businesses, and we have emphasized our adherence to those techniques as a competitive advantage in marketing and managing our products. We intend to maintain a prudent and highly disciplined risk management strategy as an independent company.

New product introductions

Our risk management process begins with the development and introduction of new products and services. We have established a rigorous product development process that specifies a series of required analyses, reviews and approvals for any new product. This process includes a review of the market opportunity and competitive landscape for each proposed product, major pricing assumptions and methodologies, return expectations, reinsurance strategies, underwriting criteria and business risks and potential mitigating factors. Before we introduce a new product in the market, we establish a monitoring program with specific performance targets and leading indicators, which we monitor frequently to identify any deviations from expected performance so that when necessary, we can take prompt corrective action. All new products require approval by our senior management team. We use a similarly rigorous process to introduce variations to existing products and to introduce existing products through new distribution channels.

Product performance reviews

The Risk Committee for our Protection and Retirement Income and Investments segments includes our President and Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Product Management, Chief Investment Officer and Chief Actuary. The Risk Committee reviews each of our products on a regular cycle, typically approximately twice per year. These reviews include an analysis of the major drivers of profitability, underwriting performance, variations from expected results, regulatory and competitive environment and other factors affecting product performance. In addition, we initiate special reviews when a product's performance fails to meet any of the indicators we established during that product's introductory review process. If a product does not meet our performance criteria, we consider adjustments in pricing, design and marketing or ultimately discontinuing sales of that product. We review our underwriting, pricing and risk selection strategies on a regular basis to ensure that our products remain progressive, competitive and consistent with our marketing and profitability objectives. We are also subject to periodic external audits by our reinsurers, which provide us with valuable insights into other innovative risk management practices.

In managing the risks of our Mortgage Insurance segment, we carefully monitor portfolio trends and product performance, including credit quality, product concentrations and claims development. We evaluate trends in our portfolio through various means, including comparison of results to pre-established targets and to our historical experience, analysis of borrower credit scores, and use of our own proprietary mortgage scoring model, OmniScore®. We obtain borrower FICO scores and other credit data directly from credit bureaus when available, thereby enabling us to independently evaluate the credit quality of loans submitted to us. We also regularly evaluate the profitability of our products in light of market conditions and forecasts developed during the product development process. As in our other segments, if a mortgage insurance product's performance fails to meet any of the indicators we established during that product's introductory review process or otherwise shows negative trends, we consider changes to our product guidelines, price adjustments, limiting our exposure or discontinuing the offering of that product. We also assess portfolio quality and loan performance at the lender account level using OmniScore®, FICO scores and other credit data and our historical claims experience. Our risk management team conducts portfolio quality and loan performance reviews with lenders as required, during which we consider and address any significant trends and performance issues. We also review the profitability of lender accounts on a quarterly basis to ensure that our business with these lenders is achieving anticipated performance levels and to identify trends requiring remedial action. Corrective actions may include changes to our underwriting guidelines, product mix or other programs with lenders.

Asset-liability management

We maintain segmented investment portfolios for the majority of our product lines. This enables us to perform an ongoing analysis of the interest rate risks associated with each major product line, in addition to the interest rate risk for our overall enterprise. We analyze the behavior of our liability cash flows across a wide variety of future interest rate scenarios, reflecting policy features and expected policyholder behavior. We also analyze the behavior of our asset portfolio across the same scenarios. We believe this analysis shows the sensitivity of both our assets and liabilities to large and small changes in interest rates and enables us to manage our assets and liabilities more effectively.

Portfolio diversification

We use strict limits to avoid concentrations of risk in our investment portfolio. The techniques we use to manage our exposure to credit risk, interest rate risk and market valuation risk are discussed in further detail below under "—Investments."

In managing our mortgage insurance risk exposure, we carefully monitor geographic concentrations in our portfolio and the condition of housing markets in each country in which we operate. We monitor our concentration of risk in force at the regional, state and major metropolitan area levels on a quarterly basis. In the U.S., we evaluate the condition of housing markets in major metropolitan areas with our proprietary OmniMarket℠ model, which rates housing markets based on variables such as economic activity, unemployment, mortgage delinquencies, home sales trends and home price changes. We also regularly monitor factors that affect home prices and their affordability by region and major metropolitan area.

Actuarial databases and information systems

Our extensive actuarial databases and innovative information systems technology are important tools in our risk management programs. We believe we have the largest actuarial database for long-term care insurance claims with almost 30 years of experience in offering those products. We also have substantial experience in offering individual life insurance products, and we have developed a large database of claims experience, particularly in preferred risk classes, which provides significant predictive experience for mortality.

We use advanced and, in some cases, proprietary technology to manage variations in our underwriting process. For example, our GENIUS® new business processing system uses digital underwriting technology that is designed to reduce policy issue times, lower our operating costs and increase the consistency and accuracy of our underwriting process by reducing decision-making variation. In our mortgage insurance business we use borrower credit scores, our proprietary mortgage scoring model, OmniScore®, and our extensive database of mortgage insurance experience to evaluate new products and portfolio performance. OmniScore® uses the borrower's credit score and additional data concerning the borrower, the loan and the property, including loan-to-value ratio, loan type, loan amount, property type, occupancy status and borrower employment to predict the likelihood of having to pay a claim. In the U.S., OmniScore® also incorporates our assessment of the housing market in which a property is located, as evaluated with our OmniMarket℠ model. We believe this additional mortgage data and housing market assessment significantly enhances OmniScore's® predictive power over the life of the loan. We perform portfolio analysis on an ongoing basis to determine if modifications are required to our product offerings, underwriting guidelines or premium rates.

Compliance

We take a disciplined approach to legal and regulatory compliance practices and throughout our company instill a strong commitment to integrity in business dealings and compliance with applicable laws and regulations. In recognition of this commitment, we have received the American Council of Life Insurers' Integrity First Award in both 2001 and 2002. We have approximately 140 employees dedicated to compliance matters.

Operations and Technology

Service and support

We have a dedicated team of approximately 5,000 service and support personnel (including our operations through an arrangement with a GE subsidiary in India) who assist our sales intermediaries and customers with their service needs. We use advanced and, in some cases, proprietary, patent-pending technology to provide customer service and support, and we operate service centers that leverage technology, integrated processes, and Six Sigma process management techniques.

In our Protection and Retirement Income and Investments segments, we interact directly and cost-effectively with our independent sales intermediaries and dedicated sales specialists through secure websites, which have enabled them to transact business with us electronically, obtain information about our products, submit applications, check application and account status and view commission information. We also provide our independent sales intermediaries and dedicated sales specialists with account information to disseminate to their customers through the use of industry-standard XML communications. Our technology teams actively participate in the development of industry standards and have received early adopter awards from industry organizations such as the Association for Cooperative Operations Research and Development, or ACORD.

We also have introduced technologically advanced services to customers in our Mortgage Insurance segment. Historically, lenders submitted applications for mortgage insurance via mail, courier or fax. If we approved the loan, we would issue a certificate of insurance to the lender. Advances in technology now enable us to accept applications through electronic submission and to issue electronic insurance commitments and certificates. Our AU Central® Internet platform provides lenders real-time access to multiple automated underwriting systems at the point of sale, helping them to originate loans more easily and efficiently. For the year ended December 31, 2003, we issued approximately 82% of our U.S. mortgage insurance commitments electronically, compared to 78% for the year ended December 31, 2002 and 55% for the year ended December 31, 2001. Through our Internet-enabled information systems, lenders can receive information about their loans in our database, as well as make corrections, file notices and claims, report settlement amounts, verify loan information and access payment histories. We also assist in workouts through LMO Fast-Track, which we believe is the mortgage insurance industry's first on-line workout approval system, allowing lenders to request and obtain authorization from us for them to provide workout solutions to their borrowers.

Operating centers

We have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland. We expect to realize additional efficiencies from further facility rationalization, which includes centralizing additional U.S. operations and consolidating mailrooms and print centers. Through an arrangement with GE, we have a substantial team of professionals in India who provide a variety of services to us, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing resources to our insurance operations. Most of the personnel in India have college degrees, and many have graduate degrees. See "Arrangements Between GE and Our Company—Relationship with GE—Arrangements regarding our operations in India" for a description of this arrangement.

Technology capabilities

We employ approximately 560 information technology professionals throughout our organization. These include approximately 30 project managers, all of whom have been certified by the Project Management Institute to design and develop new technological capabilities.

We rely on proprietary processes for project approval, execution, risk management and benefit verification as part of our approach to technology investment. We hold, or have applied for, more than 120 patents. Our technology team is experienced in large-scale project delivery, including many insurance administration system consolidations and the development of Internet-based servicing capabilities. We continually manage technology costs by standardizing our technology infrastructure, consolidating application systems, reducing servers and storage devices, and managing project execution risks.

We work with associates from GE's Global Research Center to develop new technologies that help deliver competitive advantages to our company. After our separation from GE, we will complete our existing projects with the GE Global Research Center under their current terms. We also may work on new projects with the GE Global Research Center in the future. All new projects will be pursuant to individual agreements that will be negotiated on mutually agreeable terms. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."

Six Sigma

We believe we have greatly enhanced our operating efficiency and generated significant cost savings by using a highly disciplined quality management and process optimization methodology known as Six Sigma, which relies on the rigorous use of statistical techniques to assess process variations and defects. Six Sigma is a quality program consisting of a combination of GE proprietary and licensed materials, concepts, methodologies and software tools. The program uses a disciplined methodology to define, measure, analyze, improve and control the features and performance of a company's products and processes. Six Sigma creates a rigorous process analysis supported by data to measure defect levels in a given process or product. By measuring defects and identifying their root causes, processes and products can be improved to deliver and sustain higher levels of performance as measured by timeliness, accuracy, cost and customer satisfaction.

We have a team of approximately 300 employees who have received extensive training and certification in Six Sigma, an additional 1,400 employees have received standard Six Sigma certification, and nearly all our employees have attained a basic level of competence in the Six Sigma methodology.

Pursuant to the transition services agreement that we will enter into with GE prior to the completion of this offering, GE, at no cost to us, will ensure that we will be able to continue to use our Six Sigma program in a manner consistent with our use prior to the completion of this offering.

Reserves

We calculate and maintain reserves for the estimated future payment of claims to our policyholders and contractholders based on actuarial assumptions and in accordance with U.S. GAAP and industry accounting practices. Many factors can affect these reserves and liabilities, including economic and social conditions, inflation, healthcare costs, changes in doctrines of legal liability and damage awards in litigation. Therefore, the reserves and liabilities we establish are necessarily based on extensive estimates, assumptions and our analysis of historical experience. Our results depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in determining our reserves and pricing our products. Our reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. We cannot determine with precision the ultimate amounts that we will pay for actual claims or the timing of those payments.

Protection

We establish reserves for life insurance policies based generally upon actuarially recognized methods. We use mortality tables in general use in the U.S. and Europe, modified to reflect our expected claims. Persistency, expense and interest rate assumptions are based upon relevant experience and expectations for the future. We establish reserves at amounts we expect to satisfy our policy obligations, including assumptions for the receipt of additional premiums and of interest to be earned on the reserves. The liability for policy benefits for universal life insurance policies and interest-sensitive whole life policies is equal to the balance that accrues to the benefit of policyholders, including credited interest, plus any amount needed to provide for additional benefits. We also establish reserves for amounts that we have deducted from the policyholder's balance to compensate us for services to be performed in future periods, and we release these reserves as those future obligations are extinguished.

We establish reserves for long-term care insurance policies based upon a variety of factors including claim likelihood, continuance, severity, persistency, and plan of coverage. Long-term care insurance policies are long-duration products, and therefore our future claims experience may be different from what we expected when we issued the policies. Moreover, long-term care insurance does not have the claims experience history of life insurance, and as a result, our ability to forecast claims for long-term care insurance products is more limited than for life products.

Our liability for unpaid group life and health insurance claims, including our medical and non-medical lines, is an estimate of the ultimate net cost of both reported and unreported losses not yet settled. Our liability is based upon an evaluation of historical claim run-out patterns and includes a provision for adverse claim development. Reserves for long-term disability insurance represent the actuarial present value of benefits for current claimants. Claim benefit payments on long-term disability insurance policies consist of payments made monthly, in accordance with the contractual terms of the policy. Reserves for incurred but not reported claims in our group life and health insurance business are based upon historic incidence rates.

We establish reserves for our European payment protection insurance using a number of actuarial models. Claims reserves are calculated separately for disability, life and unemployment business. Reserves are established at three different stages of a claim: incurred but not reported, reported but not paid and in the course of payment.

Retirement Income and Investments

For our investment contracts, including annuities, GICs, and funding agreements, contractholder liabilities are equal to the accumulated contract account values, which generally consist of an accumulation of deposit payments plus credited interest or investment earnings, less expense and mortality charges, as applicable, withdrawals and other amounts assessed through the end of the period. We also maintain a separate reserve for expected future payments above the account value due to the death of a contractholder. Liabilities for future policy benefits on our immediate fixed annuity contracts are calculated based upon a set of actuarial assumptions that we establish and maintain throughout the lives of the contracts.

Mortgage Insurance

In our mortgage insurance businesses, a significant period of time may elapse between the occurrence of the borrower's default on a mortgage payment, which is the event triggering a potential future claim payment, the reporting of such default and our eventual payment of the claim. Consistent with U.S. GAAP and industry accounting practices, we establish reserves for loans that are in default, including loans that are in default but have not yet been reported, by forecasting the percentage of loans in default on which we will ultimately pay claims and the average claim that will be paid. We generally consider a loan to be in default if the borrower has failed to make a required mortgage payment for two consecutive months. In addition to our reserves for known loans in default, we establish reserves for "loss adjustment expenses" to provide for the estimated costs of settling claims, including legal and other fees, and general expenses of administering the claims settlement process.

We estimate ultimate claims and associated costs based upon our historical loss experience, adjusted for the anticipated effect of current economic conditions and projected economic trends. Consistent with U.S. GAAP and industry accounting practices, we do not establish loss reserves for future claims on insured loans that are not currently in default.

To improve the reserve estimation process, we segregate our mortgage loan portfolio based upon a variety of factors, and we analyze each segment of the portfolio in light of our default experience to produce our reserve estimate. We review these factors on a periodic basis and adjust our loss reserves accordingly. Although inflation is implicitly included in the estimates, the impact of inflation is not explicitly isolated from other factors influencing the reserve estimates. We do not discount our loss reserves for financial reporting purposes.

We also establish liabilities related to contract underwriting indemnification. Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining that loans processed by our contract underwriters meet specified underwriting or purchase criteria. We revise our estimates of these liabilities from time to time to reflect our recent experience.

Reinsurance

We follow the industry practice of reinsuring portions of our insurance risks with reinsurance companies. We use reinsurance both to diversify our risks and to manage loss exposures and capital effectively. The use of reinsurance permits us to write policies in amounts larger than the risk we are willing to retain, and also to write a larger volume of new business.

We cede insurance primarily on a treaty basis, under which risks are ceded to a reinsurer on specific blocks of business where the underlying risks meet certain predetermined criteria. To a lesser extent, we cede insurance risks on a facultative basis, under which the reinsurer's prior approval is required on each risk reinsured. Use of reinsurance does not discharge us, as the insurer, from liability on the insurance ceded. We, as the insurer, are required to pay the full amount of our insurance obligations even in circumstances where we are entitled or able to receive payments from our reinsurer. The principal reinsurers to which we cede risks have A.M. Best financial strength ratings ranging from "A++" to "A-." Historically, we have not had significant concentrations of reinsurance risk with any one reinsurer. However, prior to the completion of this offering, we will enter into reinsurance transactions with UFLIC, which will result in a significant concentration of reinsurance risk with UFLIC, as discussed under "Arrangements Between GE and Our Company—Reinsurance Transactions."

The following table sets forth, on an actual and pro forma basis, our exposure to our principal reinsurers, along with the reinsurance recoverable as of December 31, 2003, and the A.M. Best ratings of those reinsurers as of that date:

(Dollar amounts in millions)	Reinsurance recoverable	Pro forma reinsurance recoverable	A.M. Best rating
UFLIC(1)	$ 0	$ 16,345	A+
IDS Life Insurance Company(2)	758	758	A+
Phoenix Life Insurance Company(3)	667	667	A
Swiss Re Life & Health America Inc.	157	157	A++
Munich American Reassurance Company	120	120	A+
ERC(4)	107	107	A-
Revios Reinsurance	84	84	A-

(1) See "Arrangements Between GE and Our Company—Reinsurance Transactions."

(2) Our reinsurance arrangement with IDS covers a run-off block of single-premium life insurance policies.

(3) Our reinsurance arrangement with Phoenix covers a run-off block of corporate-owned life insurance policies. Both of these arrangements originated from acquisitions.

(4) ERC refers to Employers Reassurance Corporation (an indirect subsidiary of GE) and ERC Life Reinsurance Corporation (an indirect subsidiary of GE until December 2003).

As discussed above under "—Mortgage Insurance—Products and Services—Risk mitigation arrangements—Captive reinsurance," we have entered into a number of reinsurance agreements in which we share portions of our mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies, or captive reinsurers, affiliated with these lenders. In return, we cede an agreed portion of our gross premiums on insurance written to the captive reinsurers. Substantially all of our captive mortgage reinsurance arrangements are structured on an excess-of-loss basis.

As of December 31, 2003 our total risk reinsured to all captive reinsurers was $2.6 billion, and the total capital held in trust for our benefit by all captive reinsurers was $410 million. These captive reinsurers are not rated, and their claims-paying obligations to us are limited to the amount of capital held in trust. We believe the capital held in trust by these captive reinsurers is sufficient to meet their anticipated obligations to us. However, we cannot ensure that each captive with which we do business can or will meet all its obligations to us.

Financial Strength Ratings

Ratings with respect to financial strength are an important factor in establishing the competitive position of insurance companies. Ratings are important to maintaining public confidence in us and our ability to market our products. Rating organizations review the financial performance and condition of most insurers and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders.

Upon the completion of this offering and the concurrent offerings, we expect our principal life insurance subsidiaries to be rated by A.M. Best, S&P and Moody's as follows:

Company	A.M. Best rating	S&P rating	Moody's rating
American Mayflower Life Insurance Company of New York	A+ (Superior)	AA- (Very strong)	Aa3 (Excellent)
Federal Home Life Insurance Company	A+ (Superior)	Not rated	Aa3 (Excellent)
First Colony Life Insurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)
GE Capital Life Assurance Company of NY	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)
GE Life and Annuity Assurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)
GE Group Life Assurance Company	A (Excellent)	AA- (Very Strong)	Not Rated
General Electric Capital Assurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)

Upon the completion of this offering and the concurrent offerings, we expect our mortgage insurance subsidiaries to be rated by S&P, Moody's and Fitch as follows:

Company(1)	S&P rating	Moody's rating	Fitch rating
General Electric Mortgage Insurance Corporation	AA (Very Strong)	Aa2 (Excellent)	AA (Very Strong)
GE Mortgage Insurance Company Pty. Limited	AA (Very Strong)	Aa2 (Excellent)	AA (Very Strong)
GE Mortgage Insurance Limited	AA (Very Strong)	Aa2 (Excellent)	AA (Very Strong)

(1) Our Canadian mortgage insurance company is not rated by any of the rating agencies shown above.

The A.M. Best, S&P, Moody's and Fitch ratings included in this prospectus are not designed to be, and do not serve as, measures of protection or valuation offered to investors in this offering and the concurrent offerings. These financial strength ratings should not be relied on with respect to making an investment in our securities.

A.M. Best states that its "A+" (Superior) rating is assigned to those companies that have, in its opinion, a superior ability to meet their ongoing obligations to policyholders. The "A+" (Superior) rating is the second-highest of fifteen ratings assigned by A.M. Best, which range from "A++" to "F".

S&P states that an insurer rated "AA" (Very Strong) has very strong financial security characteristics that outweigh any vulnerabilities, and is highly likely to have the ability to meet financial commitments. The "AA" range is the second-highest of the four ratings ranges that meet these criteria, and also is the second-highest of nine financial strength rating ranges assigned by S&P, which range from "AAA" to "R." A plus (+) or minus (-) shows relative standing in a rating category. Accordingly, the "AA" and "AA-" ratings are the third- and fourth-highest of S&P's 21 ratings categories.

Moody's states that insurance companies rated "Aa" (Excellent) offer excellent financial security. Moody's states that companies in this group constitute what are generally known as high-grade companies. The "Aa" range is the second-highest of nine financial strength rating ranges assigned by Moody's, which range from "Aaa" to "C." Numeric modifiers are used to refer to the ranking within the group, with 1 being the highest and 3 being the lowest. Accordingly, the "Aa2" and "Aa3" ratings are the third- and fourth-highest of Moody's 21 ratings categories.

Fitch states that "AA" (Very Strong) rated insurance companies are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small. The "AA" rating category is the second-highest of eight financial strength rating categories, which range from "AAA" to "D." The symbol (+) or (-) may be appended to a rating to indicate the relative position of a credit within a rating category. These suffixes are not added to ratings in the "AAA" category or to ratings below the "CCC" category. Accordingly, the "AA" rating is the third-highest of Fitch's 24 ratings categories.

A.M. Best, S&P, Moody's and Fitch review their ratings periodically and we cannot assure you that we will maintain our current ratings in the future. Other agencies may also rate our company or our insurance subsidiaries on a solicited or an unsolicited basis.

Investments

As of December 31, 2003, on a pro forma basis, we had total cash and invested assets of $61.2 billion (including $1.1 billion of restricted investments held by securitization entities) and an additional $8.2 billion held in our separate accounts, for which we do not bear investment risk. We manage our assets to meet diversification, credit quality, yield and liquidity requirements of our policy and contract liabilities by investing primarily in fixed-maturities, including government, municipal and corporate bonds, mortgage-backed and other asset-backed securities and mortgage loans on commercial real estate. We also invest in short-term securities and other investments, including a small position in equity securities. In all cases, investments for our particular insurance company subsidiaries are required to comply with restrictions imposed by applicable laws and insurance regulatory authorities.

Our primary investment objective is to meet our obligations to policyholders and contractholders while increasing value to our stockholders by investing in a diversified portfolio of high-quality, income-producing securities and other assets. Our investment strategy will optimize investment income without relying on realized investment gains. In an effort to achieve this objective, we intend to pursue a prudent investment strategy focusing primarily on:

- minimizing interest rate risk through rigorous management of asset durations relative to policyholder and contractholder obligations;
- selecting assets based on fundamental, research-driven strategies;
- emphasizing fixed-interest, low-volatility assets;
- maintaining sufficient liquidity to meet unexpected financial obligations;
- continuously evaluating our asset class mix and pursuing additional investment classes; and
- rigorous, continuous monitoring of asset quality.

We are exposed to two primary sources of investment risk:

- credit risk, relating to the uncertainty associated with the continued ability of a given issuer to make timely payments of principal and interest; and
- interest rate risk, relating to the market price and cash flow variability associated with changes in market interest rates.

We manage credit risk by analyzing issuers, transaction structures and real estate properties. We use sophisticated analytic techniques to monitor credit risk. For example, we continually measure the probability of credit default and estimated loss in the event of such a default, which provides us with early notification of worsening credits. If an issuer downgrade causes our holdings of that issuer to exceed our risk thresholds, we automatically undertake a detailed review of the issuer's credit. We also manage credit risk through industry and issuer diversification and asset allocation practices. For commercial real estate loans, we manage credit risk through geographic, property type and product type diversification and asset allocation. We routinely review different issuers and sectors and conduct more formal quarterly portfolio reviews with our Investment Committee.

We mitigate interest rate risk through rigorous management of the relationship between the duration of our assets and the duration of our liabilities, seeking to minimize risk of loss in both rising and falling interest rate environments. For further information on our management of interest rate risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk."

The tables below present our investment positions and results on an historical and a pro forma basis. The pro forma data in these tables give effect to the reinsurance transactions with UFLIC described under "Arrangements Between GE and Our Company—Reinsurance Transactions." The actual investment assets that will be transferred in the reinsurance transactions have been determined on an asset-by-asset basis and the pro forma financial position adjustments have been determined based upon the actual assets that will be transferred. Because a significant portion of the assets to be transferred were not owned for the entire period, the pro forma earnings adjustments were based upon a proportional allocation of investment income from the investment assets historically identified as supporting the blocks reinsured. Under our existing investment management strategies, multiple product lines with similar characteristics can be supported by a single portfolio of investment securities, known as "multiple product portfolios." Where the reinsurance transactions with UFLIC relate to products supported by multiple product portfolios, the pro forma net investment income and net realized investment gains (losses) attributable to the reinsured liabilities were determined using an allocation approach, applying the ratio of reinsured liabilities to the total liabilities supported by the multiple product portfolio to the portfolio's net investment income and net realized investment gains (losses), respectively. As a result, the pro forma information does not represent the results we would have achieved had those reinsurance transactions been consummated at the beginning of the periods presented, and the information presented may not be a reliable indicator of our future results.

The following table sets forth, on an historical and pro forma basis, our cash and invested assets as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
Fixed-maturities, available-for-sale						
Public	$ 51,336	64%	$ 48,964	67%	$ 36,852	60%
Private	14,149	18%	11,833	16%	10,590	17%
Mortgage loans	6,114	8%	5,302	7%	5,676	9%
Equity securities and other investments	4,389	5%	4,165	6%	3,979	7%
Policy loans	1,105	1%	983	1%	1,096	2%
Restricted investments held by securitization entities	1,069	1%	—	0%	1,069	2%
Cash, cash equivalents and short-term investments	2,513	3%	2,402	3%	1,984	3%
Total cash and invested assets	$ 80,675	100%	$ 73,649	100%	$ 61,246	100%

Organization

Historically, GEAM has provided investment management services for portions of the investment portfolios of the U.S. and Canadian companies in our Mortgage Insurance segment pursuant to various investment management agreements. Prior to May 2002, we managed the investment portfolios of the U.S. companies in our Protection and Retirement Income and Investments segments through our subsidiary, General Electric Capital Assurance Company, or GECA, one of our life insurance companies. In May 2002, we and GE determined that it would be mutually beneficial for us to consolidate our investment management operations with GEAM. As a result, in May 2002, we consolidated GECA's investment operations with GEAM, and our U.S. insurance subsidiaries entered into investment management and services agreements with GEAM. GEAM has provided investment management services for our domestic operations' investment portfolios pursuant to these agreements and investment guidelines approved by the boards of directors of our respective companies. This consolidation strengthened GE's existing services to its insurance subsidiaries by centralizing investment management and credit analysis expertise, attracting superior professional talent due to improved career opportunities and establishing common research and trading teams on a unified technology platform. We incurred expenses for investment management and related administrative services provided by GEAM of $61 million, $39 million and $2 million for the years ended December 31, 2003, 2002 and 2001, respectively. GEAM is a registered investment adviser that, prior to the consolidation, provided a full range of investment management services, primarily to the GE Pension Trust, the funding vehicle for GE's defined benefit pension plan, as well as a wide range of affiliated and non-affiliated institutional clients, including certain other GE-affiliated insurance entities.

Prior to the completion of this offering, GEAM managed nearly all the investment operations for the benefit of our insurance subsidiaries and other GE-affiliated insurance companies. After the completion of this offering, we will establish our own investment department with more than 100 individuals, led by our Chief Investment Officer, who will preside over our Investment Committee, which will report to our Board of Directors and the boards of directors of our insurance company subsidiaries. Our investment department will include portfolio management, risk management, finance and accounting functions. Our investment department, under the direction of the Investment Committee, will be responsible for establishing investment policies and strategies, reviewing asset-liability management and performing asset allocation. In addition, we will manage certain asset classes for our domestic insurance operations that are currently managed by GEAM, including commercial mortgage loans, privately placed debt securities and derivatives.

Our agreements with GEAM will, with limited exceptions, be amended in connection with our initial public offering and separation from GE. See "Arrangements Between GE and Our Company—Relationship with GE—Investment Agreements."

Management of investments for our non-U.S. operations will be overseen by the managing director and boards of directors of the applicable non-U.S. legal entities in consultation with our Chief Investment Officer. Substantially all the assets of our European payment protection and mortgage insurance businesses will be managed by GEAML, pursuant to agreements that are substantially similar to our agreements with GEAM in the U.S. The majority of the assets of our Canadian, Australian and New Zealand mortgage insurance businesses will continue to be managed by unaffiliated investment managers located in their respective countries.

Investment results

The annualized yield on general account cash and invested assets, excluding net realized investment gains (losses), was 5.2% and 5.8% for the years ended December 31, 2003 and 2002, respectively.

The following table sets forth, on an historical and pro forma basis, information about our investment income, net realized investment gains (losses) and ending assets (except for restricted investments held by securitization entities) for components of our investment portfolio as of the dates and for the periods. The table also sets forth, on an historical basis, the yields based upon our average assets for the period presented. We have not presented investment yields on a pro forma basis because we have not prepared information about our average assets, on a pro forma basis for the year ended December 31, 2002, to permit the calculation of investment yields on a comparable basis to the historical yields presented below.

	Historical						Pro forma
	As of and for the years ended December 31,						As of and for the year ended December 31,
	2003		2002		2001		2003
(Dollar amounts in millions)	Yield	Amount	Yield	Amount	Yield	Amount	Amount
Fixed maturities—taxable							
Investment income	5.6%	$ 3,354	6.2%	$ 3,333	6.9%	$ 3,232	$ 2,346
Net realized investment gains (losses)		(25)		152		123	(2)
Total		3,329		3,485		3,355	2,344
Ending assets		62,132		57,490		50,147	44,245
Fixed maturities—non-taxable							
Investment income	3.8%	128	4.7%	158	5.0%	159	127
Net realized investment gains		41		157		22	41
Total		169		315		181	168
Ending assets		3,353		3,307		3,348	3,197
Mortgage and other loans							
Investment income	7.2%	410	7.4%	361	7.8%	348	333
Net realized investment gains (losses)		(1)		13		(10)	(1)
Total		409		374		338	332
Ending assets		6,114		5,302		4,499	5,676
Equity securities							
Investment income	2.8%	27	2.5%	39	2.0%	36	26
Net realized investment gains (losses)		(45)		(169)		(59)	(47)
Total		(18)		(130)		(23)	(21)
Ending assets		600		1,295		1,835	428
Other investments, including policy loans							
Investment income	2.4%	105	3.2%	112	5.3%	141	103
Net realized investment gains		40		51		125	47
Total		145		163		266	150
Ending assets		4,894		3,853		3,044	4,647
Cash, cash equivalents and short-term investments							
Investment income	2.4%	58	2.2%	37	3.1%	34	56
Ending assets		2,513		2,402		985	1,984
Total cash and invested assets							
Investment income before expenses and fees	5.3%	4,082	5.9%	4,040	6.6%	3,950	2,991
Investment expenses and fees		(67)		(61)		(55)	(63)
Net investment income	5.2%	4,015	5.8%	3,979	6.5%	3,895	2,928
Net realized investment gains (losses)		10		204		201	38
Total		$ 4,025		$ 4,183		$ 4,096	$ 2,966

Fixed maturities

Fixed maturities, including tax-exempt bonds, consist principally of publicly traded and privately placed debt securities, and represented 81% and 83% of total cash and invested assets as of December 31, 2003 and 2002, respectively, and 77% on a pro forma basis as of December 31, 2003.

Based upon estimated fair value, public fixed maturities represented 78% and 81% of total fixed maturities as of December 31, 2003 and 2002, respectively, and 78% of total fixed maturities on a pro forma basis as of December 31, 2003. Private fixed maturities represented 22% and 19% of total fixed maturities as of December 31, 2003 and 2002, respectively, and 22% of total fixed maturities on a pro forma basis as of December 31, 2003. We invest in privately placed fixed maturities in an attempt to enhance the overall value of the portfolio, increase diversification and obtain higher yields than can ordinarily be obtained with comparable public market securities. Generally, private placements provide us with protective covenants, call protection features and, where applicable, a higher level of collateral. However, our private placements are not freely transferable because of restrictions imposed by federal and state securities laws, the terms of the securities, and illiquid trading markets.

The Securities Valuation Office of the NAIC evaluates bond investments of U.S. insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC designations." The NAIC designations parallel the credit ratings of the Nationally Recognized Statistical Rating Organizations for marketable bonds. NAIC designations 1 and 2 include bonds considered investment grade (rated "Baa3" or higher by Moody's, or rated "BBB-" or higher by S&P) by such rating organizations. NAIC designations 3 through 6 include bonds considered below investment grade (rated "Ba1" or lower by Moody's, or rated "BB+" or lower by S&P).

The following tables present, on an historical and pro forma basis, our public, private and aggregate fixed maturities by NAIC and/or equivalent ratings of the Nationally Recognized Statistical Rating Organizations, as well as the percentage, based upon estimated fair value, that each designation comprises. Our non-U.S. fixed maturities generally are not rated by the NAIC and are shown based upon their equivalent rating of the Nationally Recognized Statistical Rating Organizations. Similarly, certain privately placed fixed maturities that are not rated by the Nationally Recognized Statistical Rating Organizations are shown based upon their NAIC designation. Certain securities, primarily non-U.S. securities, are not rated by the NAIC or the Nationally Recognized Statistical Rating Organizations and are so designated.

		Historical						Pro forma		
		December 31,						December 31,		
Public fixed maturities		2003			2002			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
(Dollar amounts in millions)										
1	Aaa/Aa/A	$ 32,095	$ 33,212	64%	$ 30,904	$ 31,899	65%	$ 24,762	$ 25,405	69%
2	Baa	13,866	14,778	29%	13,752	14,032	29%	8,693	9,173	25%
3	Ba	1,829	1,896	4%	1,970	1,758	4%	1,306	1,371	4%
4	B	1,023	979	2%	839	681	1%	623	610	2%
5	Caa and lower	295	272	1%	370	255	1%	165	152	0%
6	In or near default	96	104	0%	158	129	0%	43	46	0%
Not rated		92	95	0%	170	210	0%	93	95	0%
	Total public fixed maturities	$ 49,296	$ 51,336	100%	$ 48,163	$ 48,964	100%	$ 35,685	$ 36,852	100%

		Historical						Pro forma		
		December 31,						December 31,		
Private fixed maturities		2003			2002			2003		
NAIC Rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
(Dollar amounts in millions)										
1	Aaa/Aa/A	$ 7,029	$ 7,388	52%	$ 5,845	$ 6,208	53%	$ 5,047	$ 5,257	50%
2	Baa	5,182	5,442	38%	4,194	4,412	37%	4,099	4,268	40%
3	Ba	691	728	5%	626	636	5%	556	584	6%
4	B	234	228	2%	124	108	1%	204	199	2%
5	Caa and lower	192	177	1%	132	97	1%	152	141	1%
6	In or near default	93	86	1%	60	52	0%	54	47	0%
Not rated		99	100	1%	317	320	3%	93	94	1%
	Total private fixed maturities	$ 13,520	$ 14,149	100%	$ 11,298	$ 11,833	100%	$ 10,205	$ 10,590	100%

		Historical						Pro forma		
		December 31,						December 31,		
Total fixed maturities		2003			2002			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
(Dollar amounts in millions)										
1	Aaa/Aa/A	$ 39,124	$ 40,600	62%	$ 36,749	$ 38,107	63%	$ 29,809	$ 30,662	65%
2	Baa	19,048	20,220	31%	17,946	18,444	30%	12,792	13,441	28%
3	Ba	2,520	2,624	4%	2,596	2,394	4%	1,862	1,955	4%
4	B	1,257	1,207	2%	963	789	1%	827	809	2%
5	Caa and lower	487	449	1%	502	352	1%	317	293	1%
6	In or near default	189	190	0%	218	181	0%	97	93	0%
Not rated		191	195	0%	487	530	1%	186	189	0%
	Total fixed maturities	$ 62,816	$ 65,485	100%	$ 59,461	$ 60,797	100%	$ 45,890	$ 47,442	100%

The following table sets forth, on an historical and pro forma basis, the amortized cost and estimated fair value of fixed maturities by contractual maturity dates (excluding scheduled sinking funds) as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
Maturity	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
(Dollar amounts in millions)						
Due in one year or less	$ 1,747	$ 1,761	$ 567	$ 562	$ 1,690	$ 1,702
Due after one year through five years	11,400	11,817	10,080	10,189	10,443	10,826
Due after five years through ten years	13,318	13,901	11,135	11,423	10,803	11,239
Due after ten years	24,288	25,756	25,784	26,354	12,915	13,458
Subtotal	50,753	53,235	47,566	48,528	35,851	37,225
Mortgage-backed and asset-backed	12,063	12,250	11,895	12,269	10,039	10,217
Total fixed maturities	$ 62,816	$ 65,485	$ 59,461	$ 60,797	$ 45,890	$ 147,442

We diversify our fixed maturities by security sector. The following table sets forth, on an historical and pro forma basis, the estimated fair value of our fixed maturities by sector, as well as the percentage of the total fixed maturities holdings that each security sector comprised as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
Security Sector	**Estimated fair value**	**% of total**	**Estimated fair value**	**% of total**	**Estimated fair value**	**% of total**
(Dollar amounts in millions)						
U.S. government and agencies	$ 1,055	2%	$ 1,167	2%	$ 666	1%
State and municipal	3,350	5%	3,307	5%	3,196	7%
Government—Non-U.S.	1,551	2%	1,001	2%	1,457	3%
U.S. corporate	33,025	50%	31,027	51%	21,761	46%
Corporate—Non-U.S.	7,949	12%	5,247	9%	6,053	13%
Mortgage-backed	7,848	12%	8,293	14%	6,435	13%
Asset-backed	4,404	7%	3,976	6%	3,782	8%
Public utilities	6,303	10%	6,779	11%	4,092	9%
Total fixed maturities	$ 65,485	100%	$ 60,797	100%	$ 47,442	100%

The following table sets forth, on an historical and pro forma basis, the major industry types that comprise our corporate bond holdings, based primarily on industry codes established by Lehman Brothers, as well as the percentage of the total corporate bond holdings that each industry comprised as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
Industry	**Estimated fair value**	**% of total**	**Estimated fair value**	**% of total**	**Estimated fair value**	**% of total**
(Dollar amounts in millions)						
Finance and insurance	$ 13,069	28%	$ 10,435	24%	$ 9,507	30%
Utilities and energy	10,345	22%	10,534	24%	7,373	23%
Consumer—non cyclical	6,036	13%	4,822	11%	4,111	13%
Consumer—cyclical	4,356	9%	3,656	9%	2,963	9%
Capital goods	2,928	6%	3,408	8%	1,086	3%
Industrial	3,340	7%	3,307	8%	2,939	9%
Technology and communications	2,972	6%	2,519	6%	1,852	6%
Transportation	1,970	4%	2,251	5%	969	3%
Other	2,258	5%	2,121	5%	1,106	4%
Total	$ 47,274	100%	$ 43,053	100%	$ 31,906	100%

We diversify our corporate bond holdings by industry and issuer. The portfolio does not have significant exposure to any single issuer. As of December 31, 2003, on an historical basis, our combined holdings in the ten issuers to which we had the greatest exposure was $2,714 million, which was approximately 3% of our total cash and invested assets as of such dates. The exposure to the largest single issuer of corporate bonds we held as of December 31, 2003, on an historical basis, was $315 million which was approximately 0.4% of our total cash and invested assets as of such date.

We do not have a material unhedged exposure to foreign currency risk in our invested assets. In our non-U.S. insurance operations, both our assets and liabilities are generally denominated in local currencies. Foreign currency denominated securities supporting U.S. dollar liabilities generally are swapped into U.S. dollars using derivative instruments.

Mortgage-backed securities

The following table sets forth, on an historical and pro forma basis, the types of mortgage-backed securities we held as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
Commercial mortgage-backed securities	$ 5,348	68%	$ 5,302	64%	$ 4,325	67%
Collateralized mortgage obligations	799	10%	1,474	18%	662	10%
Pass-through securities	32	0%	192	2%	32	1%
Sequential pay class bonds	922	12%	763	9%	751	12%
Planned amortization class bonds	265	4%	407	5%	211	3%
Other	481	6%	155	2%	454	7%
Total	$ 7,847	100%	$ 8,293	100%	$ 6,435	100%

We purchase mortgage-backed securities to diversify our portfolio risk characteristics from primarily corporate credit risk to a mix of credit risk and cash flow risk. The principal risks inherent in holding mortgage-backed securities are prepayment and extension risks, which will affect the timing of when cash flow will be received. The majority of the mortgage-backed securities in our investment portfolio have relatively low cash flow variability. We believe our active monitoring and analysis of this portfolio, focus on stable types of securities, and limits on our holdings of more volatile types of securities reduces the effects of interest rate fluctuations on this portfolio.

Commercial mortgage-backed securities, or CMBs, which represent our largest class of mortgage-backed-securities, are securities backed by a diversified pool of first mortgage loans on commercial properties ranging in size, property type and geographic location. The primary risk associated with CMBs is default risk. Prepayment risk on CMBs is generally low because of prepayment restrictions contained in the underlying collateral.

The majority of our collateralized mortgage obligations, or CMOs, are guaranteed or otherwise supported by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association. CMOs separate mortgage pools into different maturity classes called tranches, which generally provides for greater cash flow stability than other mortgage-backed securities.

Pass-through securities are the most liquid assets in the mortgage-backed sector. Pass-through securities distribute, on a pro rata basis to their holders, the monthly cash flows of principal and interest, both scheduled and prepayments, generated by the underlying mortgages.

Sequential pay class bonds receive principal payments in a prescribed sequence without a pre-determined prepayment schedule. Planned amortization class bonds are bonds structured to provide more certain cash flows to the investor and therefore are subject to less prepayment and extension risk than other mortgage-backed securities.

Asset-backed securities

The following table sets forth, on an historical and pro forma basis, the types of asset-backed securities we held as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
Automobile receivables	$ 1,425	32%	$ 1,741	44%	$ 1,313	35%
Home equity loans	1,043	24%	815	20%	942	25%
Credit card receivables	1,131	26%	918	23%	1,079	28%
Other	804	18%	502	13%	448	12%
Total	$ 4,403	100%	$ 3,976	100%	$ 3,782	100%

We purchase asset-backed securities both to diversify the overall risks of our fixed maturities portfolio and to provide attractive returns. Our asset-backed securities are diversified by type of asset, issuer and servicer. As of December 31, 2003, on an historical and pro forma basis, approximately $3,488 million and $2,879 million, respectively, or 79% and 76%, respectively, of the total amount of our asset-backed security investments were rated "Aaa/AAA" by Moody's or S&P.

The principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the security's priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from the collateral and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include the general level of interest rates and the liquidity for these securities in the marketplace.

Mortgage loans

Our mortgage loans are collateralized by commercial properties, including multifamily residential buildings. The carrying value of mortgage loans is stated at original cost net of prepayments and amortization.

We diversify our commercial mortgage loans by both geographic region and property type. The following table sets forth, on an historical and pro forma basis, the distribution across geographic regions and property types for commercial mortgage loans as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
Office	$ 2,024	33%	$ 1,610	30%	$ 1,922	34%
Industrial	1,812	30%	1,546	29%	1,684	30%
Retail	1,500	25%	1,476	28%	1,366	24%
Apartments	573	9%	520	10%	529	9%
Mixed use/other	205	3%	150	3%	175	3%
Total	$ 6,114	100%	$ 5,302	100%	$ 5,676	100%

Region								
Pacific	$	1,867	31%	$	1,606	30%	$ 1,745	31%
South Atlantic		1,194	20%		1,174	22%	1,097	19%
Middle Atlantic		932	15%		729	14%	840	15%
East North Central		771	12%		519	10%	730	13%
Mountain		478	8%		454	9%	423	7%
West South Central		288	5%		241	4%	281	5%
West North Central		271	4%		267	5%	259	5%
East South Central		226	4%		222	4%	214	4%
New England		87	1%		90	2%	87	1%
Total	$	6,114	100%	$	5,302	100%	$ 5,676	100%

The following table sets forth, on an historical and pro forma basis, the distribution of our commercial mortgage loans by loan size as of the dates indicated:

	Historical						Pro forma		
	December 31,						December 31,		
	2003			2002			2003		
(Dollar amounts in millions)	Number of loans	Principal balance	% of total	Number of loans	Principal balance	% of total	Number of loans	Principal balance	% of total
Under $5 million	1,627	$ 3,153	51%	1,693	$ 3,149	59%	1,521	$ 2,912	51%
$5 million but less than $10 million	207	1,394	23%	183	1,232	23%	194	1,317	23%
$10 million but less than $20 million	67	948	15%	53	708	13%	62	869	15%
$20 million but less than $30 million	13	309	5%	7	177	3%	11	266	5%
More than $30 million	8	358	6%	2	80	2%	8	358	6%
Total	1,922	$ 6,162	100%	1,938	$ 5,346	100%	1,796	$ 5,722	100%

The following table sets forth, on an historical and pro forma basis, the scheduled maturities for our commercial mortgage loans as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
Due in 1 year or less	$ 68	1%	$ 72	1%	$ 68	1%
Due after 1 year through 2 years	60	1%	99	2%	60	1%
Due after 2 year through 3 years	122	2%	81	2%	122	2%
Due after 3 year through 4 years	64	1%	126	2%	64	1%
Due after 4 year through 5 years	389	6%	79	2%	389	7%
Due after 5 years	5,411	89%	4,845	91%	4,973	88%
Total	$ 6,114	100%	$ 5,302	100%	$ 5,676	100%

We monitor our mortgage loans on a continual basis. These reviews include an analysis of the property, its financial statements, the relevant market and tenant creditworthiness. Through this monitoring process, we review loans that are restructured, delinquent or under foreclosure and identify those that management considers to be potentially delinquent.

The following table sets forth, on an historical and pro forma basis, the changes in allowance for losses on mortgage loans as of the dates indicated:

(Dollar amounts in millions)	Historical — As of or for the years ended December 31, 2003	2002	2001	Pro forma — As of or for the years ended December 31, 2003
Balance, beginning of period	$ 45	$ 58	$ 47	$ 42
Additions	8	10	9	8
Deductions for writedowns and dispositions	(3)	(23)	2	(3)
Balance, end of period	$ 50	$ 45	$ 58	$ 47

Equity securities and other investments

The following table sets forth, on an historical and pro forma basis, the carrying values of our investments in equity securities and other investments as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
Equity securities	$ 600	14%	$ 1,295	31%	$ 428	11%
Securities lending	3,026	68%	2,195	53%	3,026	76%
Limited partnerships	253	6%	202	5%	186	5%
Real estate	120	3%	127	3%	1	0%
Other investments	390	9%	346	8%	338	8%
Total	$ 4,389	100%	$ 4,165	100%	$ 3,979	100%

Our equity securities primarily consist of investments in publicly traded common stocks and some preferred stock of U.S. and non-U.S. companies. We also participate in a securities lending program, whereby blocks of securities included in our investments are loaned primarily to major brokerage firms. We require a minimum of 102% of the fair value of the loaned securities to be separately maintained as collateral for the loans. The limited partnerships primarily represent interests in pooled investment funds that make private equity investments in U.S. and non-U.S. companies. We classify our investments in common stocks as available-for-sale. Real estate consists of ownership of real property, primarily commercial property. Other investments are primarily amounts on deposit with foreign governments, options and strategic equity investments.

Derivative financial instruments

We use derivative financial instruments, such as interest rate and currency swaps, currency forwards and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate interest rate and currency risk by:

- reducing the risk between the timing of the receipt of cash and its investment in the market;
- matching the currency of invested assets with the liabilities they support;
- converting the asset duration to match the duration of the liabilities; and
- protecting against the early termination of an asset or liability.

As a matter of policy, we have not and will not engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

The following table sets forth, on an historical and pro forma basis, our positions in derivative financial instruments, other than equity options, as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
(Dollar amounts in millions)	Notional value	% of total	Notional value	% of total	Notional value	% of total
Interest rate swaps	$ 9,960	90%	$ 9,233	90%	$ 7,786	92%
Foreign currency swaps	697	6%	225	2%	514	6%
Swaptions	474	4%	814	8%	193	2%
Foreign exchange contracts	30	0%	30	0%	30	0%
Total	$ 11,161	100%	$ 10,302	100%	$ 8,523	100%

Employees

As of December 31, 2003, we had approximately 5,850 full-time and 100 part-time employees. We believe our employee relations are satisfactory. To the best of our knowledge, none of our employees are subject to collective bargaining agreements. Some of our employees in Europe may be members of trade unions, but local data privacy laws prohibit us from asking them about their membership in trade unions, and they are not required to inform us.

Facilities

We own our headquarters facility in Richmond, Virginia, which consists of approximately 461,000 square feet in four buildings, as well as several facilities with approximately 462,000 square feet in Lynchburg, Virginia. In addition, we lease approximately 1,348,000 square feet of office space in 98 locations throughout the U.S. We also own one building outside the U.S., with approximately 2,600 square feet, and we lease approximately 421,000 square feet in various locations outside the U.S.

Most of our leases in the U.S. and other countries have lease terms of three to five years, although some leases have terms of up to eight years. Our aggregate annual rental expense under all these leases was $30 million during the year ended December 31, 2003.

We believe our properties are adequate for our business as presently conducted.

Legal Proceedings

We are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In our insurance operations, we are or may become subject to class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payment and procedures, product design, disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits and breaches of fiduciary duties to customers. In our investment-related operations, we are or may become subject to litigation involving commercial disputes with counterparties or others and class action and other litigation alleging, among other things, that we made improper or inadequate disclosures in connection with the sale of assets and annuity and investment products or charged excessive or impermissible fees on these products, recommended unsuitable products to customers or breached fiduciary or other duties to customers. We are also subject to litigation arising out of our general business activities such as our contractual and employment relationships. In addition, state insurance regulatory authorities and other authorities regularly make inquiries and conduct investigations concerning our compliance with applicable insurance, investment and other laws and regulations.

Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, an adverse outcome in certain matters in addition to those described below could have a material adverse effect on our financial condition or results of operations.

One of our insurance subsidiaries is named as a defendant in a lawsuit, *McBride v. Life Insurance Co. of Virginia dba GE Life and Annuity Assurance Co.,* related to the sale of universal life insurance policies. The complaint was filed on November 1, 2000, in Georgia state court as a class action on behalf of all persons who purchased certain universal life insurance policies from that subsidiary and alleges improper practices in connection with the sale and administration of universal life policies. The plaintiffs sought unspecified compensatory and punitive damages. On December 1, 2000, we removed the case to the U.S. District Court for the Middle District of Georgia. No class has been certified. We have vigorously denied liability with respect to the plaintiff's allegations. Nevertheless, to avoid the risks and costs associated with protracted litigation and to resolve our differences with policyholders, we agreed in principle on October 8, 2003 to settle the case on a nationwide class action basis with respect to the insurance subsidiary named in the lawsuit. The settlement provides benefits to the class, and allows us to continue to serve our customers' needs undistracted by disruptions caused by litigation. The settlement documents have not been finalized, nor has any proposed settlement been submitted to the proposed class or for court approval, and a final settlement is not certain. In the third quarter of 2003, we accrued $50 million in reserves relating to this litigation, which represents our best estimate of bringing this matter to conclusion. The precise amount of payments in this matter cannot be estimated because they are dependent upon court approval of the class and related settlement, the number of individuals who ultimately will seek relief in the claim form process of any approved class settlement, the identity of such claimants and whether they are entitled to relief under the settlement terms and the nature of the relief to which they are entitled.

One of our mortgage insurance subsidiaries is named as a defendant in two lawsuits filed in the U.S. District Court for the Northern District of Illinois, *William Portis et al. v. GE Mortgage Insurance Corp.* and *Karwo v. Citimortgage, Inc. and General Electric Mortgage Insurance Corporation.* The *Portis* complaint was filed on January 15, 2004, and the *Karwo* complaint was filed on March 15, 2004. Each action seeks certification of a nationwide class of consumers who allegedly were required to pay for our private mortgage insurance at a rate higher than our "best available rate," based upon credit information we obtained. Each action alleges that the FCRA requires an "adverse action" notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs in *Portis* allege in the complaint that they are entitled to "actual damages" and "damages within the Court's discretion of not more than $1,000 for each separate violation" of the FCRA. The plaintiffs in *Karwo* allege that they are entitled to "appropriate actual, punitive and statutory damages" and "such other or further relief as the Court deems proper." Similar cases are pending against six other mortgage insurers. We intend to vigorously defend against these actions, but we cannot predict their outcome.

We agreed to an injunction as part of a September 2002 settlement of a putative class action, *Douglas v. General Electric Mortgage Insurance Corporation, dba General Electric Capital Mortgage Insurance,* and General Electric Mortgage Insurance Corporation of North Carolina, dba General Electric Capital Mortgage Insurance, alleging that we violated RESPA by providing items of value to induce lenders to refer mortgage insurance business to it. The complaint was filed on December 15, 2000, in the United States District Court for the Southern District of Georgia. Pursuant to the settlement, we paid $9 million in damages and other costs of settlement. The injunction, which expired on December 31, 2003, provides that so long as certain products and services challenged in the lawsuit, including contract underwriting, captive reinsurance arrangements and certain other products and services, meet the minimum requirements for risk transfer and cost recovery specified in the injunction, they will be deemed to be in compliance with RESPA, thus barring lawsuits by class members for any mortgage insurance-related claim in connection with any loan transaction closed on or before December 31, 2003. The class members gave a general release to our mortgage insurance subsidiary, lenders and the GSEs for all claims on insurance commitments issued December 17, 1997 through December 31, 2003, including claims under RESPA and related state law claims. In accordance with the terms of the injunction, we provide contract underwriting services pursuant to written agreements with lenders at fees that cover our marginal costs of providing these services.

It is not clear whether the expiration of the injunction will lead to new litigation under RESPA and related state law against mortgage insurers, including us. Any future claims made against us could allege either that we violated the terms of the injunction or that our pricing structures and business practices violate RESPA after the expiration of the injunction. We cannot predict whether any change in our pricing structure or business practices, whether in response to any changes by our competitors in their pricing structure or business practices or otherwise, or whether any services we or they may provide to mortgage lenders, could be found to violate RESPA or any future injunction that might be issued.

One of our subsidiaries is involved in an arbitration regarding our delegated underwriting practices. A mortgage lender that underwrote loan applications for mortgage insurance under our delegated underwriting program commenced the arbitration against us in 2003 after we rescinded policy coverage for a number of mortgage loans underwritten by that lender. We rescinded coverage because we believe those loans were not underwritten in compliance with applicable program standards and underwriting guidelines. However, the lender claims that we improperly rescinded coverage. We believe our maximum exposure in the arbitration, based upon the risk in force on the rescinded coverage on loans that are delinquent, is approximately $20 million. However, this exposure may increase in the event additional rescinded policies are included in the arbitration. The arbitration currently is in the discovery phase. We believe we had valid reasons to rescind coverage on the disputed loans and therefore believe we have meritorious defenses in the arbitration. We intend to contest vigorously all the claims in this arbitration.

One of our insurance subsidiaries is a defendant in three lawsuits brought by individuals claiming that William Maynard, one of our former dedicated sales specialists, and Anthony Allen, one of our former independent producers, converted customer monies and engaged in various fraudulent acts. All three cases, *Monger v. Allen, Maynard and GE Life and Annuity Assurance Company ("GELAAC")* (filed October 24, 2003), *Warfel v. Allen, Maynard, adVenture Publishing and* GELAAC (filed February 6, 2004), and *Hanrick v. Allen, Maynard and GELAAC* (filed March 10, 2004), are in their preliminary stages and are pending in the state court of Cumberland County, North Carolina. The suits allege that GELAAC failed to properly supervise Allen and Maynard and that GELAAC is responsible for Allen's and Maynard's conduct. Specifically, *Monger* alleges conversion, negligence, fraudulent misrepresentation, constructive fraud, unfair and deceptive trade practices, violations of the Investment Company Act of 1940 and negligent supervision. *Warfel* alleges breach of contract, conversion, breach of fiduciary duty, fraud, constructive fraud, negligent misrepresentation, negligent supervision and unfair and deceptive trade practices. *Hanrick* alleges conversion, negligence, fraudulent misrepresentation, constructive fraud, unfair and deceptive trade practices and negligent supervision. Each plaintiff seeks actual or specified damages, treble damages and punitive damages of an unspecified amount. In October, 2003, Allen and Maynard were arrested and charged with conversion in Cumberland County, North Carolina for allegedly failing to remit $30,000 in premiums that they received from a client to GELAAC. Allen has also been indicted in Cumberland County, North Carolina for converting the funds of numerous other individuals. The ultimate outcome, and any effect on us, of these suits, and any related or similar future suits or claims arising with respect to other similarly situated individuals cannot be determined at this time.

Regulation

Our businesses are subject to extensive regulation and supervision.

General

Our insurance operations are subject to a wide variety of laws and regulations. State insurance laws regulate most aspects of our U.S. insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and licensed. Our non-U.S. insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are domiciled. Our insurance products and thus our businesses also are affected by U.S. federal, state and local tax laws, and the tax laws of non-U.S. jurisdictions. Insurance products that constitute "securities," such as variable annuities and variable life insurance, also are subject to U.S. federal and state and non-U.S. securities laws and regulations. The Securities and Exchange Commission, or SEC, the National Association of Securities Dealers, or NASD, state securities authorities and non-U.S. authorities regulate and supervise these products.

Our securities operations are subject to U.S. federal and state and non-U.S. securities and related laws. The SEC, state securities authorities, the NASD and similar non-U.S. authorities are the principal regulators of these operations.

The purpose of the laws and regulations affecting our insurance and securities businesses is primarily to protect our customers and not our stockholders. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations.

In addition, insurance and securities regulatory authorities (including state law enforcement agencies and attorneys general or their non-U.S. equivalents) from time to time make inquiries regarding compliance by us and our subsidiaries with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted.

U.S. Insurance Regulation

Our U.S. insurance subsidiaries are licensed and regulated in all jurisdictions in which they conduct insurance business. The extent of this regulation varies, but most jurisdictions have laws and regulations governing the financial condition of insurers, including standards of solvency, types and concentration of investments, establishment and maintenance of reserves, credit for reinsurance and requirements of capital adequacy, and the business conduct of insurers, including marketing and sales practices and claims handling. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and related materials and the approval of rates for certain lines of insurance.

The types of U.S. insurance laws and regulations applicable to us or our U.S. insurance subsidiaries are described below. Our U.S. mortgage insurance subsidiaries are subject to additional insurance laws and regulations applicable specifically to mortgage insurers discussed below under "—Mortgage Insurance."

Insurance holding company regulation

All U.S. jurisdictions in which our U.S. insurance subsidiaries conduct insurance business have enacted legislation that requires each U.S. insurance company in a holding company system, except captive insurance companies, to register with the insurance regulatory authority of its jurisdiction of domicile and to furnish that regulatory authority financial and other information concerning the operations of, and the interrelationships and transactions among, companies within its holding company system that may materially affect the operations, management or financial condition of the insurers within the system. These laws and regulations also regulate transactions between insurance companies and their parents and affiliates. Generally, these laws and regulations require that all transactions within a holding company system between an insurer and its affiliates be fair and reasonable and that the insurer's statutory surplus following any transaction with an affiliate be both reasonable in relation to its outstanding liabilities and adequate to its needs. Statutory surplus is the excess of admitted assets over the sum of statutory liabilities and capital. For certain types of agreements and transactions between an insurer and its affiliates, these laws and regulations require prior notification to, and non-disapproval or approval by, the insurance regulatory authority of the insurer's jurisdiction of domicile.

Policy forms

Our U.S. insurance subsidiaries' policy forms are subject to regulation in every U.S. jurisdiction in which they are licensed to transact insurance business. In most U.S. jurisdictions, policy forms must be filed prior to their use. In some U.S. jurisdictions, forms must also be approved prior to use.

Dividend limitations

As a holding company with no significant business operations of our own, we will depend on dividends or other distributions from our subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of, principal of any debt obligations. The payment of dividends or other distributions to us by our U.S. insurance subsidiaries is regulated by the insurance laws and regulations of their respective states of domicile. In general, these subsidiaries may not pay an "extraordinary" dividend or distribution until 30 days after the applicable insurance regulator has received notice of the intended payment and has not objected in such period or has approved the payment within the 30-day period. In general, an "extraordinary" dividend or distribution is defined by these laws and regulations as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months exceeds the greater (and, in some jurisdictions, the lesser) of:

- 10% of the insurer's statutory surplus as of the immediately prior year end; or
- the statutory net gain from the insurer's operations (if a life insurer) or the statutory net income (if not a life insurer) during the prior calendar year.

The laws and regulations of some of these jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain regulatory approval before it may do so.

Market conduct regulation

The laws and regulations of U.S. jurisdictions include numerous provisions governing the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, product illustrations, advertising, product replacement, sales and underwriting practices, complaint handling and claims handling. The regulatory authorities in U.S. jurisdictions generally enforce these provisions through periodic market conduct examinations.

Statutory examinations

As part of their regulatory oversight process, insurance departments in U.S. jurisdictions conduct periodic detailed examinations of the books, records, accounts and business practices of insurers domiciled in their jurisdiction. These examinations generally are conducted in cooperation with the insurance departments of two or three other states or jurisdictions, representing each of the NAIC zones, under guidelines promulgated by the NAIC.

In the three-year period ended December 31, 2003, we have not received any material adverse findings resulting from any insurance department examinations of our U.S. insurance subsidiaries.

Guaranty associations and similar arrangements

Most of the jurisdictions in which our U.S. insurance subsidiaries are licensed to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies of insurers who become impaired or insolvent. These associations levy assessments, up to prescribed limits, on all member insurers in a particular jurisdiction on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some jurisdictions permit member insurers to recover assessments paid through full or partial premium tax offsets.

Aggregate assessments levied against our U.S. subsidiaries totaled $0.2 million, $0.2 million and $0.5 million for the years ended December 31, 2003, 2002 and 2001, respectively. Although the amount and timing of future assessments are not predictable, we have established liabilities for guaranty fund assessments that we consider adequate for assessments with respect to insurers that currently are subject to insolvency proceedings.

Change of control

The laws and regulations of the jurisdictions in which our U.S. insurance subsidiaries are domiciled require that a person obtain the approval of the insurance commissioner of the insurance company's jurisdiction of domicile prior to acquiring control of the insurer. Generally, statutes provide that control over an insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the insurer. In considering an application to acquire control of an insurer, the insurance commissioner generally will consider such factors as experience, competence, the financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquirer's plans for the management and operation of the insurer, and any anti-competitive results that may arise from the acquisition. In addition, a person seeking to acquire control of an insurance company is required in some states to make filings prior to completing an acquisition if the acquiror and the target insurance company and their affiliates have sufficiently large market shares in particular lines of insurance in those states. Approval of an acquisition is not required in these states, but the state insurance departments could take action to impose conditions on an acquisition that could delay or prevent its consummation. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Policy and contract reserve sufficiency analysis

Under the laws and regulations of their jurisdictions of domicile, our U.S. life insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life and health insurance and annuity statutory reserves. In addition, other jurisdictions in which these subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus. Our U.S. life insurance subsidiaries most recently submitted these opinions without qualification as of December 31, 2003 to applicable insurance regulatory authorities. Different reserve requirements exist for our U.S. mortgage insurance subsidiaries. See "—Reserves—Mortgage Insurance."

Surplus and capital requirements

Insurance regulators have the discretionary authority, in connection with the ongoing licensing of our U.S. insurance subsidiaries, to limit or prohibit the ability of an insurer to issue new policies if, in the regulators' judgment, the insurer is not maintaining a minimum amount of surplus or is in hazardous financial condition. Insurance regulators may also limit the ability of an insurer to issue new life insurance policies and annuity contracts above an amount based upon the face amount and premiums of policies of a similar type issued in the prior year. We do not believe that the current or anticipated levels of statutory surplus of our U.S. insurance subsidiaries present a material risk that any such regulator would limit the amount of new policies that our U.S. insurance subsidiaries may issue.

Risk-based capital

The NAIC has established risk-based capital standards for U.S. life insurance companies as well as a model act with the intention that these standards be applied at the state level. The model act provides that life insurance companies must submit an annual risk-based capital report to state regulators reporting their risk-based capital based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

If an insurer's risk-based capital falls below specified levels, the insurer would be subject to different degrees of regulatory action depending upon the level. These actions range from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control. As of December 31, 2003, the risk-based capital of each of our U.S. life insurance subsidiaries exceeded the level of risk-based capital that would require any of them to take any corrective action.

Statutory accounting principles

Statutory accounting principles, or SAP, is a basis of accounting developed by U.S. insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations determine, among other things, the amounts our insurance subsidiaries may pay to us as dividends.

U.S. GAAP is designed to measure a business on a going-concern basis. It gives consideration to matching of revenue and expenses and, as a result, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. The valuation of assets and liabilities under U.S. GAAP is based in part upon best estimate assumptions made by the insurer. Stockholder's equity represents both amounts currently available and amounts expected to emerge over the life of the business. As a result, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP may be different from those reflected in financial statements prepared under SAP.

Regulation of investments

Each of our U.S. insurance subsidiaries is subject to laws and regulations that require diversification of its investment portfolio and limit the amount of investments in certain asset categories, such as below investment grade fixed income securities, equity real estate, other equity investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring surplus, and, in some instances, would require divestiture of such non-complying investments. We believe the investments made by our U.S. insurance subsidiaries comply with these laws and regulations.

Federal regulation

Our variable life insurance and variable annuity products generally are "securities" within the meaning of federal and state securities laws. As a result, they are registered under the Securities Act of 1933 and are subject to regulation by the SEC, the NASD and state securities authorities. Federal and state securities regulation similar to that discussed below under "—Securities Regulation" affect investment advice and sales and related activities with respect to these products. In addition, although the federal government does not comprehensively regulate the business of insurance, federal legislation and administrative policies in several other areas, including taxation, financial services regulation and pension and welfare benefits regulation, can also significantly affect the insurance industry.

Federal initiatives

Although the federal government generally does not directly regulate the insurance business, federal initiatives often and increasingly have an impact on the business in a variety of ways. From time to time, federal measures are proposed which may significantly affect the insurance business, including limitations on antitrust immunity, the creation of more flexible tax-advantaged or tax-exempt savings accounts with higher contribution limits, and the replacement of certain traditional retirement annuities with a more general employer retirement savings account. In addition, a bill, "The Federal Insurance Consumer Protection Act of 2003" (S.1373), has been introduced in the U.S. Senate which, if enacted. would establish comprehensive and exclusive federal regulation over all "interstate insurers," including all life insurers selling in more than one state, with no option for such insurers to remain regulated by the states. This legislation would repeal the McCarran-Ferguson antitrust exemption for the business of insurance. It would also establish a Federal Insurance Regulatory Commission within the Department of Commerce that would have exclusive regulatory jurisdiction over life and property and casualty insurers that do business in more than one U.S. jurisdiction. The legislation would establish comprehensive federal regulatory oversight over such insurers, including licensing, solvency supervision, accounting and auditing practices, form and rate approval, and market conduct examination. In particular, the legislation would provide for price regulation of life insurance products, which is not now a feature of state regulation of life insurance and could affect the profitability of this business. The legislation also would establish a National Insurance Guaranty Fund which may be empowered to collect pre-funded assessments that are different from, and potentially greater than, current state guaranty fund assessment levels. We cannot predict whether these or other proposals will be adopted, or what impact, if any, such proposals may have on our business, financial condition or results of operation.

Legislative developments

On June 7, 2001, President George Bush signed into law the Economic Growth and Taxpayer Relief Reconciliation Act, which includes the repeal of the federal estate tax over a ten-year period. We believe that the repeal of the federal estate tax has resulted in reduced sales, and could continue to affect sales, of some of our estate planning products, including survivorship/second-to-die life insurance policies. We do not expect the repeal of the federal estate tax to have a material adverse impact on our overall business, however.

On May 28, 2003, President Bush signed into law the Jobs and Growth Tax Relief Reconciliation Act, which reduces federal income tax rates that investors are required to pay on capital gains and on certain dividends paid on stock. This reduction may provide an incentive for certain of our customers and potential customers to shift assets into mutual funds and away from our products, including annuities, designed to defer taxes payable on investment returns.

We cannot predict what other proposals may be made, what legislation may be introduced or enacted or the impact of any such legislation on our business, results of operations and financial condition.

U.K. Insurance Regulation

General

Insurance and reinsurance businesses in the U.K. are subject to close regulation by the Financial Services Authority, or FSA. We have U.K. subsidiaries that have received authorization from the FSA to effect and carry out contracts of insurance in the U.K. An authorized insurer in the U.K. is able to operate throughout the European Union, subject to certain regulatory requirements of the FSA and in some cases, certain local regulatory requirements. Certain of our U.K. subsidiaries operate in other member states of the European Union through the establishment of branch offices.

Supervision

The FSA has adopted a risk-based approach to the supervision of insurance companies. Under this approach the FSA periodically performs a formal risk assessment of insurance companies or groups carrying on business in the U.K. After each risk assessment, the FSA will inform the insurer of its views on the insurer's risk profile. This will include details of any remedial action that the FSA requires and the likely consequences if this action is not taken.

The FSA also supervises the management of insurance companies through the approved persons regime, by which any appointment of persons to perform certain specified "controlled functions" within a regulated entity, must be approved by the FSA.

Solvency requirements

Under FSA rules, insurance companies must maintain a margin of solvency at all times, the calculation of which in any particular case depends on the type and amount of insurance business a company writes. Failure to maintain the required solvency margin is one of the grounds on which wide powers of intervention conferred upon the FSA may be exercised. In addition, an insurer (other than a pure reinsurer) that is part of a group, is required to perform and submit to the FSA a solvency margin calculation return in respect of its ultimate parent company, in accordance with the FSA's rules. Although there is no requirement for the parent company solvency calculation to show a positive result, the FSA is required to take action where it considers that the solvency of the insurance company is or may be jeopardized due to the group solvency position. As of December 31, 2003, the solvency calculation for our group's parent company in the U.K. showed a surplus.

In addition, the FSA has published proposals for the implementation of the European Union's Financial Conglomerates Directive which include a requirement for insurance groups to hold an amount of capital indicated in the calculation of the parent company's solvency margin at the European Economic Area parent level for the financial years beginning in 2005. The purpose of these proposals is to prevent the leveraging of capital by companies involved in multiple insurance groups. The FSA has stated that it will phase in these proposals.

Restrictions on dividend payments

English company law prohibits our U.K. subsidiaries from declaring a dividend to their shareholders unless they have "profits available for distribution." The determination of whether a company has profits available for distribution is based on its accumulated realized profits less its accumulated realized losses.

Change of control

The acquisition of "control" of any U.K. insurance company will require FSA approval. For these purposes, a party that "controls" a U.K. insurance company includes any company or individual that (together with its or his associates) directly or indirectly acquires 10% or more of the shares in a U.K. authorized insurance company or its parent company, or is entitled to exercise or control the exercise of 10% or more of the voting power in such authorized insurance company or its parent company. In considering whether to approve an application for approval, the FSA must be satisfied that both the acquirer is a fit and proper person to have such "control" and that the interests of consumers would not be threatened by such acquisition of "control." Failure to make the relevant prior application could result in action being taken against our U.K. subsidiaries by the FSA. These requirements could delay, deter or prevent the acquisition of control of our U.K. insurance subsidiaries.

Intervention and enforcement

The FSA has extensive powers to intervene in the affairs of an insurance company or authorized person and has the power, among other things, to enforce, and take disciplinary measures in respect of, breaches of its rules.

Mortgage Insurance

State regulation

General

Mortgage insurers generally are restricted by state insurance laws and regulations to writing mortgage insurance business only. This restriction prohibits our mortgage insurance subsidiaries from directly writing other types of insurance. Mortgage insurers are not subject to the NAIC's risk-based capital requirements, but are subject to other capital requirements placed directly on mortgage insurers. Generally, mortgage insurers are required by certain states and other regulators to maintain a risk in-force to capital ratio not to exceed 25:1. As of December 31, 2003, none of our mortgage insurance subsidiaries had a risk in-force to capital ratio in excess of 25:1.

Reserves

Our U.S. mortgage insurance subsidiaries are required under state insurance laws to establish a special statutory contingency reserve in their statutory financial statements to provide for losses in the event of significant economic declines. Annual additions to the statutory contingency reserve must equal at least 50% of premiums earned, and these reserves cannot be withdrawn for 10 years, except under certain limited circumstances. The statutory contingency reserve as of December 31, 2003 for our mortgage insurance subsidiaries was approximately $3.0 billion. This reserve effectively restricts our U.S. mortgage insurance subsidiaries' ability to pay dividends and other distributions because it reduces policyholders' surplus.

Federal regulation

In addition to federal laws that directly affect mortgage insurers, private mortgage insurers are affected indirectly by federal legislation and regulation affecting mortgage originators and lenders, by purchasers of mortgage loans such as Freddie Mac and Fannie Mae, and by governmental insurers such as the FHA and VA. For example, changes in federal housing legislation and other laws and regulations that affect the demand for private mortgage insurance may have a material effect on private mortgage insurers. Legislation or regulation that increases the number of people eligible for FHA or VA mortgages could have a materially adverse effect on our ability to compete with the FHA or VA.

The Homeowners Protection Act provides for the automatic termination, or cancellation upon a borrower's request, of private mortgage insurance upon satisfaction of certain conditions. The

Homeowners Protection Act applies to owner-occupied residential mortgage loans regardless of lien priority and to borrower-paid mortgage insurance closed after July 29, 1999. FHA loans are not covered by the Homeowners Protection Act. Under the Homeowners Protection Act, automatic termination of mortgage insurance would generally occur once the loan-to-value ratio reaches 78%. A borrower generally may request cancellation of mortgage insurance once the loan-to-value reaches 80% of the home's original value or when actual payments reduce the loan balance to 80% of the home's original value, whichever occurs earlier. For borrower-initiated cancellation of mortgage insurance, the borrower must have a "good payment history" as defined by the Homeowners Protection Act.

The Real Estate Settlement and Procedures Act of 1974, or RESPA, applies to most residential mortgages insured by private mortgage insurers. Mortgage insurance has been considered in some cases to be a "settlement service" for purposes of loans subject to RESPA. Subject to limited exceptions, RESPA prohibits persons from accepting anything of value for referring real estate settlement services to any provider of such services. Although many states prohibit mortgage insurers from giving rebates, RESPA has been interpreted to cover many non-fee services as well. Both mortgage insurers and their customers are subject to the possible sanctions of this law, which is enforced by HUD and also provides for private rights of action.

In July 2002, HUD proposed a rule under RESPA entitled "Simplifying and Improving the Process of Obtaining Mortgages to Reduce Settlement Costs to Consumers." Under this proposed rule, lenders and other packagers of loans are given the choice of offering a "Guaranteed Mortgage Package" or providing a "Good Faith Estimate" where the estimated fees are subject to a 10% tolerance. Qualifying packages would be entitled to a "safe harbor" from RESPA's anti-kickback rules. Mortgage insurance is included in the package "to the extent an upfront premium is charged." It is unclear in what form, if any, HUD's proposed rule will be implemented or what impact it may have on the mortgage insurance industry.

Most originators of mortgage loans are required to collect and report data relating to a mortgage loan applicant's race, nationality, gender, marital status and census tract to HUD or the Federal Reserve under the Home Mortgage Disclosure Act of 1975, or HMDA. The purpose of HMDA is to detect possible discrimination in home lending and, through disclosure, to discourage such discrimination. Mortgage insurers are not required to report HMDA data although, under the laws of several states, mortgage insurers currently are prohibited from discriminating on the basis of certain classifications. Mortgage insurers have, through MICA, entered voluntarily into an agreement with the Federal Financial Institutions Examinations Council to report the same data on loans submitted for insurance as is required for most mortgage lenders under HMDA.

International regulation

Canada

The Office of the Superintendent of Financial Institutions, or OSFI, provides oversight to all federally incorporated financial institutions, including our Canadian mortgage insurance company. The Federal Bank Act, Insurance Companies Act and Trust and Loan Companies Act prohibits Canadian banks, trust companies and insurers from extending mortgage loans where the loan value exceeds 75% of the property's value, unless mortgage insurance is obtained in connection with the loan. As a result, all mortgages issued by these financial institutions with loan-to-value ratio exceeding 75% must be insured by a qualified insurer or the CMHC. We currently are the only qualified private insurer.

We have an agreement with the Canadian government under which it guarantees the benefits payable under a mortgage insurance policy, less 10% of the original principal amount of an insured loan, in the event that we fail to make claim payments with respect to that loan because of insolvency. We pay the Canadian government a risk premium for this guarantee and make other payments to a reserve fund in respect of the government's obligation. Because banks are not required to maintain regulatory capital on an asset backed by a sovereign guarantee, our 90% sovereign guarantee permits lenders purchasing our mortgage insurance to reduce their regulatory capital charges for credit risks on mortgages by 90%.

The legislative requirement in Canada to obtain mortgage insurance on high loan-to-value mortgages and the favorable capital treatment given to financial institutions because of our 90% sovereign guarantee effectively precludes these financial institutions from issuing simultaneous second mortgage products similar to those offered in the U.S.

Australia

APRA regulates all financial institutions in Australia, including general, life and mortgage insurance companies. Effective July 1, 2002, APRA provided new regulatory standards for all general insurers, including mortgage insurance companies. APRA's license conditions currently require Australian mortgage insurance companies, including us, to be mono-line insurers, which are insurance companies that offer just one type of insurance product. However, in November 2003, APRA announced that it is considering, and has sought comment on, a proposal to eliminate the requirement that mortgage insurance companies be mono-line insurers, which APRA believes could facilitate the entry of new competitors.

APRA also sets authorized capital levels and regulates corporate governance requirements, including our risk management strategy. In this regard, APRA reviews our management, controls, processes, reporting and methods by which all risks are managed, including a periodic review of outstanding insurance liabilities by an approved actuary, and a reinsurance management strategy, which outlines our use of reinsurance in Australia.

In addition, APRA determines the capital requirements for depository institutions and provides for reduced capital requirements for depository institutions that insure residential mortgages with loan-to-value ratios above 80% with an "A" rated, or equivalently rated, mortgage insurance company that is regulated by APRA. Our insurance subsidiaries that serve the Australian and New Zealand markets have financial-strength ratings of "AA" (Very Strong) from S&P and Fitch and a rating of "Aa2" (Excellent) from Moody's. The "AA" rating is the third-highest of S&P's 21 ratings categories and the third-highest of Fitch's 24 ratings categories. The "Aa2" rating is the third-highest of Moody's 21 ratings categories.

APRA currently is studying the adequacy of the capital requirements that govern lenders and mortgage insurers in Australia, particularly in the event of a severe recession accompanied by a significant decline in housing values. If APRA concludes that the capital requirements that currently govern mortgage issuers are not sufficient and decides to increase the amount of capital required for mortgage insurers, we may, depending on the amount of such increase, be required to increase the capital in our Australian mortgage insurance business. This would reduce our returns on capital from those operations.

United Kingdom and Continental Europe

The U.K. is a member of the European Union and applies the harmonized system of regulation set out in the European Union directives. Our authorization to provide mortgage insurance in the U.K. enables us to offer our products in all the European Union member states, subject to certain regulatory requirements of the FSA and, in some cases, local regulatory requirements. We can provide mortgage insurance only in the classes for which we have authorization under applicable regulations and must maintain required risk capital reserves. We are also subject to the oversight of other regulatory agencies in other countries where we do business throughout Europe. For more information about U.K. insurance regulation that affects our mortgage subsidiaries that operate in the U.K., see "—U.K. Insurance Regulation."

Other Non-U.S. Insurance Regulation

We operate in a number of countries around the world in addition to the U.S., the U.K., Canada and Australia. These countries include France, Mexico, Spain, Bermuda and a number of other countries in Europe. Generally, our subsidiaries (and in some cases our branches) conducting business in these countries must obtain licenses from local regulatory authorities and satisfy local regulatory requirements, including those relating to rates, forms, capital, reserves and financial reporting.

Other Laws and Regulations

Securities regulation

Certain of our U.S. subsidiaries and certain policies and contracts offered by them, are subject to various levels of regulation under the federal securities laws administered by the SEC. Certain of our U.S. subsidiaries are investment advisers registered under the Investment Advisers Act of 1940. Certain of their respective employees are licensed as investment advisory representatives in the states where those employees have clients. Our U.S. investment adviser subsidiaries also manage investment companies that are registered with the SEC under the Investment Company Act of 1940. In addition, some of our insurance company separate accounts are registered under the Investment Company Act of 1940. Some annuity contracts and insurance policies issued by some of our U.S. subsidiaries are funded by separate accounts, the interests in which are registered under the Securities Act of 1933. Certain of our subsidiaries are registered and regulated as broker/dealers under the Securities Exchange Act of 1934 and are members of, and subject to regulation by, the NASD, as well as by various state and local regulators. The registered representatives of our broker/dealers are also regulated by the SEC and NASD and are further subject to applicable state and local laws.

These laws and regulations are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include suspension of individual employees, limitations on the activities in which the investment adviser or broker/dealer may engage, suspension or revocation of the investment adviser or broker/dealer registration, censure or fines. We may also be subject to similar laws and regulations in the states and other countries in which we provide investment advisory services, offer the products described above or conduct other securities-related activities.

Certain of our U.S. subsidiaries also sponsor and manage investment vehicles that rely on certain exemptions from registration under the Investment Company Act of 1940 and the Securities Act of 1933. Nevertheless, provisions of the Investment Company Act of 1940 and the Securities Act of 1933 apply to these investment vehicles and the securities issued by such vehicles. The Investment Company Act of 1940 and the Securities Act of 1933, including the rules promulgated thereunder, are subject to change which may affect our U.S. subsidiaries that sponsor and manage such investment vehicles.

Environmental considerations

As an owner and operator of real property, we are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations. Potential environmental liabilities and costs in connection with any required remediation of such properties also is an inherent risk in property ownership and operation. In addition, we hold equity interests in companies and have made loans secured by properties that could potentially be subject to environmental liabilities. We routinely have environmental assessments performed with respect to real estate being acquired for investment and real property to be acquired through foreclosure. We cannot provide assurance that unexpected environmental liabilities will not arise. However, based upon information currently available to us, we believe that any costs associated with compliance with environmental laws and regulations or any remediation of such properties will not have a material adverse effect on our business, financial condition or results of operations.

ERISA considerations

We provide certain products and services to certain employee benefit plans that are subject to ERISA or the Internal Revenue Code. As such, our activities are subject to the restrictions imposed by ERISA and the Internal Revenue Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries and the requirement under ERISA and the Internal Revenue Code that fiduciaries may not cause a covered plan to engage in certain prohibited transactions with persons who have certain relationships with respect to such plans. The applicable provisions of ERISA and the Internal Revenue Code are subject to enforcement by the U.S. Department of Labor, the IRS and the Pension Benefit Guaranty Corporation.

USA Patriot Act

The USA Patriot Act of 2001, or the Patriot Act, enacted in response to the terrorist attacks on September 11, 2001, contains anti-money laundering and financial transparency laws and mandates the implementation of various new regulations applicable to broker/dealers and other financial services companies including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside of the U.S. contain similar provisions. The increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, require the implementation and maintenance of internal practices, procedures and controls. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the Patriot Act.

Privacy of consumer information

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and their policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations also govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others, the physical and procedural safeguards employed to protect the security of that information and the electronic transmission of such information. Congress and state legislatures are expected to consider additional legislation relating to privacy and other aspects of consumer information.

In Europe, the collection and use of personal information is subject to strict regulation. The European Union's Data Protection Directive establishes a series of privacy requirements that EU member states are obliged to enact in their national legislation. European countries that are not EU member states have similar privacy requirements in their national laws. These requirements generally apply to all businesses, including insurance companies. In general, companies may process personal information only if consent has been obtained from the persons concerned or if certain other conditions are met. These other requirements include the provision of notice to customers and other persons concerning how their personal information is used and disclosed, limitations on the transfer of personal information to countries outside the European Union, registration with the national privacy authorities, where applicable, and the use of appropriate information security measures against the access or use of personal information by unauthorized persons.

Management

Directors and Executive Officers

The following table sets forth certain information concerning our directors and executive officers as of the completion of this offering:

Name	Age	Positions
Michael D. Fraizer	45	Chairman, President and Chief Executive Officer
Thomas H. Mann	53	President and Chief Executive Officer—Mortgage Insurance
Pamela S. Schutz	49	President and Chief Executive Officer—Retirement Income and Investments
George R. Zippel	45	President and Chief Executive Officer—Protection
K. Rone Baldwin	45	Senior Vice President—Employee Benefits Group
Mark W. Griffin	45	Senior Vice President—Chief Risk Officer
Debora M. Horvath	49	Senior Vice President—Chief Information Officer
Michael S. Laming	52	Senior Vice President—Human Resources
Scott J. McKay	43	Senior Vice President—Operations & Quality
Richard P. McKenney	35	Senior Vice President—Chief Financial Officer
Victor C. Moses	56	Senior Vice President—Chief Actuary
Joseph J. Pehota	43	Senior Vice President—Business Development
Leon E. Roday	50	Senior Vice President, General Counsel and Secretary
William R. Wright, Jr.	51	Senior Vice President—Chief Investment Officer
Elizabeth J. Comstock	43	Director
Pamela Daley	51	Director
Dennis D. Dammerman	58	Director
David R. Nissen	52	Director
James A. Parke	58	Director
Frank J. Borelli	68	Director nominee
J. Robert Kerrey	60	Director nominee
Thomas B. Wheeler	67	Director nominee

Executive Officers and Directors

The following sets forth certain biographical information with respect to our executive officers and directors listed above.

Michael D. Fraizer will be our Chairman, President and Chief Executive Officer upon the completion of this offering and has been a Vice President of GE since December 1995 and a Senior Vice President of GE since June 2000. Since November 1996, Mr. Fraizer has been Chairman of the Board and, since April 1997, President and Chief Executive Officer, of GEFAHI. Mr. Fraizer also has been a director of GE Capital and General Electric Capital Services, Inc. Mr. Fraizer led the Consumer Savings and Insurance Group, a predecessor of GEFAHI, from February 1996 until the formation of GEFAHI in October 1996. Prior to that time, Mr. Fraizer was President and Chief Executive Officer of GE Capital Commercial Real Estate, an affiliate of our company, from July 1993 to December 1996, leading both the GE Consumer Savings and Insurance Group and GE Capital

Commercial Real Estate from February to December of 1996. From July 1991 to June of 1993, he was Vice President—Portfolio Acquisitions and Ventures of GE Capital Commercial Real Estate. From December 1989 to June 1991, Mr. Fraizer was President and Managing Director, GE Japan, an affiliate of our company. From July 1983 to November 1989 Mr. Fraizer served in various capacities as a member of GE's Corporate Audit Staff and Corporate Business Development after joining GE in its Financial Management Program. Mr. Fraizer received a B.A. in Political Science from Carleton College in 1980. He is a member of the board of the American Council of Life Insurers.

Thomas H. Mann will be our President and Chief Executive Officer—Mortgage Insurance upon the completion of this offering and has been President, Chief Executive Officer and a Director of General Electric Mortgage Insurance Corporation, or GE Mortgage, a subsidiary of our company, since May 1996 and a Vice President of GE since April 1996. From March 1990 to April 1996, Mr. Mann served as Vice President of GE Capital and General Manager of GE Capital Vendor Financial Services. Prior to that time, he served as Executive Vice President—Operations with GE Mortgage from August 1986 to March 1990. From November 1984 to August 1986, Mr. Mann served as Manager—Finance Operations at GE Capital Commercial Real Estate, and from August 1976 to November 1984, he served in various capacities as a member of GE's Corporate Audit Staff. Mr. Mann received a B.S. in Business Administration from the University of North Carolina at Chapel Hill in 1973. He is a member of the Housing Policy Council Executive Committee, part of the Financial Services Roundtable.

Pamela S. Schutz will be our President and Chief Executive Officer—Retirement Income and Investments upon completion of this offering and has been President and Chief Executive Officer of GE Life and Annuity Assurance Company, a subsidiary of our company, since June 1998 and a Vice President of GE since October 2000. From May 1997 to July 1998, Ms. Schutz served as President of The Harvest Life Insurance Company, then an affiliate of our company. Prior to that time, Ms. Schutz served in various capacities with GE Capital Commercial Real Estate from February 1978 to May 1997, attaining the position of President, GE Capital Realty Group in May 1994. Ms. Schutz received a B.A. in Urban Planning from Briarcliff College in 1976 and an M.S. in Business from American University in 1978. She is a member of the boards of the National Association of Variable Annuities and the Medical Information Bureau.

George R. Zippel will be our President and Chief Executive Officer—Protection upon completion of this offering and has been the President and Chief Executive Officer of Independent Brokerage Group, a business unit of our company, since September 1999 and a Vice President of GE since July 2001. From July 1997 to September 1999, he was President of GE Lighting Systems, a division of GE. Prior to that time, Mr. Zippel served in various capacities with GE Industrial Systems from July 1991 to July 1997. Prior thereto, he was a Manager of Corporate Initiatives from September 1989 to July 1991. From September 1984 to September 1989, he held various positions on GE's Corporate Audit Staff. Prior thereto, Mr. Zippel participated in GE's Financial Management Program, and upon graduating from the program, worked as a Financial Analyst for GE Semiconductor. Mr. Zippel received a B.A. in Economics from Hamilton College in 1981.

K. Rone Baldwin will be our Senior Vice President—Employee Benefits Group upon completion of this offering and has been Senior Vice President—Employee Benefits Group of GEFAHI since March 2004. He was Senior Vice President—Strategic Development at GE Insurance, a business unit of GE Capital, from September 2002 to February 2004 and a Vice President of GE since July 2000. From September 1998 to September 2002, he was the President and CEO of GE Edison Life Insurance Company, then an affiliate of our company. Prior to that time, Mr. Baldwin was President of GE Capital Japan from March 1997 to September 1998 and Vice President—Business Development at GE Capital from December 1994 to March 1997. From September 1989 to December 1994, Mr. Baldwin was Senior Vice President at Mutual of New York. Prior thereto, Mr. Baldwin held positions with Goldman, Sachs & Co. and Booz Allen & Hamilton. Mr. Baldwin received a B.A. in Physics from Amherst College in 1980 and an M.B.A. from Harvard Business School in 1982.

Mark W. Griffin will be our Senior Vice President—Chief Risk Officer upon completion of this offering and has been the Chief Risk Manager of GE Insurance, a business unit of GE Capital, since August 2002. From January 2000 to August 2002, Mr. Griffin was Chief Risk Manager of GEFAHI. Prior thereto, Mr. Griffin was Vice President, Risk Markets & Executive Director, Pension & Insurance with Goldman, Sachs & Co. from August 1994 to December 1999. From December 1986 to August 1994, Mr. Griffin was Executive Director—Fixed Income and Principal, Fixed Income Sales with Morgan Stanley. Prior thereto, Mr. Griffin was an Assistant Actuary with the Metropolitan Life Insurance Company from July 1982 to December 1986. Mr. Griffin received a B.A. in Mathematics from the University of Waterloo in 1982. Mr. Griffin is a Fellow of the Society of Actuaries and the Canadian Institute of Actuaries, and is a Chartered Financial Analyst. He holds an FRM, or Financial Risk Manager, designation from the Global Association of Risk Professionals and a PRM, or Professional Risk Manager, designation from the Professional Risk Management International Association.

Debora M. Horvath will be our Senior Vice President—Chief Information Officer upon completion of this offering and has been a Senior Vice President, the Chief Information Officer and the Chief Technology Officer of GEFAHI since March 1997. From May 1993 to March 1997, she was Chief Information Officer of GNA Corporation, or GNA. Prior thereto, Ms. Horvath served in various capacities with GE Aircraft Engines and GE Lighting from April 1979 to May 1993. She is also a graduate of GE's Financial Management Program. Ms. Horvath received a B.A. in Business from Baldwin Wallace College in 1984. She is a member of the board of the Greater Richmond Technology Council, and is a member of Women in Technology International.

Michael S. Laming will be our Senior Vice President—Human Resources upon completion of this offering and has been a Senior Vice President of GE Insurance, a business unit of GE Capital, since August 2001 and a Vice President of GE since April 2003. From July 1996 to August 2001, Mr. Laming was a Senior Vice President at GEFAHI and its predecessor companies. Prior thereto, he held a broad range of human resource positions in operating units of GE and at GE corporate headquarters. He graduated from the GE Manufacturing Management Program in 1978. Mr. Laming received both a B.S. in Business Administration in 1974 and a Masters of Organization Development in 1983 from Bowling Green State University.

Scott J. McKay will be our Senior Vice President—Operations & Quality upon completion of this offering and has been the Senior Vice President, Operations & Quality of GEFAHI since December 2002. From July 1993 to December 2002, Mr. McKay served in various information technology related positions at GEFAHI's subsidiaries, including Chief Technology Officer, and Chief Information Officer of Federal Home Life Assurance Company. Prior thereto, he was Officer and Director of Applications for United Pacific Life Insurance Company from July 1992 to July 1993, and an IT consultant for Sycomm Systems and Data Executives, Inc. from January 1985 to July 1992. Mr. McKay received a B.S. in Computer Science from West Chester University of Pennsylvania in 1983.

Richard P. McKenney will be our Senior Vice President—Chief Financial Officer upon the completion of this offering and has been, since December 2002, a Senior Vice President and the Chief Financial Officer of GEFAHI. From May 2000 to October 2002, he was Vice President of Business Planning and Analysis of GEFAHI. Prior thereto, Mr. McKenney was Manager of Financial Planning from October 1996 to April 1998 and Chief Financial Officer from April 1998 to May 2000 at GE Life & Annuity Assurance Company, an affiliate of our company. From July 1993 to October 1996, he held various positions on GE's Corporate Audit Staff. Prior thereto, Mr. McKenney was in the GE Manufacturing Management Program from June 1991 to July 1993. Mr. McKenney received a B.S. in Mechanical Engineering from Tufts University in 1991.

Victor C. Moses will be our Senior Vice President—Chief Actuary upon completion of this offering and has been Senior Vice President—Actuarial/Capital Management of GEFAHI since January 2000. From 1971 to 1983 Mr. Moses worked in various positions at SAFECO Life Insurance Company and from 1983 to 1993 he served in various capacities with GNA, ultimately serving as both Chief Actuary and Chief Financial Officer. In 1993, GNA was acquired by GE Capital, and from then until December 1999, Mr. Moses was Senior Vice President—International Business Development at GEFAHI and its predecessor companies. Mr. Moses received a B.A. in Math from Seattle Pacific University in 1970. Mr. Moses is a Fellow in the Society of Actuaries and a Member of the American Academy of Actuaries. He serves on the Board of Trustees of Seattle Pacific University.

Joseph J. Pehota will be our Senior Vice President—Business Development upon the completion of this offering and has been Senior Vice President—Business Development of GEFAHI since August 1998. From February 1996 to July 1998, he was the Chief Risk Manager for GE Equity, an affiliate of our company. Prior thereto, Mr. Pehota was Vice President and Manager of Global Distribution for the GE Capital Structured Finance Group, an affiliate of our company, from January 1995 to February 1996. From March to December 1994, he was the Vice President of Restructuring and Underwriting—North America, for GE Capital's Aviation Services business, an affiliate of our company. Prior thereto, Mr. Pehota held various leadership positions with GE Capital's Structured Finance Group, an affiliate of our company, from July 1988 to February 1994. Mr. Pehota received a B.S. in Finance from the University of Connecticut in 1983 and an M.B.A. from New York University in 1988.

Leon E. Roday will be our Senior Vice President, General Counsel and Secretary upon the completion of this offering and has been Senior Vice President, General Counsel, Secretary and a Director of GEFAHI and its predecessor companies since May 1996 and a Vice President of GE since November 2002. From October 1982 through May 1996, Mr. Roday was at the law firm of LeBoeuf, Lamb, Greene & MacRae, LLP, and he was a partner at that firm from 1991 to 1996. Mr. Roday received a B.A. in Political Science from the University of California at Santa Barbara in 1977 and a J.D. from Brooklyn Law School in 1982. Mr. Roday is a member of the New York Bar Association.

William R. Wright, Jr. will be our Senior Vice President—Chief Investment Officer upon completion of the offering, and has been Executive Vice President and CIO of Fixed Income—Insurance at GEAM, since April 2003. From March 2000 to March 2003, he was the Managing Director and Chief Investment Officer of GE Edison Life Insurance Company, in Tokyo, Japan. From January 1996 to March 2000 he was the Managing Director of GEAM's first non-U.S. subsidiary in London. Prior thereto, Mr. Wright was the Vice President/Portfolio Manager of International Fixed Income for GE Investments Corporation from May 1993 to January 1996. Prior to joining GE, he was a global fixed income portfolio manager at Continental Asset Management, a subsidiary of Continental Corporation, from 1985 to 1993. From 1980 to 1985 he held various positions with Bankers Trust Company. Mr. Wright received an MBA in Finance from New York University Stern School of Business Administration in 1987, a Diploma in Chinese Mandarin from Defense Language Institute, and a B.A. in Political Science and East Asian Studies from Wittenberg University in 1975. He is a member of both the New York Society of Security Analysts and the Association of Investment Management and Research.

Elizabeth J. Comstock will be a member of our board of directors upon completion of this offering. Ms. Comstock has been Vice President and Chief Marketing Officer of GE since July 2003. From 1998 to 2003 Ms. Comstock was Vice President of Corporate Communications at GE. From 1996 to 1998 Ms. Comstock was Senior Vice President of NBC Communications and from 1993 to 1996 was Vice President of NBC News Communications. Prior thereto, Ms. Comstock served as an entertainment media director at CBS Television from 1992 to 1993 and as the New York-based head of communications for Turner Broadcasting from 1990 to 1992. Prior thereto, from 1986 to 1990 she held various positions at NBC News. Ms. Comstock received a B.S. degree in Biology from the College of William and Mary in 1982. Ms. Comstock was designated to our board of directors by GE.

Pamela Daley will be a member of our board of directors upon completion of this offering. Ms. Daley has been Vice President and Senior Counsel for Transactions at GE since 1991, was Senior

Counsel for Transactions at GE from 1990 to 1991 and was Tax and Finance Counsel at GE from 1989 to 1990. Prior thereto, Ms. Daley was a partner at Morgan, Lewis & Bockius LLP, from 1986 to 1989 and an associate at that firm from 1979 to 1986. Ms. Daley received an A.B. in Romance Languages and Literatures from Princeton University in 1974 and a J.D. from the University of Pennsylvania in 1979. Ms. Daley was designated to our board of directors by GE.

Dennis D. Dammerman will be a member of our board of directors upon completion of this offering. Mr. Dammerman has been a Vice Chairman and Executive Officer of GE and the CEO of GE Capital Services, Inc. since 1998. Mr. Dammerman has also been a Director of GE since 1994. From 1984 to 1998 he was Senior Vice President—Finance and Chief Financial Officer at GE, and from 1981 to 1984 he was Vice President and General Manager of GE Capital's Real Estate Financial Services Division. Prior thereto, from 1967 to 1981 he had various financial assignments in several GE businesses. Mr. Dammerman received a B.A. from the University of Dubuque in 1967. Mr. Dammerman was designated to our board of directors by GE.

David R. Nissen will be a member of our board of directors upon completion of this offering. Mr. Nissen has been President and CEO of Global Consumer Finance at GE since 1993 and a Senior Vice President at GE since 2001. From 1990 to 1993, Mr. Nissen was General Manager of U.S. Consumer Financial Services at Monogram Bank, an affiliate of GE. Prior thereto, from 1980 to 1990 he held various management positions in several GE businesses. Mr. Nissen received a B.A. in Economics from Northwestern University in 1973 and an M.B.A. from the University of Chicago in 1975. Mr. Nissen was designated to our board of directors by GE.

James A. Parke will be a member of our board of directors upon completion of this offering. Mr. Parke has been Vice Chairman and Chief Financial Officer of GE Capital and a Senior Vice President at GE since 2002. From 1989 to 2002 he was Senior Vice President and Chief Financial Officer at GE Capital and a Vice President of GE. Prior thereto, from 1981 to 1989 he held various management positions in several GE businesses. Mr. Parke received a B.A. in History, Political Science and Economics from Concordia College in Minnesota in 1968. Mr. Parke was designated to our board of directors by GE.

Frank J. Borelli will be appointed as a member of our board of directors shortly after the completion of this offering. Mr. Borelli has been Senior Advisor to Marsh & McLennan Companies, Inc. and/or MMC Capital since his retirement from Marsh & McLennan on January 2, 2001. Prior thereto, he was Senior Vice President of Marsh & McLennan from April to December 2000 and Senior Vice President and Chief Financial Officer from September 1984 to April 2000. He is a director and Audit Committee Chairman of Express Scripts, Inc. and is Lead Director of the Interpublic Group of Companies. He was a Director of Marsh & McLennan from May 1988 to October 2000. Mr. Borelli is past Chairman and Director of the Financial Executives International and is also Chairman Emeritus of the Board of Trustees of the New York City Chapter of the National Multiple Sclerosis Society, a Trustee of St. Thomas Aquinas College and Chairman of the Nyack Hospital. Mr. Borelli received a B.B.A. in Business Administration from Bernard M. Baruch College, City University of New York in 1956.

J. Robert "Bob" Kerrey will be appointed as a member of our board of directors shortly after the completion of this offering. Mr. Kerrey has been the President of New School University since 2001. From January 1989 to December 2000, he was a U.S. Senator for the State of Nebraska. Mr. Kerrey was a democratic candidate for President in 1992. From January 1982 to December 1987, Mr. Kerrey served as Governor of Nebraska. Prior thereto, Mr. Kerrey was an independent businessman and founder of a chain of restaurants and health clubs. Mr. Kerrey served in Vietnam as a Navy SEAL from 1966 to 1969, for which he received the Congressional Medal of Honor. He serves on the boards of Jones Apparel Group, Inc. and Tenet Healthcare Corporation. Mr. Kerrey received a B.S. in Pharmacy from the University of Nebraska in 1966.

Thomas B. Wheeler will be appointed as a member of our board of directors shortly after the completion of this offering. Mr. Wheeler was a member of the Massachusetts Mutual (now known as MassMutual Financial Group) field sales force from May 1962 to June 1983, serving as Agent and General Agent, and served as Executive Vice President of Massachusetts Mutual's insurance and financial management line from July 1983 to December 1986. He became President and Chief Operating Officer of MassMutual in January 1987, President and Chief Executive Officer of MassMutual in October 1988 and Chairman and Chief Executive Officer of MassMutual in March 1996. He retired as Chief Executive Officer in January 1999 and retired as Chairman in December 2000. Mr. Wheeler is a former director of BankBoston, a director of EstateWorks and a director of Textron, Inc. He is a trustee of the Basketball Hall of Fame, Conservancy of S.W. Florida and the Woods Hole Oceanographic Institution. Mr. Wheeler received a B.A. in American Studies from Yale University.

We anticipate that, upon their appointment, Mr. Borelli, Mr. Kerrey and Mr. Wheeler will qualify as "independent directors" under the applicable rules of the New York Stock Exchange and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

Composition of the Board of Directors

Upon completion of this offering, and until the first date on which GE owns 50% or less of our outstanding common stock, our board of directors will consist of nine persons, each of whom will serve a one-year term. When GE owns at least 10% but not more than 50% of our outstanding common stock, our board of directors will consist of eleven persons. Beginning on the first date on which GE owns less than 10% of our outstanding common stock, the number of persons constituting our board of directors may be fixed from time to time by resolution of our board of directors, but under our certificate of incorporation, cannot be less than one nor more than fifteen. So long as GE owns more than 50% of our outstanding common stock and the board of directors consists of nine members, GE, in its capacity as the holder of our Class B Common Stock, will have the right to elect five members, and holders of our Class A Common Stock will have the right to elect four members. The size of our board of directors and the election rights of the holders of each class of our common stock will change as GE's percentage ownership of our common stock decreases and are subject to the rights of the holders of any outstanding series of our preferred stock to elect directors under certain limited circumstances. For a detailed description of these election rights, see "Description of Capital Stock—Common Stock—Voting Rights."

Committees of the Board of Directors

Upon completion of this offering, the standing committees of our board of directors will include the Audit Committee, the Nominating and Corporate Governance Committee, and the Management Development and Compensation Committee. These committees are described below. Our board of directors may also establish various other committees to assist it in its responsibilities. However, our certificate of incorporation provides that until the first date on which GE owns less than 20% of our outstanding common stock, our board of directors will not establish an executive committee or any other committee having authority typically reserved for an executive committee.

Audit Committee. This committee will be concerned primarily with the accuracy and effectiveness of the audits of our financial statements by our internal audit staff and by our independent auditors. Its duties will include:

- selecting independent auditors;
- reviewing the scope of the audit to be conducted by them, as well as the results of their audit;
- approving audit and non-audit services provided to us by the independent auditor;

- reviewing the organization and scope of our internal system of audit, financial and disclosure controls;
- overseeing our financial reporting activities, including our annual report, and the accounting standards and principles followed; and
- conducting other reviews relating to compliance by our employees with our policies and applicable laws.

The Audit Committee will be comprised of three "independent" directors as defined under the applicable rules of The New York Stock Exchange. We intend to appoint these directors to serve on our board and the Audit Committee as soon as practicable after completion of this offering, but in any event within the time period prescribed by the listing rules.

Nominating and Corporate Governance Committee. This committee's responsibilities will include the selection of potential candidates for our board of directors and the development and annual review of our governance principles. So long as GE owns more than 50% of our outstanding common stock, this committee will make recommendations of candidates for election to our board of directors directly to our stockholders. When GE owns 50% or less of our outstanding common stock, this committee will make recommendations of candidates for election to our board of directors directly to our board of directors, and our board of directors will make recommendations directly to our stockholders. This committee will not make recommendations regarding directors designated by GE. This committee will also annually review director compensation and benefits, and oversee the annual self-evaluations of our board and its committees. It will also make recommendations to our board of directors concerning the structure and membership of the other board committees. So long as GE beneficially owns more than 50% of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of five directors, one of which will be designated by GE, one of which will be our chief executive officer and three of which will be "independent" under the applicable rules of The New York Stock Exchange. When GE beneficially owns 50% or less of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of three directors, each of whom will be "independent" under the applicable rules of The New York Stock Exchange.

Management Development and Compensation Committee. This committee will have two primary responsibilities: (i) to monitor our management resources, structure, succession planning, development and selection process as well as the performance of key executives; and (ii) to review and approve executive compensation and broad-based and incentive compensation plans. So long as GE beneficially owns more than 50% of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, one of which will be designated by GE, two of which will be "independent" under the applicable rules of The New York Stock Exchange and all of which will qualify as outside directors for purposes of Section 162(m) of the Internal Revenue Code. When GE beneficially owns 50% or less of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, each of whom will be "independent" under the applicable rules of The New York Stock Exchange.

Director Compensation

Each independent director will be paid an annual fee of $160,000 in quarterly installments, following the end of each quarter of service. Of this amount, 40% (or $64,000) of the annual fee will be paid in cash and 60% (or $96,000) will be paid in deferred stock units, or DSUs. Instead of receiving a cash payment, directors may elect to have up to 100% of their annual fee paid in DSUs. The board has elected not to adopt a policy of meeting fees because attendance is expected at all scheduled board and committee meetings, absent exceptional cause. Each DSU will be equal in value to a share of our stock, but will not have voting rights. DSUs will accumulate regular quarterly dividends which will be reinvested in additional DSUs. The DSUs will be paid out in cash beginning one year after the director leaves the board. Directors may elect to take their DSU payments as a lump sum or in equal payments spread out for up to ten years.

Executive Compensation

The following table sets forth the compensation paid or awarded to our chief executive officer and to each of the persons who were the four other most highly compensated executive officers in 2003 who will be continuing as executive officers after the completion of this offering. We refer to these individuals as our "named executive officers."

SUMMARY COMPENSATION

		Annual compensation			Long-term compensation			
					Awards		Payouts	
Name and principal position	Year	Salary ($)	Bonus ($)	Other annual compensation(1) ($)	Restricted stock units(2) ($)	Securities underlying options/ SARs(3) (#)	LTIP payouts(4) ($)	All other compensation (5)(6)(7) ($)
Michael D. Fraizer(8)	2003	962,500	1,525,000	—	1,366,321	195,000	—	94,390
President, Chief Executive	2002	900,000	1,375,000	—	—	300,000	2,881,300	113,629
Officer and Director	2001	750,000	1,250,000	—	1,574,000	300,000	—	106,626
Thomas H. Mann	2003	500,000	1,150,000	—	940,360	54,000	—	67,388
President and Chief	2002	460,000	1,050,000	—	—	90,000	1,232,400	59,317
Executive Officer—	2001	410,000	930,000	—	—	112,500	—	57,327
Mortgage Insurance								
Pamela S. Schutz	2003	392,500	560,000	—	721,763	22,800	—	35,712
President and Chief Executive	2002	365,000	510,000	—	—	38,000	197,200	32,407
Officer—Retirement Income	2001	320,000	485,000	53,872	983,750	42,000	—	49,281
and Investments								
K. Rone Baldwin(9)	2003	450,000	490,000	—	751,180	27,000	—	51,692
Senior Vice President—	2002	430,000	415,000	—	—	45,000	256,000	50,100
Employee Benefits Group	2001	378,333	375,000	—	—	52,500	—	46,741
Leon E. Roday(10)	2003	425,000	360,000	73,224	658,703	13,800	—	40,999
Senior Vice President,	2002	388,584	310,000	—	270,500	20,000	—	28,037
General Counsel and	2001	341,981	280,000	—	—	22,500	—	23,923
Secretary								

(1) Includes the aggregate incremental cost of providing perquisites and personal benefits to our named executive officers for each of the last three years. The amounts reported in this column for Ms. Schutz and Mr. Roday, which represent at least 25% of the total amounts reported for a particular year, are $27,879 for financial counseling and $25,993 for the use of a company vehicle and $40,045 for financial counseling and $23,681 for the use of a company vehicle, respectively. No other named executive officer received perquisites or other personal benefits in an aggregate amount exceeding $50,000 in any of the periods included in this column.

(2) Shows the market value of GE restricted stock unit awards, or RSUs, on the date of grant. The aggregate holdings and market value of RSUs held on December 31, 2003, by the individuals reported in this column are: Mr. Fraizer, 297,084 units/$9,203,662; Mr. Mann, 134,500 units/$4,166,810; Ms. Schutz, 77,567 units/$2,403,026; Mr. Baldwin, 94,750 units/$2,935,355; and Mr. Roday, 49,317 units/$1,527,841. The restrictions on most of these units lapse on a scheduled basis over the executive officer's career, or upon death, with the restrictions on 25% of the units generally scheduled to lapse three and seven years after the date of grant, and

the restrictions on the remaining 50% scheduled to lapse at retirement. The restrictions on RSUs granted in February 2003 will lapse in two 50% increments, the first increment upon the completion of this offering and the second increment one year after the completion of this offering. Regular quarterly dividend equivalents are paid on the RSUs held by these individuals.

(3) All amounts, except amounts for Mr. Fraizer in 2003, are denominated in shares of GE stock. Amounts shown for Mr. Fraizer in 2003 are denominated in GE SARs. SARs refer to stock appreciation rights.

(4) Represents the dollar value of payouts pursuant to the GE contingent long-term performance incentive awards granted in 2000.

(5) Includes payments made pursuant to GE employee savings plans. These amounts are: Mr. Fraizer ($62,850 in 2003, $53,400 in 2002 and $43,750 in 2001); Mr. Mann ($35,620 in 2003, $32,400 in 2002 and $27,950 in 2001); Ms. Schutz ($21,300 in 2003, $21,300 in 2002 and $18,250 in 2001); Mr. Baldwin ($21,600 in 2003, $21,600 in 2002 and $18,450 in 2001); and Mr. Roday ($22,070 in 2003, $18,500 in 2002 and $16,150 in 2001).

(6) This column includes the estimated dollar value of GE's portion of insurance premium payments for supplemental split-dollar life insurance provided to GE officers prior to the effective date of the Sarbanes-Oxley Act on July 30, 2002. GE will recover all split-dollar premiums paid by it from the policies. The estimated value is calculated, in accordance with SEC rules, as if the 2002 premiums were advanced to the named executive officers without interest until the time GE expects to recover its premium payments. This column also includes taxable payments made to executives to cover premiums for a universal life insurance policy owned by the executive, which is provided to more than 4,400 of GE's executives, including the named executives. These amounts are: Mr. Fraizer ($9,500 in 2003, $44,430 in 2002 and $48,777 in 2001); Mr. Mann ($24,716 in 2003, $21,938 in 2002 and $24,932 in 2001); Ms. Schutz ($7,045 in 2003, $4,514 in 2002 and $25,132 in 2001); Mr. Baldwin ($21,775 in 2003, $21,074 in 2002 and $21,661 in 2001); and Mr. Roday ($10,762 in 2003, $3,891 in 2002 and $2,732 in 2001).

(7) Includes the difference between market interest rates determined pursuant to SEC rules and the 9.5% to 14% interest contingently credited by GE on salary deferred by the executive officers under various salary deferral plans. Under all such plans, the executive officers generally must remain employed by GE and its affiliates for at least four years following the deferrals, or retire or transfer to a successor employer (in this case, including Genworth when GE ceases to own 50% or more of our outstanding common stock) after a year of deferral, in order to obtain the stated interest rate. These amounts are: Mr. Fraizer ($22,040 in 2003, $15,799 in 2002 and $14,099 in 2001); Mr. Mann ($7,052 in 2003, $4,979 in 2002 and $4,445 in 2001); Ms. Schutz ($7,367 in 2003, $6,593 in 2002 and $5,899 in 2001); Mr. Baldwin ($8,317 in 2003, $7,426 in 2002 and $6,630 in 2001); and Mr. Roday ($8,167 in 2003, $5,646 in 2002 and $5,041 in 2001).

(8) Does not include a special one-time incentive bonus of $2 million (net of applicable taxes) to be paid by GE to Mr. Fraizer in his capacity as an officer of GE for executing GE's overall insurance strategy of selling or repositioning various GE insurance businesses and completing this offering. This bonus will be paid by GE upon completion of this offering.

(9) Excludes certain cost of living allowances and tax gross-up payments paid by GE in connection with Mr. Baldwin's overseas assignment from July 2000 to August 2002. These amounts were $98,530 in 2003, $195,699 in 2002 and $333,193 in 2001.

(10) Does not include amounts earned pursuant to an executive annuity program to be paid by us. Under the annuity program, Mr. Roday is eligible to receive ten annual payments of $50,000 beginning in 2007, ten years after the original date of his grant. Mr. Roday's interest in the annuity payments vests over ten years at the rate of five-sixths of one percent for each completed month of employment. As of December 31, 2003, Mr. Roday was vested in and entitled to receive approximately 74% of his annual annuity payments or $37,000 per year.

Executive Officer Stock Ownership Guidelines

In order to help demonstrate the alignment of the personal interests of our executive officers with the interests of our stockholders, we intend to establish the following stock ownership requirements, as multiples of the executive officer's base salary, that must be held by our executive officers:

Position	Multiple
Genworth Chief Executive Officer	5x
Presidents and Senior Vice Presidents	2x

The number of shares of our stock that must be held will be determined by multiplying the executive officer's annual base salary in the year in which the executive officer becomes subject to the ownership requirements by the applicable multiple shown above, and dividing the result by the average closing price of our stock during the immediately preceding 12 months or, in the case of executive officers that will be subject to the ownership guidelines in 2004, by dividing the result by the initial public offering price of our Class A Common Stock. In order to meet this stock ownership requirement, an executive officer may count all shares of our stock owned by the executive officer, including stock held in our 401(k) plan, stock units held in any deferral plan and any company RSUs, including RSUs issued to the executive officer upon conversion of GE RSUs in connection with this offering, but excluding any RSUs that lapse upon retirement. Each executive officer must attain ownership of the required stock ownership level within five years after GE ceases to own more than 50% of our outstanding stock (or if later, within five years of becoming an executive officer) and maintain ownership of at least such amount of our stock while they hold office.

In order to assist any particular executive officer in obtaining the required level of stock ownership, each executive officer will be given the option, exercisable at any time during the five year period above, to elect to receive a portion of his or her annual incentive compensation, including LTIPs, in our common stock. In the event that an executive officer fails to reach a required level of stock ownership during the five year period above, we will require the executive officer to be paid, in lieu of any annual incentive payments, in common stock until the applicable required level of stock ownership is obtained.

We also intend to establish holding periods for stock acquired by senior executive officers upon the exercise of stock options. Senior executive officers will be required to hold, for at least nine months, the shares of stock received by them upon exercise of any stock option (net of any shares applied for a cashless exercise or to pay applicable taxes).

Benefit Plans—Transition from GE to Genworth Plans

Prior to this offering, our employees have been covered under GE benefit plans. These GE benefit plans include the GE 1990 Long-Term Incentive Plan providing stock options, stock appreciation rights, or SARs, restricted stock unit awards, or RSUs, and long-term contingent performance incentive awards; the GE Incentive Compensation Plan providing annual incentive compensation; retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees; disability and life insurance protection; and severance. We have reimbursed GE for benefits it has provided to our employees under these benefit plans.

After the completion of this offering, and for so long as GE owns more than 50% of our outstanding common stock, we will be part of the GE group, and our employees generally will continue to be eligible to participate in the GE benefit plans, except as noted below. When GE ceases to own more than 50% of our outstanding common stock, we anticipate that these employees will be covered by the benefit plans that we expect to establish. However, to the extent these employees are non-U.S. employees, benefit transition may be delayed, by mutual agreement between GE and us, for up to six months following the date that GE ceases to own more than 50% of our outstanding common stock (such date, whether delayed or not, is referred to as the "International Benefit Transition Date").

Prior to this offering, some of the employees of our business received certain awards under the GE 1990 Long-Term Incentive Plan. The treatment of these outstanding awards in connection with this offering are described below under "—GE 1990 Long-Term Incentive Plan." After the completion of this offering, our employees will no longer be eligible to participate in the GE 1990 Long-Term Incentive Plan.

Prior to the completion of this offering, we will establish, adopt and maintain plans for our selected employees providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards. However, certain of our employees will continue to participate in the GE Incentive Compensation Plan based on our company-and individual-specific performance measures, and our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock. See "—Omnibus Incentive Plan" and "—Incentive Compensation Program" for information concerning these plans.

From the completion of this offering until GE ceases to own more than 50% of our outstanding common stock or, in the case of our applicable non-U.S. employees, the International Benefit Transition Date, we will reimburse GE for the costs incurred by GE and its affiliates for continuing coverage of our employees in the GE benefit plans. We will also reimburse GE for the reasonable costs incurred by GE and its affiliates for cooperating in the operation and administration of our benefit plans, including our plans providing for stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards and, to some extent, for the tax benefits we realize in connection with these compensation and benefit plans and arrangements. See "Arrangements between GE and Our Company—Employee Matters Agreement" for information concerning our benefit plans, our reimbursement obligations to GE, and other employment matters after the completion of this offering, and see "Arrangements Between GE and Our Company—Tax Matters Agreement."

Stock Option Grants and SARs

Stock options and SARs were granted to our named executive officers in 2003 by GE. Each stock option permits the named executive officer, generally for a period of ten years, to purchase one share of GE stock at the market price of GE stock on the date of grant. Each SAR expires ten years after the date of grant and permits the executive officer to receive an amount equal to the difference between the SAR exercise price and the fair market value of one share of GE stock on the date the SAR is exercised. The amount of such difference, multiplied by the number of SARs exercised, is payable and delivered in GE stock. The following tables provide information on stock options and SARs granted in 2003, and on previously granted stock options exercised by the named executive officers during 2003, as well as information on their stock option and SARs holdings at the end of 2003. See "—GE 1990 Long-Term Incentive Plan" for a description of the treatment of these options and SARs after this offering.

STOCK OPTION/SAR GRANTS IN 2003

	Individual grants(1)				
Name	Number of options/SARs granted (#)	Percent of total GE options/SARS granted	Exercise or base price ($ per share)	Expiration date	Grant date present value($)(2)
Michael D. Fraizer	195,000	1.6359%	31.53	9/12/13	1,834,642
Thomas H. Mann	54,000	0.4530%	31.53	9/12/13	508,055
Pamela S. Schutz	22,800	0.1913%	31.53	9/12/13	214,512
K. Rone Baldwin	27,000	0.2265%	31.53	9/12/13	254,027
Leon E. Roday	13,800	0.1158%	31.53	9/12/13	129,836

(1) Options are denominated in shares of GE stock. SARs are denominated in GE SARs.

(2) These estimated hypothetical values are based on a Black-Scholes option pricing model in accordance with SEC rules. We used the following assumptions in estimating these values: potential option term, 10 years; risk free rate of return, 3.5%; expected volatility, 34.7%; and expected dividend yield, 2.5%.

**AGGREGATED STOCK OPTIONS/SARs EXERCISED IN 2003,
AND DECEMBER 31, 2003 OPTION/SAR VALUES(1)**

Name	Options/SARs exercised (#)	Value realized ($)	Number of unexercised options/SARs at December 31, 2003 (#)		Value of unexercised in-the-money options/SARs at December 31, 2003 ($)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael D. Fraizer	36,000	733,680	719,000	765,000	5,845,116	943,200
Thomas H. Mann	72,000	1,654,790	413,500	271,000	3,749,245	282,960
Pamela S. Schutz	9,000	142,451	101,100	102,200	962,325	119,472
K. Rone Baldwin	—	—	177,000	125,500	1,764,729	141,480
Leon E. Roday	—	—	34,500	55,800	57,100	62,880

(1) Options are denominated in shares of GE stock. SARs are denominated in GE SARs.

(2) Stock option and SAR values are based upon the difference between the grant prices of all outstanding options and SARs awarded in 2003 and prior years and the December 31, 2003 closing price for GE's stock of $30.98 per share.

Retirement Plans

We anticipate that our U.S. employees will be covered by the GE retirement plans for so long as GE owns more than 50% of our outstanding common stock. Thereafter, we anticipate that our U.S. employees will be covered by the retirement plans that we expect to establish. See "Arrangements between GE and Our Company—Employee Matters Agreement" for information concerning our retirement plans after the completion of this offering. The summary below relates to the GE retirement plans.

Under the GE retirement plans, employees are generally eligible to retire with unreduced benefits under such plans at age 60 or later, and with social security benefits at age 62 or later. The estimated total annual retirement benefits provided under the GE retirement plans (GE Pension Plan, GE Supplementary Pension Plan and GE Excess Benefit Plan) and social security for our employees in higher salary classifications retiring directly from GE and its affiliates at age 62 or later are as follows.

Earnings credited for retirement benefits	Years of service at retirement				
	20	25	30	35	40
$ 500,000	$ 187,206	$ 229,735	$ 272,265	$ 300,000	$ 300,000
750,000	274,706	339,110	403,515	450,000	450,000
1,000,000	362,206	448,485	534,765	600,000	600,000
1,500,000	537,206	667,235	797,265	900,000	900,000
2,000,000	712,206	885,985	1,059,765	1,200,000	1,200,000
2,500,000	887,206	1,104,735	1,322,265	1,500,000	1,500,000
3,000,000	1,062,206	1,323,485	1,584,765	1,800,000	1,800,000

Note: The amounts shown above are applicable to employees retiring in 2004 at age 62.

Amounts shown as "earnings credited for retirement benefits" in this table represent the average annual covered compensation paid for the highest 36 consecutive months out of the last 120 months prior to retirement. For 2003, covered compensation for the individuals named in the Summary Compensation table (see "—Executive Compensation") is the same as the total of their salary and bonus amounts shown in that table. As of December 31, 2003, our named executive officers had the following years of credited service with the company: Mr. Fraizer, 23 years; Mr. Baldwin, 9 years; Mr. Mann, 30 years; Mr. Roday, 7 years; and Ms. Schutz, 25 years. The approximate annual retirement benefits provided under the GE retirement plans are payable in fixed monthly payments for life, with a guaranteed minimum term of five years.

GE 1990 Long-Term Incentive Plan

Prior to this offering, some of our executive employees received stock options, SARs, RSUs and long-term contingent performance incentive awards under the GE 1990 Long-Term Incentive Plan. The following is a description of the treatment of those awards in connection with our initial public offering and our separation from GE.

Vested GE stock options. After the completion of this offering, all GE stock options that are vested and held by our employees (other than Mr. Fraizer's vested GE stock options) will remain exercisable in accordance with their terms and the GE 1990 Long-Term Incentive Plan. Each such GE stock option permits the holder, generally for a period of ten years from the date of grant or, if earlier, five years from the date that GE ceases to own 50% or more of our outstanding common stock, to purchase one share of GE stock from GE at the market price of GE stock on the date of grant. GE will remain responsible for the GE stock options of our employees that are vested on the date of this prospectus (other than Mr. Fraizer's vested GE stock options). We will have no obligations with respect to those options.

Vested GE stock options of Mr. Fraizer, unvested GE stock options, SARs and RSUs. On the date of this prospectus, all of Mr. Fraizer's GE stock options (whether or not vested) and all other GE stock options that are unvested and held by our employees as of such time will be canceled by GE and converted into options to purchase our Class A Common Stock based on a ratio equal to the initial offering price of our Class A Common Stock divided by the weighted-average stock price of GE common stock for the trading day immediately prior to the date of this prospectus (the "Conversion Ratio"). These converted options, if unvested, generally will continue to vest in accordance with the terms of their original grants and the GE 1990 Long-Term Incentive Plan (generally in five equal annual installments from the first anniversary of the date of grant for options granted in 2002 and thereafter, or in two equal installments three and five years after they were originally granted for options granted before 2002) and generally will remain exercisable for a period of ten years from the date of original grant. Following cancellation of such GE stock options, GE will have no further liability with respect to these options, and we will be responsible for the converted options.

Mr. Fraizer is the only named executive officer who holds GE SARs that are exercisable for GE stock. These rights, which were granted in 2003, will be canceled by GE and converted into our SARs on the date of this prospectus based upon the Conversion Ratio. These converted SARs will continue to vest in accordance with the terms of their original grant and the GE 1990 Long-Term Incentive Plan (in five equal annual installments from the first anniversary of the date of original grant) and will remain exercisable for a period of ten years from the date of original grant.

On the date of this prospectus, all GE RSUs held by our employees (other than GE RSUs with restrictions that lapse on the date of this prospectus, as described in this paragraph) will be canceled by GE and converted into our RSUs based upon the Conversion Ratio and will generally have the same terms as their original grant and the GE 1990 Long-Term Incentive Plan. Such RSUs will entitle the holder to receive regular quarterly payments from us equal to the quarterly dividend on our stock. Also, provided the holder is still employed by us when the restrictions lapse, the holder will receive one share of our Class A Common Stock from us in exchange for each RSU. The restrictions on the converted RSUs granted in September 2003 will lapse in 50% increments after three and five years from the date of original grant. The restrictions on the GE RSUs granted in February 2003 to 21 senior executives will lapse in 50% increments, the first increment of GE RSUs on the date of this prospectus and the remaining increment of converted RSUs one year thereafter. The restrictions on most of the converted RSUs granted in 2002 will lapse in 25% increments after three, five and ten years from the date of original grant, with the final 25% lapsing at retirement. The restrictions on most of the converted RSUs granted before 2002 will lapse in 25% increments after three and seven years from the date of original grant, with the final 50% lapsing at retirement. Any converted RSUs as to which restrictions have not lapsed will be forfeited if the executive leaves our company prior to the lapse of the restrictions.

GE will have no further liability with respect to the GE SARs and GE RSUs that are canceled by GE and converted into Genworth SARs and RSUs, respectively, and we will be responsible for the converted awards.

GE long-term contingent performance awards. In March 2003, the management development and compensation committee of GE's board of directors granted long-term contingent performance incentive awards to select GE executives for the 2003 to 2005 period to provide a continued emphasis on specified financial performance goals that the committee considered to be important contributors to GE's long-term shareowner value. The awards will only be payable if GE achieves, on an overall basis for the three-year 2003 to 2005 period, specified goals for one or more of the following four measurements, all as adjusted by the committee to remove the effects of unusual events and the effect of pensions on income: average earnings per share growth rate; average revenue growth rate; cumulative return on total capital; and cumulative cash generated. GE expects the awards to be payable in 2006 if the performance goals are met. The awards are subject to forfeiture if the executive's employment terminates for any reason other than disability, death, or retirement before December 31, 2005.

For purposes of determining eligibility for long-term contingent performance incentive awards granted to our executives in March 2003, employment with us will be deemed to be continued employment with GE (or an applicable GE affiliate). A prorated award (equal to one-third of the amount otherwise payable) will be paid by GE in 2006 when such awards are otherwise payable under the plan, provided the executives otherwise satisfy the conditions of the original award. We will not be liable for any such payments. The following table shows the multiple of our named executives' salary rate in effect and the annual bonus awarded in February 2003 that would be payable in 2006 under these awards if GE precisely attained the threshold, target, or maximum goals set by the committee for all applicable performance measurements and before taking into account the proration as described above:

	Performance period	Threshold payment	Target payment	Maximum payment
Michael D. Fraizer	1/03-12/05	1x	2x	2.5x
Thomas H. Mann	1/03-12/05	0.5x	1x	2x
Pamela S. Schutz	1/03-12/05	0.25x	0.5x	1x
K. Rone Baldwin	1/03-12/05	0.25x	0.5x	1x
Leon E. Roday	1/03-12/05	0.25x	0.5x	1x

Prior to the one-third proration described above, each measurement is weighted equally, and payments will be made for achieving any of the three goals (threshold, target or maximum) for any of the four measurements. For example, the executives in the table above would receive only one-quarter of the threshold payment if GE met at the end of the three-year period only a single threshold goal for a single measurement. Also, payments will be further prorated for performance that falls between goals.

Omnibus Incentive Plan

In connection with completion of this offering, subject to shareholder and board of director approval, we intend to establish the 2004 Genworth Financial, Inc. Omnibus Incentive Plan, which we refer to as the Genworth Omnibus Plan, pursuant to which we will administer the stock options, SARs and RSUs issued and cancelled by GE under the GE 1990 Long-Term Incentive Plan and replaced with our awards (see "—GE 1990 Long-Term Incentive Plan"). The Genworth Omnibus Plan will also permit us to issue stock-based, stock-denominated and other awards to employees, nonemployee directors and other individuals providing services to Genworth and our participating affiliates on and after the date of this prospectus. Available awards under the Genworth Omnibus Plan will include:

- stock options (but not incentive stock options under Section 422 of the Internal Revenue Code),
- SARs,
- restricted stock and RSUs (including performance shares and performance units),

- other awards valued in whole or in part by reference to or otherwise based on our common stock (other stock-based awards),
- nonemployee director awards (including DSUs),
- dividend equivalents, and
- cash-based awards.

The following is a description of the Genworth Omnibus Plan and the treatment of those awards to be made in connection with and after this offering and the concurrent offerings.

Awards in connection with our initial public offering. On the date of this prospectus, we anticipate granting to our executive officers an aggregate of 6.1 million SARs and to some or all of our other employees nonqualified stock options to purchase an aggregate of 10.1 million shares of our Class A Common Stock. The named executive officers will be granted SARs as follows: Mr. Fraizer, 1,900,000 SARs; Mr. Baldwin, 400,000 SARs; Mr. Mann, 680,000 SARs; Mr. Roday, 320,000 SARs; Ms. Schutz, 550,000 SARs; and the remaining executive officers, an aggregate of 2,260,000 SARs. The exercise price of these SARs and options will be equal to the initial offering price. These SARs and options will vest in 25% annual increments commencing on the second anniversary of the date of grant.

Each of these SARs permits the executive officer to receive an amount equal to the difference between the SAR exercise price and the fair market value of one share of our Class A Common Stock on the date the SAR is exercised. The amount of this difference, multiplied by the number of SARs exercised, is payable and delivered in shares of our Class A Common Stock. We anticipate that after the initial grant in connection with our initial public offering, we will issue annual grants to our executives and periodic grants to our other employees under the Genworth Omnibus Plan subject to the approval of our Management Development and Compensation Committee.

Under the Genworth Omnibus Plan, we also anticipate granting RSUs in 2005 to our executive officers contingent upon the achievement of one or both of the following performance goals for the 2004 performance year. The performance goals are positive annual net earnings as determined under U.S. GAAP, which we refer to as Net Earnings, and positive annual earnings from continuing operations before income taxes and accounting changes as determined under U.S. GAAP, which we refer to as Consolidated Operating Earnings. Our chief executive officer is eligible for an award of RSUs under the Genworth Omnibus Plan equal in value on the date of grant to up to one percent (1.0%) of the greater of Net Earnings or Consolidated Operating Earnings, and each of our other executive officers is eligible for an award of RSUs under the Genworth Omnibus Plan equal in value on the date of grant to up to one-half of one percent (0.5%) of the greater of Net Earnings or Consolidated Operating Earnings. However, in no event will any participant receive grants of RSUs that exceed the annual award limit under the Genworth Omnibus Plan, and the management development and compensation committee of GE's board of directors (or, for purposes of Section 162(m) of the Internal Revenue Code, its successor) has absolute discretion to reduce or eliminate the value of the RSUs to be awarded to our executive officers.

Under the Genworth Omnibus Plan, we also anticipate granting, subject to shareholder approval, long-term performance awards to our executive officers for the 2004 to 2006 period. The awards will only be payable if we achieve, on an overall basis for such period, specified goals for average annual return on equity growth or average annual operating earnings growth, or both, each as adjusted by our Management Development and Compensation Committee, to remove the effects of unusual events. We expect to pay these awards in the first quarter of 2007 in cash, our Class A Common Stock, or both, as determined by our Management Development and Compensation Committee, if the performance goals are met. The awards will be subject to forfeiture if the executive's employment terminates for any reason other than disability, death, or retirement before December 31, 2006.

The following table shows the multiple of the named executives' salary rate as of March 1, 2004 and the most recent annual bonus awarded by GE prior to the completion of this offering that would be payable in 2007 under these awards if we precisely attained the threshold, target, or maximum goals set by our Management Development and Compensation Committee for all applicable performance measurements:

	Performance period	Threshold payment	Target payment	Maximum payment
Michael D. Fraizer	01/04-12/06	1x	2x	2.5x
Thomas H. Mann	01/04-12/06	0.5x	1x	2x
Pamela S. Schutz	01/04-12/06	0.5x	1x	2x
K. Rone Baldwin	01/04-12/06	0.5x	1x	2x
Leon E. Roday	01/04-12/06	0.5x	1x	2x

Each measurement is weighted equally, and payments will be made for achieving any of the three goals (threshold, target or maximum) for any of the two measurements. For example, the executives in the table above would receive only one-half of the threshold payment if we met at the end of the three-year period only a single threshold goal for a single measurement. Also, payments will be prorated for performance that falls between goals.

Effective date and term. The Genworth Omnibus Plan will become effective on the date of this prospectus, subject to shareholder and board of director approval, and will authorize the granting of awards for a term of up to 10 years.

Administration. The Genworth Omnibus Plan will be administered by our Management Development and Compensation Committee. The Management Development and Compensation Committee will be able to select eligible participants to whom awards are granted; determine the types of awards to be granted and the number of shares covered by such awards; set the terms and conditions of such awards (including any terms and conditions relating to a change of control of our company); and cancel, suspend, and amend awards. The Management Development and Compensation Committee's determinations and interpretations under the Genworth Omnibus Plan will be binding on all interested parties. The Management Development and Compensation Committee will be empowered to delegate to one or more of its members, to one or more officers of our company or its affiliates, or to one or more agents or advisors such administrative duties or powers it may deem advisable. In addition, subject to certain restrictions, the Management Development and Compensation Committee may, by resolution, authorize one or more officers of our company to (i) designate employees and other individuals providing services to Genworth and our participating affiliates to receive awards and (ii) determine the terms and conditions of such awards.

Eligibility. Awards under the Genworth Omnibus Plan may be granted to employees, nonemployee directors and other individuals providing services to Genworth and our participating affiliates.

Number of shares available for issuance. Subject to adjustment as described below, 38,000,000 shares of our Class A Common Stock (including authorized and unissued shares and treasury shares) will be available for granting awards under the Genworth Omnibus Plan. The GE awards (including Mr. Fraizer's GE stock options (whether or not vested) and all other GE stock options that are unvested, GE SARs and GE RSUs) replaced with our awards in connection with the completion of this offering will be deemed granted under the Genworth Omnibus Plan. We anticipate the number of our stock options, SARs and RSUs replacing such GE stock options, SARs and RSUs will be 5,148,662, 273,443 and 1,392,231, respectively. If any shares subject to any award under the Genworth Omnibus Plan are forfeited, or if any such award terminates or is settled without the delivery of shares, the shares previously used or reserved for such awards will be available for future awards under the Genworth Omnibus Plan.

Adjustments. In the event of corporate event or transaction such as a stock split, stock dividend, or other extraordinary corporate event, the Management Development and Compensation Committee will be able to adjust the number and type of shares which may be made the subject of new awards or are then subject to outstanding awards and other award terms. The Management Development and Compensation Committee will also be authorized, for similar purposes, to make adjustments in performance award criteria or in the terms and conditions of other awards in recognition of unusual or nonrecurring events affecting our company or our financial statements or of changes in applicable laws, regulations, or accounting principles. The awards that may be granted under the Genworth Omnibus Plan after the effective date of the Genworth Omnibus Plan cannot presently be determined. In addition, nothing contained in the Genworth Omnibus Plan will prevent us or any affiliate from adopting or continuing in effect other or additional compensation arrangements.

Awards. Awards generally will be granted for no cash consideration. We intend that, under the Genworth Omnibus Plan, awards may provide that upon exercise the participant will receive cash, stock, other securities, other awards, other property, or any combination thereof, as the Management Development and Compensation Committee will determine. Except in the case of GE awards converted to Genworth awards, the exercise price per share of Class A Common Stock purchasable under any stock option, the grant price of any SAR, and the purchase price of any security which may be purchased under any other stock-based award will be not less than 100% of the fair market value of the stock or other security on the date of the grant of such option, SAR, or right, or, if the Management Development and Compensation Committee so determines, in the case of certain awards retroactively granted in tandem with or in substitution for other awards under the Genworth Omnibus Plan or for any other outstanding awards, on the date of grant of such other awards. It is intended that, under the Genworth Omnibus Plan, any exercise or purchase price may be paid in cash or, if permitted by the Management Development and Compensation Committee, by surrender of shares.

Annual award limits. The awards which may be granted under the Genworth Omnibus Plan are generally subject to the following limits (each, an "Annual Award Limit"). The maximum number of our shares of Class A Common Stock with respect to which stock options or SARs may be granted or measured to any participant in a calendar year is 5,000,000 shares. The maximum number of our shares of Class A Common Stock with respect to which restricted stock or RSUs may be granted or measured to any participant in any calendar year is 2,000,000 shares. The maximum number of our shares of Class A Common Stock with respect to which other stock-based awards, not otherwise described in the Genworth Omnibus Plan, may be granted or measured to any participant in any calendar year is 1,000,000 shares. The maximum amount that may be paid or credited to any executive officer whom the Management Development and Compensation Committee identifies as a potential "covered employee" subject to Section 162(m) of the Internal Revenue Code (a "Covered Employee") in any calendar year in respect of a Covered Employee annual incentive award is $5,000,000. The maximum amount of any cash-based awards that may be paid, credited or vested to any participant in any calendar year is $10,000,000. These provisions are designed so that compensation resulting from awards can qualify as tax deductible performance-based compensation under Section 162(m) of the Internal Revenue Code.

Stock options. A participant granted an option will be entitled to purchase a specified number of shares of Class A Common Stock during a specified term at a fixed price, affording the participant an opportunity to benefit from the appreciation in the market price of our stock from the date of grant.

SARs. A participant granted a SAR will be entitled to receive the excess of the fair market value (calculated as of the exercise date) of a share of our Class A Common Stock over the grant price of the SAR in cash, our shares of Class A Common Stock, a combination thereof, or any other manner approved by the Management Development and Compensation Committee in its sole discretion. The terms and conditions of any SARs will be determined by the Management Development and Compensation Committee at the time of grant.

Restricted stock and RSUs. Restricted stock and RSUs are awards that will be non-transferable and subject to a risk of forfeiture upon certain kinds of employment terminations, as determined by the Management Development and Compensation Committee, during a restricted period specified by the Management Development and Compensation Committee. Restricted stock will provide a participant with all of the rights of a share owner of our company, including the right to vote the shares and to receive dividends, at the end of a specified period. An RSU will represent a right to receive a share of Class A Common Stock, or an equivalent value as the Management Development and Compensation Committee may determine, together with dividend equivalent payments in cash or as additional shares if specified by the Management Development and Compensation Committee, at the end of a specified period. After lapse of these restrictions, settlement of RSUs may be further deferred. Restricted stock and RSUs may be awarded, or their restrictions may lapse, based upon achievement of a pre-established performance goal as described below and are referred to as performance shares and performance units, respectively. The Management Development and Compensation Committee will have discretion to vary the forfeiture conditions of restricted stock and RSUs. RSUs will be settled in cash, shares, other securities, additional awards or any combination of the foregoing, as determined by the Management Development and Compensation Committee.

Other stock-based awards. Other stock-based awards are awards for which the Management Development and Compensation Committee will establish virtually all terms and conditions.

Nonemployee director awards. Nonemployee director awards are awards to nonemployee directors for which the Management and Development Compensation Committee will establish virtually all terms and conditions, and includes awards granted in satisfaction of annual fees that are otherwise payable to nonemployee directors, such as DSUs. See "—Director Compensation" for a description of DSUs. The maximum number of our shares of Class A Common Stock that may be issued as nonemployee director awards is 1,000,000 shares, and the maximum number of our shares of Class A Common Stock with respect to which nonemployee director awards may be granted or measured to any nonemployee director in any calendar year is 25,000 shares.

Dividend equivalents. Dividend equivalents granted to participants will represent a right to receive payments equivalent to dividends or interest with respect to a specified number of shares.

Cash-based awards. Cash-based awards are awards for which the Management Development and Compensation Committee will establish virtually all terms and conditions. For example, the three-year contingent long-term performance award which we intend to grant as described above under "—Omnibus Incentive Plan—Awards in connection with our initial public offering" will represent a contingent right to receive a payment, the amount of which would be a multiple of the salary rate as of March 1, 2004 and the most recent annual bonus awarded by GE prior to the completion of this offering. The percentage, if any, of such compensation to be used to determine the amount payable under the performance award will be contingent upon the extent of achievement of the pre-established performance goals during the three-year period. Under a long-term performance award, the Management Development and Compensation Committee will determine, after the end of the performance period, whether a participant has become entitled to a settlement of his or her performance award, and whether that settlement will be paid in cash, a distribution of shares of Class A Common Stock, or crediting of stock units, provided that the Management Development and Compensation Committee may permit the participant to elect the form of settlement for all or a portion of the award.

Performance-based compensation. One type of performance-based compensation award is the Covered Employee incentive award. See "—Incentive Compensation Program" for a description of such award. In addition, the Management Development and Compensation Committee may design any award so that the granting, vesting, crediting and/or payment of such award meets the requirements for performance-based compensation. The performance goals to be established by the Management Development and Compensation Committee for performance-based compensation may be based on any or all of the following measures applicable to our company, its affiliates, or any of their business units: net earnings or net income (before or after taxes); earnings growth; earnings per share; net sales (including net sales growth); gross profits or net operating profit; return measures (including, but not limited to, return on assets, capital, equity, or sales); cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on capital and statutory cash measures); revenue growth; earnings before or after taxes, interest, depreciation, and/or amortization; productivity ratios; share price (including, but not limited to, growth measures and total shareholder return); expense targets; margins (including, but not limited to, gross or operating margins); operating efficiency; customer satisfaction or increase in the number of customers; attainment of budget goals; division working capital turnover; market share; cost reductions; working capital targets; and EVA® and other value-added measures.

Change of control. The Genworth Omnibus Plan will provide that, unless the Management Development and Compensation Committee determines otherwise or unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or stock exchange on which shares of our Class A Common Stock are listed, in the event of a change of control (as defined in the Genworth Omnibus Plan) in which a successor entity fails to assume and maintain awards under the Genworth Omnibus Plan:

- Awards, the vesting of which depends upon a participant's continuation of service for a period of time, will fully vest as of the effective date of the change of control, will be distributed or paid to the participant, and will thereafter terminate.

- Awards, the vesting of which is based on achievement of performance criteria (other than the Covered Employee annual incentive awards), will fully vest as of the effective date of the change of control, will be deemed earned based on the target performance being attained for the performance period in which the change of control occurs, will be distributed or paid to the participant pro rata based on the portion of the performance period elapsed on the date of the change of control, and will thereafter terminate.

- Covered Employee annual incentive awards will be based on the Consolidated Operating Earnings or Net Earnings of the calendar year in which the change of control occurs (or such other method of payment as may be determined by the Management Development and Compensation Committee at the time of such award or thereafter but prior to the change of control), will be distributed or paid to the participant pro rata based on the portion of the year elapsed on the date of the change of control, and will thereafter terminate.

We anticipate that the foregoing change of control provisions will apply to:

- the awards which we intend to grant in connection with our initial public offering as described above under "—Omnibus Incentive Plan—Awards in connection with our initial public offering," and

- the GE stock options, GE SARs and GE RSUs granted in September 2003 which will be canceled by GE and replaced with our stock options, SARs and RSUs, respectively, as described above under "—GE 1990 Long-Term Incentive Plan—Vested GE stock options of Mr. Fraizer, unvested GE stock options, SARs and RSUs,"

provided that a change of control occurs in which a successor entity assumes and maintains awards under the Genworth Omnibus Plan but the participant's service with us and our affiliates is terminated without cause or for good reason within 12 months following the effective date of such change of control.

Deferrals. The Management Development and Compensation Committee also will be able to require or permit award payments to be deferred and may authorize crediting of dividends or interest or their equivalents in connection with any such deferral.

Transferability. Awards generally will be non-transferable except upon the death of a participant, although the Management Development and Compensation Committee may permit a participant to transfer awards subject to such conditions as the Management Development and Compensation Committee may establish.

Tax consequences

The following is a summary of the principal U.S. federal income tax consequences of transactions under the Genworth Omnibus Plan, based on current U.S. federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences.

Nonqualified options. No taxable income is realized by a participant upon the grant of an option. Upon the exercise of an option, the participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the fair market value of the shares of Class A Common Stock received over the aggregate option exercise price (the spread), even though that common stock may be subject to a restriction on transferability or may be subsequently forfeited, in limited circumstances. Income and payroll taxes are required to be withheld by the participant's employer on the amount of ordinary income resulting to the participant from the exercise of an option. The spread is generally deductible by the participant's employer for federal income tax purposes, subject to the possible limitations on deductibility of compensation paid to some executives under Section 162(m) of the Internal Revenue Code. The participant's tax basis in shares of common stock acquired by exercise of an option will be equal to the exercise price plus the amount taxable as ordinary income to the participant.

Upon a sale of the shares of Class A Common Stock received by the participant upon exercise of the option, any gain or loss will generally be treated for federal income tax purposes as long-term or short-term capital gain or loss, depending upon the holding period of that stock. The participant's holding period for shares acquired after the exercise of an option begins on the date of exercise of that option.

If the participant pays the exercise price in full or in part by using shares of previously acquired Class A Common Stock, the exercise will not affect the tax treatment described above and no gain or loss generally will be recognized to the participant with respect to the previously acquired shares. The shares received upon exercise which are equal in number to the previously acquired shares used will have the same tax basis as the previously acquired shares surrendered to us, and will have a holding period for determining capital gain or loss that includes the holding period of the shares used. The value of the remaining shares received by the participant will be taxable to the participant as compensation, even though those shares may be subject to sale restrictions. The remaining shares will have a tax basis equal to the fair market value recognized by the participant as compensation income and the holding period will commence on the exercise date. Shares used to pay applicable income and payroll taxes arising from that exercise will generate taxable income or loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares. The income or loss will be treated as long-term or short-term capital gain or loss depending on the holding period of the shares used. Where the shares used to pay applicable income and payroll taxes arising from that exercise generate a loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares, that loss may not be currently recognizable if, within a period beginning 30 days before the exercise date and ending 30 days after that date, the participant acquires or enters into a contract or option to acquire additional common stock.

SARs. The grant of a SAR will create no tax consequences for the participant or us. Upon the exercise of a SAR, the participant will recognize compensation income, in an amount equal to the cash or the fair market value of the Class A Common Stock received from the exercise. The participant's tax basis in the shares of Class A Common Stock received in the exercise of the SAR will be equal to the compensation income recognized with respect to the Class A Common Stock. The participant's holding period for shares acquired after the exercise of a SAR begins on the exercise date. Income and payroll taxes are required to be withheld on the amount of compensation attributable to the exercise of the SAR, whether the income is paid in cash or shares. Upon the exercise of a SAR, we generally will be entitled to a deduction in the amount of the compensation income recognized by the participant.

Other awards. Other awards under the Genworth Omnibus Plan, including restricted stock, RSUs and performance awards, generally will result in ordinary income to the participant at the later of the time of delivery of cash, shares or other property, or (in the absence of an appropriate election) the time that either the risk of forfeiture or restriction on transferability lapses on previously delivered cash, shares or other property. We generally would be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an award.

Certain limitations on deductibility of executive compensation. With some exceptions, Section 162(m) of the Internal Revenue Code limits our deduction to us for compensation paid to employees in excess of $1 million per executive per taxable year. However, compensation paid to employees will not be subject to that deduction limit if it is considered "qualified performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code. Compensation to be paid to employees under the Genworth Omnibus Plan is generally intended to be qualified performance-based compensation.

Amendment and termination. The Genworth Omnibus Plan may be amended or terminated by our board of directors at any time, subject to certain limitations, and the awards granted under the plan may be amended or terminated by the Management Development and Compensation Committee at any time, provided that no such action may, without a participant's written consent, adversely affect in any material way any previously granted award, and no amendment that would require shareholder approval under applicable law may become effective without shareholder approval.

Incentive Compensation Program

We anticipate that our key employees (including officers) will be covered by the GE Incentive Compensation Plan (the "GE IC Plan") until the date that GE ceases to own more than 50% of our outstanding common stock, although the performance measures will be specifically based on our company-specific and individual-specific performance measures subject to the approval of the management development and compensation committee of GE's board of directors. For 2004, the performance goals for our executive officers are Net Earnings and Consolidated Operating Earnings. Our chief executive officer is eligible for an award under the GE IC Plan of up to one percent (1.0%) of the greater of Net Earnings or Consolidated Operating Earnings, and each of our other executive officers is eligible for an award under the GE IC Plan of up to one-half of one percent (0.5%) of the greater of Net Earnings or Consolidated Operating Earnings. However, in no event will any participant receive an award greater than one percent (1.0%) of Net Earnings or Consolidated Operating Earnings, or the total amount available under the terms of the GE IC Plan, and the management development and compensation committee of GE's board of directors (or, for purposes of Section 162(m) of the Internal Revenue Code, its successor) has absolute discretion to reduce or eliminate the amount of incentive compensation to be awarded to our executive officers.

Prior to the completion of this offering, we intend to establish, subject to shareholder and board of director approval, an annual incentive compensation program or programs (the "Genworth IC Program"), which may be part of the Genworth Omnibus Plan, and provide our key employees (including officers) with the opportunity to earn annual incentives based on company-wide, business unit and individual performance measures, although the Genworth IC Program will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock. Until the date that GE ceases to own more than 50% of our outstanding common stock, GE will pay annual incentive compensation awards to our employees under the GE IC Plan, and we will reimburse GE for its cost of such awards.

Under the Genworth IC Program, the annual incentive compensation payment in any calendar year to a Covered Employee will be based on a percentage of one or both of (1) our Net Earnings for the calendar year, and (2) our Consolidated Operating Earnings for the calendar year. Our Management Development and Compensation Committee retains absolute discretion to adjust these awards downward. We refer to these awards as Covered Employee incentive awards.

The following summary relates to the GE IC Plan:

Reserve. The GE IC Plan authorizes its board of directors to appropriate to an Incentive Compensation Reserve (the "Reserve") each year an amount based on the consolidated net earnings of the company. The maximum amount that may be appropriated for this Reserve in any year is 10% of the amount by which consolidated net earnings exceed 5% of average capital investment, each as defined in the GE IC Plan. Any amounts in the Reserve appropriated but not awarded in any year may be carried forward and used for future awards.

Administration. The management development and compensation committee of GE's board of directors determines eligibility for participation in the GE IC Plan, the aggregate amount to be awarded from the Reserve in any year, and the specific amount to be awarded to any executive officer upon the achievement of a performance goal or goals.

Eligibility. Incentive compensation allotments are granted to key employees (including officers) of GE and its affiliates.

Payment of allotments. Incentive compensation allotments under the GE IC Plan are paid as soon as practicable following award, except that participants may elect to defer all or part of their allotment. The management development and compensation committee of GE's board of directors may determine that portions of deferred allotments are forfeitable for activity deemed to be harmful to the interests of GE or its affiliates occurring either during employment or after termination.

Method of accounting for deferred allotments. Participants may elect to have deferred allotments (including deferred allotments after termination of employment) accounted for as (i) GE stock units, (ii) the Standard and Poor's 500 Stock Index (S&P Index) units or (iii) cash units. The value of a GE stock unit will be equal to the average of the closing price of GE common stock as reported on the consolidated tape of New York Stock Exchange Listed Securities for the twenty trading days immediately preceding the date of allotment. The value of an S&P Index unit is equal to the average value of such unit as reported by Standard and Poor's for the twenty trading days immediately preceding the date of allotment. Deferred allotments, to the extent accounted for as GE stock units or S&P Index units, are credited with dividend equivalents applicable to such accounting media, and deferred allotments accounted for as cash units are credited with interest equivalents.

Switching. A participant may elect up to four times a year to change the method or methods of accounting for all deferred allotments.

Method of payment. The portion if any of an allotment not made on a deferred payment basis may, in the discretion of the management development and compensation committee of GE's board of directors, be made wholly or partly in cash, GE common stock, other securities, or any combination thereof. The deferred allotment is paid following the termination of a participant's employment with GE and its affiliates, subject to the terms and conditions, and in accordance with the procedures, of the GE IC Plan. The management development and compensation committee of GE's board of directors has discretionary authority to pay any installment of any deferred allotment entirely in cash or in such other manner as it may specify.

Termination and amendment. The GE IC Plan may be amended or terminated by GE's board of directors at any time, without the approval of shareholders or participants, provided that no action may, without a participant's consent, apply to the payment to the participant of any allotment made to such participant prior to the effective date of such action and no amendment may be made which will increase the amount which may be appropriated to the Reserve under the GE IC Plan without stockholder approval.

Section 162(m). Compensation to be paid to the applicable employees under the GE IC Plan is intended to be qualified performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code.

Executive Deferred Salary Plan

Our named executive officers, other executives and top managers currently participate in various GE executive deferred salary plans in effect between 1991 and 2003. Under all these plans, salary deferrals are contingently credited by GE with 9.5% to 14% interest. The participants generally must remain employed by GE and its affiliates for at least four years following the deferral, or retire or transfer to a successor employer (in this case, including Genworth when GE ceases to own 50% or more of our outstanding common stock) after a year of deferral, in order to obtain the stated interest rate on salary deferrals, otherwise the applicable interest rate on salary deferrals will be 0% to 3% interest. We are deemed an affiliate of GE for so long as GE owns 50% or more of our outstanding common stock. The Summary Compensation table (see "—Executive Compensation") includes the difference between market interest rates determined pursuant to SEC regulations and the contingently credited interest on such salary deferrals.

Other Potential Arrangements

Management has an understanding with GE that, shortly after the completion of our initial public offering, management intends to ask our Management Development and Compensation Committee and our board of directors to consider implementing arrangements which will protect or otherwise compensate management in the event of a change in control of our company.

Arrangements Between GE and Our Company

Relationship with GE

Historically, GE has provided a variety of products and services to us, and we have provided various products and services to GE. These arrangements are described below under "—Historical Related-Party Transactions."

Prior to the completion of this offering, we will enter into a master agreement and a number of other agreements with GE for the purpose of accomplishing our separation from GE, transferring the businesses described in this prospectus to us and setting forth various matters governing our relationship with GE while GE remains a significant stockholder in our company. These agreements will govern the relationship between GE and us after our initial public offering and will provide for the allocation of employee benefit, tax and other liabilities and obligations attributable or related to periods or events prior to and in connection with our initial public offering. In addition, a number of the existing agreements between us and our subsidiaries and GE and its subsidiaries relating to various aspects of our business will remain in effect following our initial public offering. The agreements summarized below have been filed as exhibits to the registration statement of which this prospectus forms a part. The summaries of these agreements are qualified in their entirety by reference to the full text of the agreements.

Master Agreement

We will enter into a master agreement with GE prior to the completion of this offering. We refer to this agreement in this prospectus as the Master Agreement. The Master Agreement will set forth our agreements with GE regarding the principal transactions required to effect the transfer of assets and the assumption of liabilities necessary to separate our company from GE. It also will set forth other agreements governing our relationship after the separation.

The separation

To effect the separation, GE will, and will cause its affiliates to, transfer to us the assets related to our businesses as described in this prospectus. We or our subsidiaries will assume and agree to perform, discharge and fulfill the liabilities related to our businesses (which, in the case of tax liabilities, will be governed by the Tax Matters Agreement) in accordance with their terms. Most of these transfers will be effected by a transfer of stock held by GE's subsidiaries to us. If any governmental approval or other consent required to transfer any assets to us or for us to assume any liabilities is not obtained prior to the completion of this offering, we will agree with GE that such transfer or assumption will be deferred until the necessary approvals or consents are obtained. GE will continue to hold the assets and be responsible for the liabilities for our benefit and at our expense until the necessary approvals or consents are obtained. For a discussion of certain assets and liabilities, the transfer and assumption of which are expected to be deferred until after completion of this offering, see "—Reinsurance Transactions—European Payment Protection Insurance Business Arrangements."

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI 489,527,145 shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note. We will also pay GEFAHI interest and contract adjustment payments on the Equity Units and dividends on the Series A Preferred Stock, in each case accrued from and including the date we issue those securities to GEFAHI, to but excluding the date of the completion of this offering and the concurrent offerings.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor GE will make any representation or warranty as to:

- the assets, businesses or liabilities transferred or assumed as part of the separation;
- any consents or approvals required in connection with the transfers;

- the value, or freedom from any security interests, of, or any other matter concerning, any assets transferred;
- the absence of any defenses or right of set-off or freedom from counterclaim with respect to any claim of either us or GE; or
- the legal sufficiency of any document or instrument delivered to convey title to any asset transferred.

Except as expressly set forth in any transaction document, all assets will be transferred on an "as is," "where is" basis, and we and our subsidiaries will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

Financial information

We will agree that, for so long as GE owns shares of our common stock, we will provide GE with quarterly and annual historical financial information needed by GE to issue its own earnings releases and public filings. We also will agree that for so long as GE owns at least 5% of our outstanding common stock, we will provide GE with certain financial projections. We further agree that, for so long as GE owns more than 20% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis or under the equity method of accounting), we will provide GE with information requested by GE in connection with its press releases and public filings and advance notice of all meetings to be held by us with financial analysts. We will also agree during this time to issue our quarterly and annual earnings releases and file our quarterly and annual reports with the SEC immediately following the time that GE issues its quarterly and annual earnings releases and files its quarterly and annual reports with the SEC. For so long as GE owns more than 50% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis), in addition to the items described above, we will agree to provide GE with monthly historical financial information, access to our books and records so that it may conduct audits of our financial statements, notice of any proposed material changes in our accounting estimates or discretionary accounting principles, a quarterly representation of our chief executive officer and our chief financial or accounting officer as to the accuracy and completeness of our financial and accounting records and copies of correspondence with and reports submitted by our accountants.

We also will agree, for so long as GE owns more than 50% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis), to conduct our strategic and operational review process on the same schedule on which GE conducts its strategic and operational review process. GE has agreed that it will conduct its strategic and operational reviews of our business through the involvement in such process of the members of our board of directors who are elected by GE in its capacity as the beneficial holder of the Class B Common Stock, as well as others invited at GE's request.

Exchange of other information

The Master Agreement will also provide for other arrangements with respect to the mutual sharing of information between us and GE in order to comply with reporting, filing, audit or tax requirements, for use in judicial proceedings, and in order to comply with our respective obligations after the completion of this offering. We will also agree to provide mutual access to historical records relating to businesses that may be in our possession.

Releases and indemnification

Except for each party's obligations under the Master Agreement, the other transaction documents and certain other specified liabilities, we and GE will release and discharge each other and each of our affiliates from all liabilities existing or arising between us on or before the separation, including in connection with the separation and our initial public offering. The release will not extend to obligations or liabilities under any agreements between us and GE that remain in effect following the separation.

We will indemnify, hold harmless and defend GE, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations associated with our businesses, whether arising before or after the separation;

- the operations, liabilities and obligations of our business;

- any guarantee, indemnification obligation, surety bond or other credit support arrangement by GE or any of its affiliates for our benefit;

- any breach by us or any of our affiliates of the Master Agreement, certain of the other transaction documents or our certificate of incorporation or by-laws;

- any untrue statement of, or omission to state, a material fact in GE's public filings to the extent it was as a result of information that we furnished to GE or which GE incorporated by reference from our public filings, if that statement or omission was made or occurred after the separation; and

- any untrue statement of, or omission to state, a material fact in any registration statement or prospectus related to our initial public offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering, except to the extent the statement was made or omitted in reliance upon information provided to us by GE expressly for use in any such registration statement or prospectus or information relating to and provided by any underwriter expressly for use in any such registration statement or prospectus.

GE will indemnify, hold harmless and defend us, each of our affiliates and each of our and their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure of GE or any affiliate of GE or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of GE or its affiliates other than liabilities associated with our businesses, whether arising before or after the separation;

- the liabilities of GE and its affiliates' businesses other than liabilities associated with our businesses;

- any breach by GE or any of its affiliates of the Master Agreement or certain of the other transaction documents;

- any untrue statement of, or omission to state, a material fact in our public filings to the extent it was as a result of information that GE furnished to us or which we incorporated by reference from GE's public filings (other than any registration statement or prospectus related to our initial public offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering); and

- any untrue statement of, or omission to state, a material fact contained in any registration statement or prospectus related to our initial public offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering, but only to the extent the untrue statement or omission was made or omitted in reliance upon information provided by GE expressly for use in any such registration statement or prospectus.

The Master Agreement will also specify procedures with respect to claims subject to indemnification and related matters and provide for contribution in the event that indemnification is not available to an indemnified party.

Expenses of the separation and our initial public offering

GE will pay or reimburse us for all out-of-pocket fees, costs and expenses (including all legal, accounting and printing expenses) incurred prior to the completion of our initial public offering in connection with our separation from GE and our initial public offering, the Equity Units offering, the Series A Preferred Stock offering and the senior notes offering, and in connection with the other debt and credit facilities described in this prospectus that we have entered into or intend to incur or enter into concurrently with or shortly after the completion of this offering. GE also will pay or reimburse us for all out-of-pocket fees, costs and expenses (including all legal, accounting and printing expenses) incurred after the completion of this offering in connection with the consummation of our acquisition of the European payment protection insurance business and our transfer of the U.K. bond portfolio to GE, as described under "Arrangements with GE—European Payment Protection Insurance Business Arrangements."

GE's use of restricted marks and certain other commercial arrangements

GE has generally agreed for five years after this offering not to use the "GE" mark or the "GE" monogram or the name "General Electric" in connection with the marketing or underwriting on a primary basis of life insurance, long-term care insurance, annuities, or worksite benefits insurance in the U.S., or of auto insurance products in Mexico, and the underwriting or issuing of mortgage insurance products anywhere in the world. GE's agreement to restrict the use of its brand will terminate earlier upon the occurrence of certain events, including termination of our transitional trademark license agreement with GE and our discontinuation of the use of the "GE" mark or the "GE" monogram. In addition, GE has agreed generally to distribute on an exclusive basis our payment protection insurance products in certain European countries for five years, unless earlier terminated. See "Business—Protection—European Payment Protection Insurance."

Dispute resolution procedures

We will agree with GE that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the Master Agreement. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 45 days, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days of the selection of a mediator, either party may submit the dispute to binding arbitration before a panel of three arbitrators. The arbitrators will determine the dispute in accordance with New York law. Most of the other agreements between us and GE have similar dispute resolution provisions.

These dispute resolution procedures will not apply to any dispute or claim related to GE's rights as a holder of our Class B Common Stock, including its approval rights over certain corporate actions by us that are set forth in our certificate of incorporation, and both parties will submit to the exclusive jurisdiction of the Delaware courts for resolution of any such dispute. In addition, both parties will be permitted to seek injunctive or interim relief in the event of any actual or threatened breach of the provisions of the Master Agreement relating to confidentiality, use of restricted marks and composition of certain of our board committees, and any of the provisions of the Employee Matters Agreement, Registration Rights Agreement, Intellectual Property Cross-License or the Transitional Trademark License Agreement. If an arbitral tribunal has not been appointed, both parties may seek injunctive or interim relief from any court with jurisdiction over the matter.

Other provisions

The Master Agreement also will contain covenants between us and GE with respect to:

- restrictions (subject to certain limited exceptions) on our ability to repurchase shares of our outstanding Class A Common Stock or any other securities convertible into or exerciseable for

Class A Common Stock, for so long as GE owns more than 50% of our outstanding common stock;

- confidentiality of our and GE's information;
- our right to continue coverage under GE's insurance policies for so long as GE owns more than 50% of our outstanding common stock;
- restrictions on our ability to take any action or enter into any agreement that would cause GE to violate any law, agreement or judgment;
- restrictions on our ability to take any action that limits GE's ability to freely sell, transfer, pledge or otherwise dispose of our stock;
- our obligation to comply with GE's policies applicable to its subsidiaries for so long as GE owns more than 50% of our outstanding common stock, except (1) to the extent such policies conflict with our certificate of incorporation or bylaws or any of the agreements between us and GE, or (2) as otherwise agreed with GE or superseded by any policies adopted by our board of directors.;
- restrictions on our ability to enter into any agreement that binds or purports to bind GE;
- litigation and settlement cooperation between us and GE;
- GE's right to appoint one member of our Management Development and Compensation Committee and one member of our Nominating and Corporate Governance Committee for so long as GE owns more than 50% of our outstanding common stock; and
- proposed intercompany transactions, including material amendments to the agreements accomplishing our separation from GE, all of which must be approved by a majority of our independent directors.

Transition Services Agreement

We will enter into a transition services agreement with GE prior to the completion of this offering to provide each other, on a transitional basis, certain administrative and support services and other assistance in the U.S. consistent with the services provided before the separation. To comply with European regulatory requirements, we will enter into a separate transition services agreement relating to transition services in Europe with respect to our payment protection insurance business. The types of services to be provided under the European transition services agreement will be substantially similar to the services to be provided under the U.S. transition services agreement, and we refer to these agreements in this prospectus collectively as the Transition Services Agreement.

Pursuant to the Transition Services Agreement, we will provide GE various services related to the businesses not transferred to us that had received services from GEFAHI prior to the separation, including information systems and network services, legal services and sourcing support. GE will provide services to us, including:

- treasury, payroll and other financial related services;
- human resources and employee benefits;
- legal and related services;
- information systems, network and related services;
- investment services;
- corporate services; and
- procurement and sourcing support.

We also will provide each other, on a transitional basis, additional services that we and GE may identify during the term of the agreement.

GE has agreed to pay us an aggregate of $40 million in eight equal quarterly installments during the first two years after this offering for our provision of the transition services to GE. The charges for the transition services generally are intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The agreement also will provide that certain one-time costs associated with enabling us to provide the services to ourselves or to receive them directly from a third party will, up to an agreed upon cap, be borne by GE. GE will also agree to bear the costs, up to an agreed upon cap, of obtaining specified software, licenses, consents, approvals, notices, registrations, recordings, filings and other actions that need to be obtained in connection with this offering and the separation of our business from GE.

Under the Transition Services Agreement, we and GE will each have the right to purchase goods or services, use intellectual property licensed from third parties and realize other benefits and rights under the other party's agreements with third-party vendors to the extent allowed by such vendor agreements. With respect to GE's Six Sigma program, GE, at no cost to us, will ensure that we will be able to continue to use our Six Sigma program in a manner consistent with our use prior to the completion of this offering. The Transition Services Agreement also will provide for the lease or sublease of certain facilities used in the operation of our respective businesses and for access to each other's computing and telecommunications systems to the extent necessary to perform or receive the transition services. In addition, GE's Global Research Center will continue to provide research and development services and related consulting services to us for certain existing projects under their current terms. The Transition Services Agreement will also provide that we may work on new projects with the GE Global Research Center in the future. All new projects will be pursuant to individual agreements that will be negotiated on an arms' length basis.

We will also provide management consulting services to GE for a period of five years. These services will include delivering training, providing consultation and strategic advice with respect to historical and emerging issues, planning and participating in meetings with rating agencies and regulators, participating in government relations activities and various other activities. In consideration for these services, GE will pay us a fee of $1 million per month during the first four years following the completion of this offering and $500,000 per month during the fifth year. GE cannot terminate this arrangement before the expiration of the five-year term.

The services provided under the Transition Services Agreement will terminate at various times specified in the agreement (generally ranging from 3 months to 60 months after the completion of this offering), but the receiving party may terminate any service by giving at least 60 days' prior written notice to the provider of the service. However, GE may not, without our consent, terminate the receipt of any service without cause prior to the expiration of two years from the date of this offering. Under the terms of the Transition Services Agreement, a provider of services will not be liable to a receiving party for or in connection with any services rendered pursuant to the Transition Services Agreement or for any actions or inactions taken by a provider in connection with the provision of services. However, a provider of services will be liable for, and will indemnify a receiving party for, liabilities resulting from its gross negligence, willful misconduct, improper use or disclosure of customer information or violations of law subject to a cap on GE's liability of $15 million and a cap on our liability of $10 million. Additionally, a receiving party will indemnify a provider for any losses arising from the provision of services, except to the extent the liabilities are caused by the provider's negligence or breach of the agreement, and except to the extent that the provider has indemnified the receiving party for the liabilities under the terms of the agreement.

The services to be provided under the European transition services agreement are similar to the services to be provided under the U.S. transition services agreement. The European transition services agreement will be governed by English law and generally differs from the U.S. transition services agreement only where dictated by local regulation, law, practice or business requirements. In particular, under the European transition services agreement, GE will not be restricted from terminating the agreement during the two years from the date of the completion of this offering, and the European transition services agreement provides for a marginal profit for the service provider. In addition, each of GE's and our liability as provider of services under the agreement is limited to £5 million.

Registration Rights Agreement

We will enter into a registration rights agreement with GE prior to the completion of this offering to provide GE with registration rights relating to shares of our common stock held by GE after this offering. We refer to this agreement in this prospectus as the Registration Rights Agreement. GE may assign its rights under the Registration Rights Agreement to any person that acquires shares of our common stock subject to the agreement and agrees to be bound by the terms of the agreement. GE and its permitted transferees may require us to register under the Securities Act of 1933 all or any portion of these shares, a so-called "demand request." The demand registration rights are subject to certain limitations. We are not obligated to effect:

- a demand registration within 60 days after the effective date of a previous demand registration, other than a shelf registration pursuant to Rule 415 under the Securities Act of 1933;
- a demand registration within 180 days after the effective date of the registration statement of which this prospectus is a part;
- a demand registration unless the demand request is for a number of shares with a market value that is equal to at least $150 million; and
- more than two demand registrations during the first 12 months after completion of this offering or more than three demand registrations during any 12-month period thereafter.

We may defer the filing of a registration statement after a demand request has been made if (i) at the time of such request we are engaged in confidential business activities, which would be required to be disclosed in the registration statement, and our board of directors determines that such disclosure would be materially detrimental to us and our stockholders, or (ii) prior to receiving such request, our board of directors had determined to effect a registered public offering of our securities for our account and we have taken substantial steps to effect such offering. However, with respect to two demand requests only, if GE or any of its affiliates makes a demand request during the two-year period after the completion of this offering, we will not have the right to defer such demand registration or to not file such registration statement during that period.

In addition, GE and its permitted transferees have so-called "piggyback" registration rights, which means that GE and its permitted transferees may include their respective shares in any future registrations of our equity securities, whether or not that registration relates to a primary offering by us or a secondary offering by or on behalf of any of our stockholders. The demand registration rights and piggyback registrations are each subject to market cut-back exceptions.

GE or its permitted transferees will pay all costs and expenses in connection with any demand registration. We will pay all costs and expenses in connection with any "piggyback" registration, except underwriting discounts, commissions or fees attributable to the shares of common stock sold by our stockholders. In addition, we are required to bear the fees and expenses of one firm of counsel for the selling stockholders in any "piggyback" registration. The Registration Rights Agreement will set forth customary registration procedures, including an agreement by us to make our management available for road show presentations in connection with any underwritten offerings. We will also agree to indemnify GE and its permitted transferees with respect to liabilities resulting from untrue statements or omissions in any registration statement used in any such registration, other than untrue statements or omissions resulting from information furnished to us for use in the registration statement by GE or any permitted transferee.

The rights of GE and its permitted transferees under the Registration Rights Agreement will remain in effect with respect to the shares covered by the agreement until those shares:

- have been sold pursuant to an effective registration statement under the Securities Act of 1933;

- have been sold to the public pursuant to Rule 144 under the Securities Act of 1933;
- have been transferred in a transaction where subsequent public distribution of the shares would not require registration under the Securities Act of 1933; or
- are no longer outstanding.

In addition, the registration rights under the agreement will cease to apply to a holder other than GE or its affiliates when such holder holds less than 3% of the then outstanding shares covered by the agreement and such shares are eligible for sale pursuant to Rule 144(k) under the Securities Act of 1933.

Investment agreements

Our U.S., Canadian and Bermudan insurance subsidiaries are parties to investment management and services agreements with GEAM, a GE-owned provider of investment management services. The agreement with our Canadian insurance subsidiary will terminate in connection with this offering. The agreements with our U.S. and Bermudan insurance subsidiaries will, with limited exceptions, be amended in connection with this offering. GEAM will provide investment management services for our U.S. and Bermudan investment portfolios pursuant to these amended agreements and investment guidelines approved by the boards of directors of our respective companies. These services include, but are not limited to:

- researching and identifying investment opportunities;
- investing the account assets;
- selling and disposing of investments as appropriate;
- assisting in developing an overall investment strategy for the account assets;
- assisting with cash management and cash flow forecasting;
- assisting with developing reinvestment strategies and establishing hedging strategies; and
- providing other investment management services as we and GEAM may agree.

We will pay GEAM a management fee for these services on a quarterly basis, which will be equal to a percentage of the value of the assets under management and will be paid quarterly in arrears. The percentage will be established annually by agreement between GEAM and us and is intended to reflect the cost to GEAM of providing its services.

The initial term of our amended agreements with GEAM will be three years. We will have the option to extend the initial term for up to two additional one-year terms. We also will have the right to terminate the amended agreements upon one year's prior notice to GEAM or immediately upon a change of control of our company. In addition, we will have the right to terminate the agreements immediately for cause, which is defined as GEAM's fraud or willful misconduct, material breach of the agreement, material or repeated non-compliance with our investment guidelines and objectives or materially deficient investment performance for our accounts. Our amended agreements with GEAM will be non-exclusive, and we will be permitted to engage unaffiliated investment advisers. However, if we withdraw more than 15% of our total assets managed by GEAM during the initial three-year term of our agreements for the purpose of having the assets managed by another investment adviser or by us internally, we have agreed to negotiate in good faith with GEAM to reset the management fee for the remainder of the calendar year in which the withdrawal is made in order that GEAM will be able to recover its costs of providing services to us. GEAM also will have the ability to terminate the agreements at any point if the SEC suspends or withdraws GEAM's investment adviser registration or if a change in applicable law would materially and adversely affect GEAM's ability to provide services under the agreements. If GEAM were to terminate the agreements upon the occurrence of either event, GEAM would be required to use its best efforts to extend the termination date for the agreements to the maximum date consistent with the requirements of the termination event. After expiration of the initial three-year term, GEAM may terminate the agreements upon the occurrence of certain other specified events.

Substantially all the assets of our European payment protection and mortgage insurance businesses will be managed by GE Asset Management Limited, GEAM's affiliate in the U.K., pursuant to agreements that are substantially similar to our agreements with GEAM in the U.S. However, the management fee in our European investment agreements includes an agreed margin of 5% and will be reset if our European companies withdraw more than one-third of their assets in the first year of the agreements or more than two-thirds of their assets in the second year of the agreements. In addition, we will have the right to terminate the European agreements upon six months' prior notice, rather than one year's notice, in the case of the U.S. agreements.

Derivatives Management Services Agreement

In 2002, GE Capital, GEFAHI, GEAM and certain of our insurance company subsidiaries that use derivative instruments entered into a derivatives management services agreement and a related administrative services agreement which set forth the parties' responsibilities with respect to derivatives transactions. Pursuant to this agreement, GE Capital agreed to execute, manage and administer derivatives transactions on behalf of our insurance company subsidiaries and to delegate authority to perform these services to GEAM, as investment adviser to those subsidiaries. GEFAHI agreed, as necessary, to provide guarantees on behalf of the insurance company subsidiaries for the benefit of derivative counterparties.

In connection with this offering, we, GE Capital, and our insurance company subsidiaries that use derivative instruments will enter into a new derivatives management services agreement on substantially the same terms as the prior agreement, except that GE Capital may delegate authority to execute, manage and administer derivatives transactions to us, rather than to GEAM, which will no longer manage our derivatives. In addition, we, rather than GEFAHI, will be responsible for providing any required guarantees to derivative counterparties unless otherwise agreed by GE Capital and us. The existing administrative services agreement will remain in effect and GE Capital will continue to provide certain administrative services, including providing legal services related to the negotiation of master swap arrangements and serving as paying agent on behalf of our subsidiaries that enter into derivatives contracts. We do not expect to pay any compensation to GE Capital under the derivatives management services agreement, other than reimbursement of GE Capital's expenses, if any. The initial term of the derivatives management services agreement will end on December 31, 2004 and will automatically renew on January 1 of each year for successive terms of one year. The derivatives management services agreement will be able to be terminated by either GE Capital or us during the initial term or any renewal term upon 60 days' prior written notice. Both agreements will automatically terminate when GE ceases to beneficially own at least 50% of our outstanding common stock.

Asset Management Services Agreement

Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but pursuant to an agreement among GEAM, GEFAHI and us, we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, asset retention services and compliance support. GEFAHI will pay us a fee of up to $10 million per year for four years to provide these services. The fee will be determined based upon the level of third-party assets under management managed by GEAM over the four-year term. The agreement may not be terminated by GEAM or GEFAHI, except for non-performance or in the event that we commence a similar institutional asset management business.

Liability and Portfolio Management Agreements

We entered into three liability and portfolio management agreements with affiliates of GE, effective as of January 1, 2004. We refer to these agreements in this prospectus as the Liability and Portfolio Management Agreements. Pursuant to two of the Liability and Portfolio Management Agreements we will manage a pool of municipal guaranteed investment contracts issued by Trinity Plus Funding Company, LLC and Trinity Funding Company, LLC, which we refer to collectively as Trinity. Pursuant to these agreements, we will originate GIC liabilities, advise Trinity as to the investment of the assets that support these liabilities and administer these assets.

Under each of the Trinity Liability and Portfolio Management Agreements, we will be entitled to receive an administration fee at a rate equal to 0.165% per annum of the maximum program size for those GE affiliates, which was an aggregate of $15.0 billion as of December 31, 2003. We also will receive reimbursement of our operating expenses under each of these agreements.

Trinity can terminate each Liability and Portfolio Management Agreement in the event that Trinity exercises its option to replace substantially all of its portfolio with GE Capital debt, upon the payment of a break-up fee equal to 0.165% per annum of the program size, multiplied by the percentage derived by dividing the number of days remaining in the initial three-year term of each agreement by 365.

We also entered into a Liability and Portfolio Management Agreement with GE Capital and with FGIC Capital Market Services, Inc., a GE affiliate, which we refer to as FCMS. Pursuant to this agreement, we agreed to provide liability management and other services relating to FCMS's origination and issuance of guaranteed investment contracts or similar liabilities. Under this Liability Management and Portfolio Agreement, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or similar securities issued by FCMS after January 1, 2003, which was $912 million as of December 31, 2003. The fee we will receive on the contracts issued by FCMS before January 1, 2003 will be based upon a pricing arrangement that will vary depending upon the maturities of those contracts and FCMS's cost of capital. The book value of the contracts issued before January 1, 2003 was $2,008 million as of December 31, 2003 and is expected to generate a weighted average fee of approximately 0.35% in 2004. We also will receive reimbursement of our operating expenses under each of the Liability and Portfolio Management Agreements.

The initial term of each Liability and Portfolio Management Agreement will expire December 31, 2006, and unless terminated at the option of either party, each agreement automatically will renew on January 1 of each year for successive terms of one year.

Agreement regarding continued reinsurance by Viking

Prior to the completion of this offering, Viking Insurance Company and GE Capital will enter into an agreement relating to the continued engagement of Viking as reinsurer of credit insurance covering the credit card accounts of certain customers of GE Capital's GE Consumer Finance—Americas unit, or GECFA, and as reinsurer of collateral protection insurance purchased by GE's Vendor Financial Services unit, or VFS. This agreement will provide that GE Capital will cause GECFA to take all commercially reasonable efforts to maintain the existing relationship with the relevant insurer and to retain Viking as the reinsurer of the credit insurance provided or offered by GECFA. To the extent that GE terminates or replaces this credit insurance program, GE Capital will be obligated to pay Viking an amount equal to the net underwriting income that Viking was projected to receive as the reinsurer of such terminated or replaced credit insurance from the time of such termination or replacement through December 31, 2008. The agreement will further provide that GE Capital will, through March 1, 2004, cause VFS to continue to use American Bankers Insurance Group as direct insurer and Viking as the reinsurer of collateral protection insurance that VFS may place. This agreement will terminate no later than December 31, 2008. If, however, Viking continues to reinsure GECFA credit insurance or VFS collateral protection insurance beyond December 31, 2008, Viking will be obligated to pay to GE

Capital 90% of Viking's net underwriting income on such reinsured business, and GE Capital will be obligated to pay to Viking 110% of Viking's net underwriting loss on such reinsured business.

Mortgage Services Agreement

We will enter into a mortgage services agreement with GE Mortgage Services, an affiliate of GE. We refer to this agreement in this prospectus as the Mortgage Services Agreement. Under this agreement, we will provide a variety of management services to GE Mortgage Services until December 31, 2005, for which GE Mortgage Services will reimburse us for our actual personnel and other expenses incurred. In addition, GE Mortgage Services will manage and service any residential loans that it agrees to purchase from us from time to time in connection with the loss mitigation activities of our U.S. mortgage insurance business, for which we have agreed to reimburse GE Mortgage Services for its out of pocket expenses incurred in connection with the acquisition and disposition of those loans and to indemnify it for any losses relating to those loans. We also have agreed to purchase from GE Mortgage Services at fair market value any residential loans (or real estate resulting from foreclosure thereon) that it still holds at the termination of the Mortgage Services Agreement.

Arrangements regarding our operations in India

We will enter into an outsourcing services separation agreement with GE Capital International Services, or GECIS, an affiliate of GE, prior to the completion of this offering. We refer to this agreement in this prospectus as the Outsourcing Services Separation Agreement. The Outsourcing Services Separation Agreement will provide for the continuity of services currently provided by GECIS to certain of our subsidiaries. Our arrangement with GECIS provides us with a substantial team of professionals in India who provide a variety of services to us, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing resources to our insurance operations. This team was established in 1998 and is managed as a dedicated operations center apart from other GECIS operations. The Outsourcing Services Separation Agreement also will provide us with an option to cause GECIS to transfer to us some of the resources GECIS uses to provide these services, including hardware and equipment, software, employees of GECIS and third-party agreements. The consideration for this transfer is based upon a formula specified in the Outsourcing Services Separation Agreement. If we exercise that option, GECIS also would be required to assist us in obtaining comparable facilities and substitute software licenses and other third-party agreements that are not transferable to us by GECIS. This option will be exercisable upon:

- a change of control of GECIS or a transfer of some of its operations used to provide services to us;
- the expiration of the master outsourcing agreements, which are described below;
- certain breaches of the master outsourcing agreements or project-specific agreements by GECIS; or
- certain circumstances in which GECIS's liabilities to us exceed the caps described below.

Our arrangements with GECIS currently are governed by a series of master outsourcing agreements and related project-specific agreements, which, subject to regulatory approvals, will be amended pursuant to the Outsourcing Services Separation Agreement. Each of the amended master outsourcing agreements will have an initial term that will expire three years from the date on which GE ceases to own at least 50% of our common stock. We also will have the right, in our sole option, to renew all, but not less than all, of the amended master outsourcing agreements for an additional two-year period upon expiration of the initial term. We also will have the right to terminate any project-specific agreement in whole or in part for cause upon the occurrence of certain specified events and the right to terminate any project-specific agreement in whole or in part at any time without cause upon at least 90 days' written notice to GECIS. Under the new fee and cost structure, GECIS will provide its services to us at current pricing, subject to agreed discounts and to adjustment for changes in GECIS' cost of providing the services and in the volume of services provided by GECIS. Increases in unit costs (excluding the costs of foreign currency hedges) are limited to 5% per year. If we renew the initial term of the master outsourcing agreements for an additional two-year period, we and GECIS will agree upon revised charges and other terms applicable to the services provided to us during the renewal term.

The amended master outsourcing agreements also will provide, subject to regulatory approval, that upon the change of control of our company to any third party (other than GE and its affiliates), GECIS will have the right, unless we otherwise agree during a 120-day negotiation period following the change of control, to terminate all, but not fewer than all, master outsourcing agreements upon the later of (1) the end of the 18-month period after the change of control and (2) the expiration of the initial term of the master outsourcing agreements. GECIS's liability to us, and our liability to GECIS, for certain specified breaches of the master outsourcing agreements or negligence in the performance of services is limited to 50% of all direct damages incurred in excess of $25,000 for each matter, subject to a cap of $5 million in the aggregate over the initial term of the agreement. Our respective liability to one another for other more significant matters, including gross negligence and willful misconduct, improper use of information, violation of law and voluntary withholding of services, is limited to direct damages of $25 million in the aggregate. GECIS also has agreed that until the date on which either (1) the number of full-time equivalent employees used by GECIS to perform the services under all of the amended master outsourcing agreements is less than 50% of the number of such employees as of the completion of this offering or (2) the aggregate salaries of those employees are less than 50% of the budgeted aggregate compensation and benefits expense of such employees for the first twelve months after the completion of the offering, it will not market, sell or provide similar services to any third party (other than GE and its affiliates) that competes with us in certain of our businesses.

Each of the amended master outsourcing agreements will provide that GECIS will own all technology and intellectual property (other than trademarks, service marks, trade dress, or logos) developed or acquired by GECIS in performing services for us. However, particular project-specific agreements may provide that we will own some technology or intellectual property. Unless otherwise agreed in any project-specific agreement, we and GECIS will license to each other on substantially similar license terms as those contained in the Intellectual Property Cross-License all technology and intellectual property owned by GECIS or us that is used in the provision of services (except that the licenses to GECIS will terminate on the expiration or termination of the related amended master outsourcing agreements and project-specific agreements).

Tax Matters Agreement

We will enter into the Tax Matters Agreement with GE prior to the completion of this offering. The Tax Matters Agreement, among other things, will govern our continuing tax sharing arrangements with GE relating to pre-separation periods, and also will allocate responsibility and benefits associated with the elections to be made in connection with the separation as described below. The Tax Matters Agreement also will allocate rights, obligations and responsibilities in connection with certain administrative matters relating to taxes.

Tax elections

In connection with our separation from GE, GE will make, and we will join GE in making, tax elections under section 338 of the Internal Revenue Code that will treat (for tax purposes) many of the companies in our group as having sold all their assets in fully taxable sales. Under the Tax Matters Agreement, GE will control the making of these elections and related determinations. GE will be responsible for all current taxes resulting from the making of these tax elections.

Tax benefit payments

As a result of the section 338 tax elections, we will become entitled to certain tax benefits that are expected to be realized by us in the future in the ordinary course of our business and otherwise would not have been available to us, which we refer to as the Noncontingent Benefits. These benefits are generally attributable to increased tax deductions for amortization of intangibles and to increased tax basis in nonamortizable investment assets. Under the Tax Matters Agreement, we will be required to make payments to GE equal to 80% of the amount of tax we are projected to save for each tax period as a result of these increased tax benefits, subject to a maximum amount of $640 million. We estimate that this maximum amount will apply, such that these payments will aggregate $640 million. The estimated present value of the projected payments is approximately $448 million.

The actual amount and timing of our projected payments under the Tax Matters Agreement will vary depending upon a number of factors, including the actual value of our company and its individual assets at the time of our separation from GE. GE will control the preparation and filing of our tax returns on which the section 338 elections, reflecting these factors, are reported. Subject to a maximum amount on total payments (described below), the amount of our obligation under the Tax Matters Agreement will be reduced (or increased) if and to the extent that the expected tax savings are reduced (or increased) as a result of a change in the tax returns on which the section 338 sales are reported. However, if, and to the extent, the actual tax savings are less than the projected tax savings because we fail to generate sufficient taxable income of the appropriate character, we will remain obligated to pay 80% of the full projected tax savings (as opposed to the actual tax savings) to GE. We also will remain obligated to pay 80% of the projected tax savings (as opposed to the actual tax savings) to GE if our actual tax savings are reduced because the applicable tax rates are reduced, but we will be entitled to retain 100% of the excess of our actual tax savings over projected tax savings if the applicable tax rates are increased. In any event, the maximum amount we will pay to GE (except for Contingent Amounts and interest on deferred payments, as described in the following paragraphs) under the Tax Matters Agreement for these Noncontingent Benefits will be $640 million.

The timing of our payments to GE under the Tax Matters Agreement will be determined with reference to when we actually realize the projected tax savings. This timing will depend upon, among other things, the amount of our taxable income and the rate at which certain assets in our investment portfolio are sold or mature. If, as a result of these factors, payments to GE are accelerated or deferred relative to the schedule of payments projected under the Tax Matters Agreement, the Tax Matters Agreement provides for the accrual of interest to be paid to us, or by us, to account for the acceleration or deferral of our payments relative to the projected schedule of payments. Interest on deferred or accelerated payments will be paid in 2029, unless we exercise our right to accelerate the payment of deferred obligations or accrued interest or both. The payments in respect of the Noncontingent Benefits are subordinated in right of payment to all of our debt and other obligations.

In addition to Noncontingent Benefits under the Tax Matters Agreement, we have agreed to share equally with GE certain benefits or detriments, which we refer to as the Contingent Amounts, that generally will not be realized absent an intervening event we do not specifically foresee, such as the sale of a subsidiary. Contingent Amounts will also include tax benefits resulting from deductions attributable to compensation amounts funded by GE for our employees, which includes the exercise by our employees of GE stock options as well as amounts under GE-sponsored deferred compensation arrangements. In connection with these GE-funded compensation amounts, we anticipate that the Noncontingent Benefits we subsequently realize will be reduced without a corresponding reduction in the amount we owe to GE in respect of Noncontingent Benefits. Payments by us in respect of the Contingent Amounts are not subject to the $640 million limit on our payments in respect of Noncontingent Benefits under the Tax Matters Agreement.

Under our Tax Matters Agreement with GE, if any person or group of persons other than GE or its affiliates gains the power to direct the management and policies of our company (other than through a sale of our stock by GE), we could become obligated immediately to pay to GE the total present value of all tax benefit payments due to GE under the agreement from the time of the change in control until the end of the 25-year term of the agreement. Similarly, if any person or group of persons other than us or our affiliates gains effective control of one of our subsidiaries (other than through a sale of our stock by GE), we could become obligated to pay to GE the total present value of all such payments due to GE allocable to that subsidiary, unless the subsidiary assumes the obligation to pay these future amounts under the Tax Matters Agreement and certain conditions are met. The acceleration of payments would be subject to the approval of certain state insurance regulators, and we are obligated to use our reasonable best efforts to see that these approvals are granted. As a result of these obligations under the Tax Matters Agreement, we will be entitled to retain a portion of the tax savings generated by the Section 338 elections. If for any reason, however, some or all of the elections are not made or, if made, are invalidated for any reason (for example, if GE fails to divest itself of the requisite amount of our stock), then all or a portion of the tax savings would not be realized.

Tax sharing arrangements

We currently are a party to a number of tax sharing arrangements, both formal and informal, with the GE group. Under these arrangements, the companies in our group share financial and administrative responsibilities with GE for U.S. federal, state, local and foreign taxes for the periods during which we are affiliated. In certain respects, the Tax Matters Agreement will govern our continuing tax sharing arrangements with GE relating to pre-separation periods and will provide that tax sharing between us and GE not governed by any existing written agreements will be governed by existing tax sharing practices within GE, as determined in GE's reasonable discretion.

Under these arrangements, we generally will remain responsible for all taxes arising in pre-separation periods attributable to our companies (excluding any tax resulting from the section 338 elections and certain other transactions done in connection with the separation). GE will generally control both the return preparation and audits and contests relating to pre-separation periods and taxes for which we are responsible, although we will not be liable for tax resulting from returns filed or matters settled by GE without our consent if the return or settlement position is found to be unreasonable, taking into account the liability that we incur as well as any non-Genworth tax benefit.

From 2000 until a time immediately prior to the pre-separation period, UFLIC was a member of our life insurance consolidated group for federal tax return purposes. Although UFLIC will be owned by GE after the completion of this offering, UFLIC will, under our tax allocation arrangements with GE, remain responsible for all of its taxes with respect to the time when it was a member of our life insurance consolidated group, including its share of any favorable or unfavorable adjustments by the IRS with respect to such taxes.

We have agreed that, if GE so elects, our life insurance group will join the GE consolidated tax group for the period during 2004 in which we are owned by GE. Under the Tax Matters Agreement, GE has agreed to reimburse us if this results in any additional cost to us, and we will pay to GE any benefit we may realize as a result of any such tax consolidation.

Tax indemnities

Under the Tax Matters Agreement, GE will indemnify us against liability for any tax relating to a pre-separation period not attributable to our group, as well as certain taxes attributable to our group, including any tax resulting from the section 338 elections and the various transactions implemented in connection with the separation (other than the reinsurance transactions with UFLIC). We will indemnify GE against any liability for all other tax attributable to our group.

International tax matters agreements

We will enter into tax matters agreements with GE prior to the completion of this offering that will cover certain non-U.S. operations which are not part of the Tax Matters Agreement described above. These agreements will vary according to the jurisdiction involved but generally will govern our continuing tax sharing arrangements with GE relating to pre-separation periods, as necessary, and will also allocate certain rights, obligations and responsibilities in connection with certain administrative matters relating to taxes.

Under the Canadian tax matters agreement, GE has the right to direct our Canadian mortgage insurance subsidiary to accelerate and pay approximately CDN$74 million of deferred taxes. The subsidiary will recover accelerated taxes in the form of future tax savings over a period expected not to exceed two years. If we pay the accelerated tax out of our own funds, GE will compensate us for the investment income we forego as a result. Similarly, if we require additional funds to pay the tax, GE will either provide those funds at no cost to us or will reimburse us for the cost we incur in obtaining those funds from an unrelated party.

Under the Australian tax matters agreement, we will assume from GE the liability for taxes in pre-closing periods of the company through which we formerly conducted our Australian mortgage insurance business.

Employee Matters Agreement

We will enter into an agreement with GE prior to the completion of this offering relating to certain employee, compensation and benefits matters. We refer to this agreement in this prospectus as the Employee Matters Agreement. Under the Employee Matters Agreement, we will generally assume or retain, and agree to pay, perform, fulfill and discharge, in accordance with their respective terms, obligations and liabilities relating to the employment or services, or termination of employment or services, of any person with respect to our business before or after the completion of this offering. We will only be responsible for liabilities under the GE plans related to our business to the extent described in the Employee Matters Agreement.

Employment. After the completion of this offering, we will continue to employ the employees of our business. In addition, for those employees assigned to our business but employed by a GE business prior to the completion of our offering, effective generally prior to the completion of this offering, GE will transfer, and we will employ, such employees. We will also assume the obligations of any works council agreement covering the employees of our business outside of the U.S.

Continuation on GE payroll and in GE plans. Prior to this offering, some of the employees of our business have been paid through GE's payroll system. In addition, these employees have been covered under the GE plans. These employees generally will continue to be paid through GE's payroll system and be eligible to participate in the GE plans for so long as GE owns more than 50% of our outstanding common stock. GE plans include retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees; disability and life insurance protection; and severance. For our applicable non-U.S. employees, benefit transition may be delayed, by mutual agreement between GE and us, for up to six months following the date that GE ceases to own more than 50% of our outstanding common stock (such date, whether delayed or not, is referred to as the "International Benefit Transition Date").

Compensation. From the completion of this offering until at least one year after the date that GE ceases to own more than 50% of our outstanding common stock, our employees will receive at least the same (on an aggregate basis) salary, wages, bonus opportunities and, in the case of our non-U.S. employees, other compensation, as were provided to such employees prior to the completion of this offering.

Equity/long-term performance award and incentive compensation plans. As described under "Management—Omnibus Incentive Plan" and "Management—Incentive Compensation Program," we will establish, adopt and maintain plans for our selected employees providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards in connection with the completion of this offering. However, certain of our employees will continue to participate in the GE Incentive Compensation Plan based on our company-and individual-specific performance measures, and our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock.

Reimbursement to GE. We will reimburse GE for the costs, including expenses, incurred by GE and its affiliates for maintaining our employees on the GE payroll and in the GE plans consistent with practices and procedures established and uniformly applied to GE businesses. In no event will we be billed more for the services relating to maintaining our U.S. employees in the GE plans than the cost we would have incurred if we had established mirror plans for our U.S. employees from the completion of this offering until the date that GE ceases to own more than 50% of our outstanding common stock. We will also reimburse GE for the reasonable costs incurred by GE and its affiliates for cooperating in the operation and administration of our plans, including our plans providing for stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards, consistent with practices and procedures established for such plans in effect prior to the completion of this offering, or, in the event of a new plan, on a cost liquidation basis.

Transition to our benefit plans. Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in the GE plans and will participate in employee benefit plans established and maintained by us. For at least the year following the date that GE ceases to own more than 50% of our outstanding common stock, we will maintain plans that will provide our employees with benefits that are at least substantially comparable in the aggregate to the value of those benefits provided by the GE plans immediately prior to the date that GE ceases to own more than 50% of our outstanding common stock. Our plans will include retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees; disability and life insurance protection; and severance. We will recognize prior GE service for all purposes (except benefit accrual under our pension plan) under our new plans and programs to the same extent such service is recognized under corresponding GE plans.

After completion of this offering, we will assume or continue benefit plans for our non-U.S. employees. If applicable, effective as of the International Benefit Transition Date, we will establish new benefit plans for our non-U.S. employees that, together with any benefit plans we assume or continue, will provide such non-U.S. employees with benefits that are at least substantially comparable in the aggregate to the value of those benefits provided by the benefit plans in effect immediately prior to the International Benefit Transition Date. In addition, the benefits or employment practices provided by us to our non-U.S. employees will be at such level and design so that no severance or similar payment to such non-U.S. employees will be triggered, and will comply with applicable law. In the event that any such severance or similar payment is triggered under a GE plan, we will reimburse GE for such amounts. We will maintain these existing or new plans for our non-U.S. employees for a period of at least one year following the date that GE ceases to own more than 50% of our outstanding common stock (or such longer period required by applicable law or practice).

To the extent any defined benefit or defined contribution pension plan sponsored by GE and covering both our non-U.S. employees and GE's non-U.S. employees is funded (other than the Canadian General Electric Pension Plan), there will be a transfer of assets and liabilities from the trust for such GE plan to the corresponding trust for the benefit plan we establish for our non-U.S. employees unless contrary to applicable laws. GE will determine a proportionate amount of the trust assets corresponding to, and not to exceed the liabilities under, such GE plan that is attributable to our non-U.S. employees. In the case of a defined benefit pension plan, the amount to be transferred will be determined by the plan sponsor subject to mutual agreement by GE and us and based upon generally accepted country- and plan-specific actuarial assumptions and the accrued benefit obligation method. It is anticipated that consistent treatment will be provided with respect to any funded defined benefit or defined contribution pension plan sponsored by us and covering both our non-U.S. employees and GE's non-U.S. employees.

Treatment of our U.S. employees under certain GE plans. Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, (i) our employees will cease to accrue any benefits under the GE retirement plans and (ii) our employees will fully vest in the GE retirement plans. However, with respect to the GE Supplementary Pension Plan, only those employees who have at least ten years of qualified pension service as of the date that GE ceases to own more than 50% of our outstanding common stock will vest in such plan. GE will be responsible for paying directly to our eligible employees (including their surviving spouses and beneficiaries) any vested benefits to which they are entitled under the GE retirement plans when eligible under the terms of such plans to receive such payments.

GE generally will remain obligated to provide post-retirement welfare benefits under the GE Life, Disability and Medical Plan, consistent with the terms of the plan as in effect from time to time, to our employees and their eligible dependents who, as of the date GE ceases to own more than 50% of our outstanding common stock, are participants in such plan and either (1) have completed 25 years of continuous service or pension qualified service with us, our affiliates and their respective predecessors or (2) have attained at least 60 years of age and have completed at least ten years of continuous service, in either case upon such employee's election to participate in the GE Life, Disability and Medical Plan. Participation by our employees will be under circumstances and at the applicable contribution levels entitling them to receive such benefits pursuant to the terms of the GE Life, Disability and Medical Plan. GE will be responsible for paying directly to our eligible employees and their eligible dependents any post-retirement welfare benefits pursuant to such coverage. We will have certain reimbursement obligations to GE.

GE generally will retain responsibility under the GE plans that are welfare benefit plans in which our employees participate with respect to all amounts that are payable by reason of, or in connection with, any and all welfare benefit claims made by such employees and their eligible dependents to the extent the claims were incurred prior to the date that GE ceases to own more than 50% of our outstanding common stock.

We will have certain obligations for reimbursing GE for any payments of welfare benefits made by GE or its affiliates on or after the date that GE ceases to own more than 50% of our outstanding common stock to our eligible employees and their eligible dependents pursuant to any self-insured GE plans with respect to claims incurred up to the day before the date that GE ceases to own more than 50% of our outstanding common stock, or any payments of welfare benefits made by GE or its affiliates on or after the date that GE ceases to own more than 50% of our outstanding common stock to our eligible employees who are inactive as of the date that GE ceases to own more than 50% of our outstanding common stock and their eligible dependents pursuant to any self-insured GE plans with respect to claims incurred the day before such employees' return to active employment with us. In addition, we will have certain obligations for reimbursing GE for any payments of premiums made by GE or its affiliates on behalf of our eligible employees who are inactive as of the date that GE ceases to own more than 50% of our outstanding common stock and their eligible dependents pursuant to any insured GE plans with respect to coverage ending the day before such employees' return to active employment with us. We will otherwise be responsible for welfare benefit claims made by our employees and their eligible dependents to the extent such claims were incurred on or after the date that GE ceases to own more than 50% of our outstanding common stock.

Agreements not to solicit or hire GE's or our employees. We will agree with GE that for so long as GE owns more than 50% of our outstanding common stock, neither of us will, directly or indirectly, solicit or hire for employment each other's employees. In addition, we will agree that for a period of one year from the date that GE ceases to own more than 50% of our outstanding common stock, we will not, directly or indirectly, solicit for employment certain individuals employed by GE. Finally, we will agree that for a period of two years from the date that GE ceases to own more than 50% of our outstanding common stock, we will not, directly or indirectly, solicit for employment any officer of GE.

GE will agree that for a period of one year from the date that it ceases to own more than 50% of our outstanding common stock, it will not, directly or indirectly, solicit for employment certain individuals employed by us. For a period of two years from the date that GE ceases to own more than 50% of our outstanding common stock, GE will agree that it will not, directly or indirectly, solicit for employment any person employed by us who was an officer of GE prior to the completion of this offering.

The foregoing restrictions will not prohibit GE or us from soliciting or hiring any employee subject to such restrictions after the termination of the employee's employment by the applicable employer. We and GE will also not be prohibited from placing public advertisements or conducting any other form of general solicitation for employees so long as it is not specifically targeted towards each other's employees that are subject to such restrictions.

Intellectual Property Arrangements

We will enter into the following two intellectual property license agreements with GE prior to the completion of this offering:

- A Transitional Trademark License Agreement; and

- An Intellectual Property Cross-License.

Transitional Trademark License Agreement

Pursuant to the Transitional Trademark License Agreement, GE will grant us a limited, non-exclusive, royalty-free, non-transferable license (with no right to sublicense) to use the "GE" mark and monogram for up to five years throughout the world and in any medium in connection with our commercialized products and services and in the general promotion of our business. These products and services include both those currently sold or rendered in the current conduct of our business, and products and services sold or rendered by us in the future that are the same as or similar to those we currently sell or render.

We have agreed not to use the "GE" mark and monogram in the underwriting or marketing of primary life insurance in the U.K. (other than credit life insurance underwriting) or asset management services or products (other than asset management services or products sold on behalf of GE or otherwise currently being marketed or offered by us). GE also will grant us the right to use "GE", "General Electric" or "GE Capital" in the corporate names of our subsidiaries until the earlier of twelve months after the date on which GE owns less than 20% of our outstanding common stock and five years from the date of the agreement.

The Transitional Trademark License Agreement automatically terminates in the event of our merger or consolidation with, or sale of substantially all of our assets to, an unrelated third person, or our change of control whereby an unrelated third person acquires control over us. GE also retains the right to terminate the Transitional Trademark License Agreement in the event we materially breach its provisions. In addition, GE may terminate the Transitional Trademark License Agreement in the event of our bankruptcy, insolvency, liquidation, dissolution or similar event. The Transitional Trademark License Agreement also automatically terminates with respect to any of our subsidiaries in the event of its merger or consolidation with, or sale of substantially all of its assets to, an unrelated third person, or its change of control whereby an unrelated third person acquires control over it, or upon our subsidiary's bankruptcy, insolvency, liquidation, dissolution or similar event.

Intellectual Property Cross-License

Pursuant to the Intellectual Property Cross-License, we and GE will grant each other a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide, perpetual license under certain intellectual property rights that we each own or license. The intellectual property rights being licensed under the Intellectual Property Cross-License are patents, patent applications, statutory invention registrations, copyrights, mask work rights, trade secrets and other intellectual property rights arising from or in respect of technology (but not including trademarks, service marks, trade dress or logos). The intellectual property rights being licensed under the Intellectual Property Cross-License also must be those that we and GE have the right to license and that are used, held for use or contemplated to be used by the other person generally prior to the completion of this offering.

In addition, with respect to any third-party intellectual property licensed under the Intellectual Property Cross-License, we and GE will only grant each other sublicenses under such third-party intellectual property licenses that each party controls.

The license allows us and GE to make, have made, use, sell, have sold, import and otherwise commercialize products and services, and to use and practice the licensed intellectual property rights for internal purposes. Each party will only be able to sublicense its license rights to acquirors of its businesses, operations or assets, and only assign its license rights to an acquiror of all or substantially of its assets or equity or the surviving entity in its merger, consolidation, equity exchange or reorganization. Each party may permit its customers and suppliers in the ordinary course of business to use any training and productivity-enhancing software and documentation that is subject to the license granted by the other person and is for general use by customers and suppliers. Each person will own any modifications, derivative works and improvements it creates.

The Intellectual Property Cross-License will be perpetual and may not be terminated, even upon material breach, except upon mutual written agreement by us and GE.

Reinsurance Transactions

General

Prior to the completion of this offering, we will enter into several significant reinsurance transactions. We refer to these transactions in this prospectus as the Reinsurance Transactions. In these transactions, we will cede to UFLIC, an indirect, wholly-owned subsidiary of GE, in-force blocks of structured settlements, substantially all of our in-force blocks of variable annuities and a block of long-term care insurance policies that we reinsured in 2000 from Travelers. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. As part of the Reinsurance Transactions, we will assume from UFLIC a small in-force block of Medicare supplement insurance.

We are continuing new sales of structured settlements, variable annuities and long-term care insurance products, and we expect to achieve our targeted returns on these new sales. We intend to write structured settlements on a limited, opportunistic basis at appropriate returns, capitalizing on our experience and relationships with respect to this product. We also intend to write new variable annuity contracts that we believe will provide us with more attractive returns than we were able to realize on the contracts we wrote during the extremely competitive market conditions of the late 1990s. We are retaining 88% of the earned premiums on our in-force block of long-term care insurance, based on our results for the year ended December 31, 2003. We intend to continue writing long-term care insurance after the completion of this offering. In addition, we will continue to service these blocks of business, which will preserve our operating scale and enable us to service and grow our new sales of these products.

Business we will cede to UFLIC

In the Reinsurance Transactions, we will cede to UFLIC the following business:

- All of our liabilities under the in-force structured settlement annuities reflected as policyholder reserves on our U.S. GAAP statement of financial position on December 31, 2003, or reinsured by us under reinsurance agreements in effect prior to January 1, 2004. This business had aggregate reserves of $12.0 billion as of December 31, 2003.

- All of our liabilities under the in-force variable annuity contracts reflected as policyholder reserves on our U.S. GAAP statement of financial position on December 31, 2003, other than our GERA™ product and a limited number of variable annuity products that we no longer offer. UFLIC will also assume any benefit or expense resulting from third party reinsurance that we have on this business. This business had aggregate general account reserves of $2.8 billion as of December 31, 2003.

- All of our liabilities under the in-force long-term care insurance policies issued by Travelers prior to January 1, 2004 and reinsured by us. This business had aggregate reserves of $1.5 billion as of December 31, 2003.

For each of these ceded blocks of business, we will pay UFLIC an initial reinsurance premium, and UFLIC will pay us a ceding commission. With respect to the structured settlement and long-term care blocks, the initial reinsurance premium will equal our statutory reserves with respect to the ceded business. With respect to the variable annuity business, the initial reinsurance premium will equal only those statutory reserves that are attributable to the general account portion of the variable annuity business. We will retain the assets that are attributable to the separate account portion of the variable annuity business and make any payments with respect to that separate account portion directly from these assets.

The ceding commission for each of the blocks will be the sum of the following (in each case excluding, where applicable, any related mark-to-market adjustments for SFAS 115 requirements):

- an amount (which may be negative) equal to the excess of (1) our statutory general account reserves with respect to the ceded block as of the close of business on December 31, 2003 over (2) our U.S. GAAP general account reserves with respect to the ceded block of business as of such date;

- an amount equal to our unamortized PVFP intangible asset balance with respect to the ceded block as of the close of business on December 31, 2003, determined in accordance with U.S. GAAP;

- an amount equal to our unamortized DAC with respect to the ceded block as of the close of business on December 31, 2003, determined in accordance with U.S. GAAP;

- an amount (which may be negative) equal to the excess of the U.S. GAAP book value of the assets transferred to UFLIC in payment of the initial reinsurance premium with respect to the ceded block over the statutory book value of those assets measured as of the close of business on December 31, 2003; and

- with respect to the long-term care block only, an amount equal to the balance, as of the close of business on December 31, 2003, of the Loss Carry Forward Amount under our reinsurance agreement with Travelers, determined in accordance with U.S. GAAP.

The ceding commission will be netted against the initial reinsurance premium and we will transfer to UFLIC invested assets (including interest thereon) with a statutory book value equal to the amount by which the reinsurance premium exceeds the ceding commission, together with an amount equal to the cash flows on such invested assets between January 1, 2004 and the date of transfer of such invested assets. As of December 31, 2003, the fair value of the transferred assets would have been $16.0 billion.

Under the reinsurance agreements with UFLIC, we will continue to be responsible for the administration of these three blocks of businesses, including paying claims and benefits in accordance with our current policy administration practices. To fund the payment of claims under the structured settlement and long-term care business, UFLIC will establish and periodically fund claims paying accounts from which we will be entitled to withdraw funds. To reimburse us for claims under the variable annuity business, UFLIC will establish a settlement account by which we and UFLIC will settle contractholder amounts due each other on a daily basis. UFLIC will pay us an expense allowance once every month to reimburse us for our expenses in administering this business. The expense allowance will be a specified amount per policy that will be subject to subsequent adjustments in accordance with methodologies and procedures agreed to by us and UFLIC. The expense allowance with respect to the long-term care business will be based on a per policy fee, as well as on the level of pending or open claims.

UFLIC will be entitled to assume responsibility for administration of the structured settlement and variable annuity blocks and the long-term care policies that are novated to us, as described below, if (1) a voluntary or involuntary conservation, rehabilitation or liquidation proceeding is commenced in any jurisdiction by or against us, (2) there is a material breach by us that is not cured or (3) we are unable to perform the administration for a prescribed period of time. In addition, 15 years after the effective date of the Reinsurance Transactions, UFLIC will be entitled to assume administration of this business at its own expense. In these cases, the expense allowances described above payable to us will terminate.

To secure the payment of its obligations to us under these reinsurance agreements, UFLIC has agreed to establish trust accounts and to maintain in these trust accounts an aggregate amount of assets with a statutory book value at least equal to the statutory general account reserves attributable to the reinsured business less an amount equal to the amounts required to be held in the claims paying accounts described above. A trustee will administer the trust accounts solely for our benefit. We will be permitted to withdraw from the trust accounts any amount due to us pursuant to the terms of the applicable reinsurance agreements and not otherwise paid by UFLIC. Quarterly, UFLIC will be required to contribute assets to the trust accounts if the statutory book value of the assets held in the trust accounts is less than the statutory general account reserves attributable to the reinsured business (less amounts in the claims paying accounts) or we will be required to withdraw from the trust accounts and pay to UFLIC any amounts held in the trust accounts that exceed the statutory general account reserves attributable to the reinsured business (less amounts in the claims paying accounts). UFLIC will not be permitted to directly withdraw or substitute assets in the trust without our prior written consent. There are limits on the types of assets UFLIC will be permitted to place in the trust account. All interest, dividends and other income earned on the assets in the trust account will be the property of UFLIC and will be deposited in a bank account maintained by UFLIC outside of the trust.

Novation of Travelers long-term care block

The long-term care insurance we are ceding to UFLIC originally was written by Travelers, and Travelers retains direct liability for these policies. In connection with the transaction pursuant to which we reinsured Travelers' liability for this business, we agreed to use our reasonable best efforts to "novate" these policies not later than July 31, 2008. The effect of this novation will be to substitute us for Travelers as the insurer with direct liability for any policy for which the owner thereof consents (or is deemed under applicable insurance law to consent) to the novation. The novated policies will continue to be reinsured with UFLIC.

Experience refund

In addition to the ceding commission we will receive on the long-term care block described above, UFLIC may be required to pay us experience refunds based on the profitability of the long-term care business with respect to the period beginning on the effective date of the long-term care reinsurance agreements and ending on December 31, 2018. Specifically, unless UFLIC assumes the administration of the long-term care insurance block pursuant to the long-term care reinsurance agreement, for so long as we continue to administer all of the long-term care business, including those long-term care policies that are novated as described above, we will be entitled to receive a specified percentage of the excess (if any) of actual statutory basis pre-tax income earned on the long-term care business over projected statutory basis pre-tax income earned on that business.

Business Services Agreement

We will enter into a Business Services Agreement with UFLIC pursuant to which we will agree to continue to perform various management and support services with respect to the structured settlements business, the variable annuity business and the long-term care insurance business that we will cede to UFLIC pursuant to the Reinsurance Transactions. In consideration for our performance of these services, we will be reimbursed for expenses incurred in performing such services. These expenses will be subject to annual and tri-annual adjustment. The Business Services Agreement may be terminated by UFLIC if (1) we are unable to perform the services for any reason for thirty 30 consecutive days, other than as a result of a force majeure, or (2) a voluntary or involuntary conservation, rehabilitation or liquidation proceeding is commenced in any jurisdiction by or against us or our subsidiaries and affiliates, but only if the services performed by the subject of such proceeding are not assumed or performed by us or our subsidiaries or affiliates that are not the subject of such proceeding, or (3) there is a willful, material breach by us of our obligations under the agreement, which breach is not cured within a specified period of time. In addition, the Business Services Agreement will terminate with respect to the portion of any business reinsured in the Reinsurance Transactions as to which UFLIC becomes entitled to assume administration as described above under "—Reinsurance Transactions—Business we will cede to UFLIC."

Recapitalization of UFLIC

At the time of the closing of the Reinsurance Transactions, GEFAHI will make a capital contribution of $1.836 billion to UFLIC. In addition, GE Capital will contribute $330 million to GEFAHI, which GEFAHI will also contribute to UFLIC for a total contribution of $2.166 billion. This will provide UFLIC with additional capital needed to support its reinsurance obligations. GEFAHI will obtain the funds to make its portion of the contribution from various sources, including dividends and surplus note redemption payments from several of our subsidiaries, some of which are ceding business to UFLIC in the Reinsurance Transactions.

Capital Maintenance Agreement with GE Capital

Pursuant to a Capital Maintenance Agreement to be entered into in connection with the Reinsurance Transactions, GE Capital will agree to maintain sufficient capital in UFLIC to maintain UFLIC's risk-based capital at not less than 150% of its company action level, as defined from time to time by the NAIC. GE Capital may not assign or amend the Capital Maintenance Agreement without the consent of the ceding companies and their domestic insurance regulators (which consent, in the case of the ceding companies, may not be unreasonably withheld). The Capital Maintenance Agreement terminates at such time as UFLIC's obligations to us under the reinsurance agreements terminate, or on such other date as may be agreed by UFLIC and GE Capital with the consent of the domestic regulators and us.

Business we will assume from UFLIC

UFLIC will cede to us all of its liabilities under substantially all in-force Medicare supplement insurance policies it issued prior to January 1, 2004 or reinsured under reinsurance agreements in effect prior to January 1, 2004, including renewals of these policies. This business had aggregate reserves of $19 million as of December 31, 2003.

We will assume responsibility for the administration of the Medicare supplement business we reinsure, including claims administration.

European Payment Protection Insurance Business Arrangements

Our European payment protection insurance business is carried on through six insurance companies, two located in the U.K., two located in France and two located in Spain. The U.K. companies carry on their business in the U.K. and through branches in a number of other European jurisdictions.

Prior to the completion of the offering, we will acquire one of the French insurance companies. We are planning to acquire the European payment protection business of the other insurance companies pursuant to insurance business transfer arrangements carried out under U.K. and French law. These transfer arrangements require regulatory and, in the case of the U.K., court approval. We expect to receive the necessary approvals required to implement the transfer arrangements prior to December 31, 2004 but not prior to the completion of this offering. These five other insurance companies will remain as wholly-owned indirect subsidiaries of GE pending implementation of the business transfer arrangements but will be managed by members of the Genworth management team.

Pending implementation of these transfers and prior to the completion of the offering, we will enter into reinsurance arrangements with the U.K. and French insurance companies that we will not then own, which will effectively transfer to us all of the economic benefits, obligations and risks of the European payment protection businesses effective as of January 1, 2004. Under these arrangements, these companies will cede to us as of January 1, 2004 all of their in-force payment protection insurance policies. These arrangements also provide for the automatic ceding to us of payment protection insurance policies that these companies issue after that date. The European payment protection business of these companies had aggregate reserves of $2.4 billion as of December 31, 2003.

The ceding insurance companies will retain ownership of the assets constituting the reserves supporting the European payment protection business, from which claims under the reinsured policies will be paid. In the case of the U.K. reinsurance arrangements, we will receive from the ceding insurance companies interest on the amount of reserves based upon the total realized rate of return of the assets, which will transfer to us the risks and rewards of ownership of the assets supporting the reserves. In the case of the French reinsurance arrangement, we will receive from the ceding insurance company interest on the amount of the reserves based upon a specified interest rate. Upon completion of the business transfer arrangement, we will receive from, or pay to, GE the difference between these interest amounts and the total return on the assets supporting the reserves. We will continue to administer the business of the U.K. insurance companies and their branches through a service company we will acquire from GE prior to the completion of this offering that employs the sales force and other personnel and owns the systems used by the U.K. insurance companies and their branches.

If, for any reason, the U.K. business transfer scheme is not implemented by December 31, 2004, GE has agreed to transfer the stock of the U.K. and Spanish insurance companies to us. If the French business transfer arrangements are not implemented, we still would receive the benefits and be subject to the obligations and risks with respect to the European payment protection business pursuant to the reinsurance agreement. These reinsurance agreements may only be terminated in limited circumstances, including such time as the ceding company and the reinsurer are both under our control and such time as the relevant insurance business transfer plan or stock transfer has become effective.

We have accounted for the transfer of the service companies and the reinsurance arrangements described above as a business combination between entities under common control in our historical combined financial statements.

Our payment protection insurance business in the U.K. includes a portfolio of insurance bonds and structured settlements issued to contractholders in the U.K. that had reserves of approximately $200 million as of December 31, 2003 and net earnings of approximately $1 million for the year ended December 31, 2003. We and GE have agreed, subject to receipt of required regulatory and court approvals in the U.K., that we will transfer ownership of the bond and structured settlement portfolio to GE as soon as practicable following the transfer of the U.K. insurance businesses to us. Pending completion of the transfer of the bond and structured settlement portfolio, we have agreed to use commercially reasonable efforts to enter into indemnity reinsurance arrangements with GE to transfer the economic benefits, obligations and risks of the bond and structured settlement portfolio to GE promptly following completion of the offering.

Historical Related-Party Transactions

Support services provided by GE

GE historically has provided a variety of support services for our businesses, and we have reimbursed GE for the costs of providing these services to us. Our total expenses for these services were $87 million, $74 million and $52 million for the years ended December 31, 2003, 2002 and 2001, respectively. The services we have received from GE include:

- Customer service, transaction processing and a variety of functional support services provided by GECIS, for which we incurred expenses of $37 million, $26 million and $13 million for the years ended December 31, 2003, 2002 and 2001, respectively.

- Employee benefit processing and payroll administration, including relocation, travel, credit card processing, and related services, for which we incurred expenses of $10 million, $10 million and $9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

- Employee training programs, including access to GE training courses and payment for employees in management development programs, for which we incurred expenses of $4 million, $10 million and $6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

- Insurance coverage under the GE insurance program, for which we incurred expenses of $17 million, $10 million and $9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

- Information systems, network and related services, for which we incurred expenses of $9 million, $8 million and $9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

- Leases for vehicles, equipment and facilities, for which we incurred expenses of $3 million for the year ended December 31, 2003 and $2 million for each of the years ended December 31, 2002 and 2001.

- Other financial and advisory services such as tax consulting, capital markets services, research and development activities, and trademark licenses, for which we incurred expenses of $7 million, $8 million and $4 million for the years ended December 31, 2003, 2002 and 2001, respectively.

GE will continue to provide us with many of the support services described above on a transitional basis after the completion of this offering, and we will arrange to procure other services pursuant to arrangements with third parties or through our own employees. See "—Relationship with GE" above. In the case of support services provided by GECIS, we will continue to receive these services pursuant to agreements that will be amended prior to the completion of this offering. See "—Relationship with GE—Arrangements regarding our operations in India" above.

Allocation of corporate overhead expenses

GE historically has allocated to us a share of its corporate overhead expenses for certain services provided to us, which are not specifically billed to us, including public relations, investor relations, treasury, and internal audit services. Our total expense for this allocation was $50 million, $49 million and $43 million for the years ended December 31, 2003, 2002 and 2001, respectively. We have not reimbursed these amounts to GE, and have recorded them as a capital contribution in each year. Following the completion of this offering, GE will no longer allocate any of its corporate overhead expenses to us.

Investment management services

We receive investment management and related administrative services provided by GEAM, for which we incurred expenses of $61 million, $39 million and $2 million for the years ended December 31, 2003, 2002 and 2001, respectively. We will continue to receive these services pursuant to agreements that will, with limited exceptions, be amended prior to the completion of this offering. See "—Relationship with GE—Investment Agreements."

Employee benefit plans

We have reimbursed GE for benefits it provides to our employees under various employee benefit plans.

Our employees participate in GE's retirement plan and retiree health and life insurance benefit plans. Some of our employees also participate in GE's Supplementary Pension Plan and other retiree benefit plans. Other retiree plans are not significant individually or in the aggregate. We incurred expenses associated with these plans of $52 million, $52 million and $44 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Our employees participate in GE's defined contribution savings plan that allows the employees to contribute a portion of their pay to the plan on a pre-tax basis. GE matches 50% of these contributions up to 7% of the employee's pay. We incurred expenses associated with these plans of $13 million, $15 million and $16 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We also provide life and health insurance benefits to our employees through the GE benefit program, as well as through plans sponsored by other affiliates. We incurred expenses associated with these plans of $41 million, $45 million and $43 million for the years ended December 31, 2003, 2002 and 2001, respectively.

In addition to the employee benefit expenses for which we have reimbursed GE, we have incurred expenses of $9 million, $6 million and $4 million for certain GE stock option and restricted stock unit grants for the years ended December 31, 2003, 2002 and 2001, respectively. As in the case of the allocation of corporate overhead, these amounts will not be paid to GE and have been recorded as a capital contribution.

See notes 12 and 18 to our audited historical combined financial statements and "Management" and "Arrangements Between GE and Our Company—Relationship with GE—Employee Matters Agreement" for information concerning the participation of our employees in GE employee benefit plans prior to and after the completion of this offering.

Reinsurance transactions

We have entered into reinsurance transactions with affiliates of GE under which we have reinsured some of the risks of our insurance policies on terms comparable to those we could obtain from third parties. We have paid premiums to ERC Life Reinsurance Company of $56 million, $60 million and $58 million for the years ended December 31, 2003, 2002 and 2001, respectively. In addition, in 2002 one of our subsidiaries entered into a life reinsurance agreement with an affiliated company, GE Pensions Limited, to reinsure 95% of our liabilities under certain life policies. We have paid premiums to this affiliate of $100 million and $94 million for the years ended December 31, 2003 and 2002. See "Business—Reinsurance." The existing reinsurance agreements with GE will remain in force and continue in accordance with their terms after the completion of this offering.

Credit arrangements and other amounts due from or owed to GE

As of December 31, 2003 and 2002, we had several notes receivable from various GE affiliates in the aggregate amount of $209 million and $367 million, respectively. These notes mature at various dates through 2017 and bear interest at rates between 5.46% and 6.63%.

As of December 31, 2002, our Japanese life insurance business had ¥62.8 billion ($530 million) of long-term borrowings from various GE affiliates. This debt was scheduled to mature at various dates through 2008 and bore interest at rates between 2.25% and 2.64%. This debt has been recorded in liabilities associated with discontinued operations.

As of December 31, 2003 and 2002, we had approximately €2 million ($2 million) and £5 million ($9 million), respectively, of notes payable to various GE affiliates. These notes mature in 2011 and 2007 and bear interest at the six-month Euro Interbank Offered Rate ("EURIBOR") and 8.80%, respectively.

As of December 31, 2003 and 2002, we had certain operating receivables of $254 million and $0 million, respectively, and payables of $673 million and $763 million, respectively, with certain affiliated companies.

As of December 31, 2003 and 2002, we had a line of credit with GE that had an aggregate borrowing limit of $2.5 billion. There was an outstanding balance of $548 million as of December 31, 2003 and no outstanding balance as of December 31, 2002. Outstanding borrowings under this line of credit bear interest at the three-month US$ London Interbank Offered Rate ("LIBOR") plus 25 basis points. Interest is accrued and settled quarterly, in arrears. We incurred interest expense under this line of credit of $0.5 million, $8 million and $11 million for the years ended December 31, 2003, 2002 and 2001, respectively. We also had a line of credit with an affiliate of GE Capital with an aggregate borrowing limit of £10 million. There was no outstanding balance as of December 31, 2003, 2002 or 2001, and we did not incur any interest expense under this line of credit.

We, along with GE Capital, are participants in a revolving credit agreement that involves an international cash pooling arrangement on behalf of a number of GE subsidiaries in Europe, including some of our European subsidiaries. In these roles, either participant may make short-term loans to the other as part of the cash pooling arrangement. Each such borrowing is repayable upon demand, but not later than 364 days after borrowed. This unsecured line of credit bears interest at a rate equal to GE Capital's cost of funds for the currency in which such borrowing is denominated. This credit facility has an annual term, but is automatically extended for successive terms of one year each, unless terminated in accordance with the terms of the agreement. We had a net receivable of $9 million and $85 million under this credit facility as of December 31, 2003 and 2002, respectively.

In connection with our initial public offering and separation from GE, we intend to replace the lines of credit and revolving credit agreement described above with revolving credit and other debt facilities entered into with unaffiliated third-parties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Certain Indebtedness—New Credit Facilities."

Sale of securities to affiliate

During 2002, we sold certain available-for-sale fixed maturities to a subsidiary of GE Capital that is not consolidated in our financial statements, at fair value, which resulted in net realized investment gains of $114 million.

Real estate and loan transactions

We sell to GE Mortgage Services, an affiliate of GE, properties acquired through claim settlement in our U.S. mortgage insurance business at a price equal to the product of the property's fair value and an agreed-upon price factor. Under these arrangements, we received from GE Mortgage Services $9 million, $13 million and $11 million for the years ended December 31, 2003, 2002 and 2001, respectively. After the completion of this offering, we expect to phase out over time the arrangements under which we sell properties to GE Mortgage Services, as we take on the role ourselves of holding and disposing of these properties. During 2003, we also arranged for the sale to GE Mortgage Services of some residential loans acquired in connection with loss mitigation activities in our U.S. mortgage insurance business and agreed to indemnify GE Mortgage Services for any loss relating to those loans. After the completion of this offering, we will enter into new arrangements relating to residential loans that GE Mortgage Services may purchase from us from time to time in the future. See "Business—Mortgage Insurance—U.S. Mortgage Insurance—Loans in default and claims" and "Arrangements Between GE and Our Company—Relationship with GE—Mortgage Services Agreement" relating to our arrangements with GE Mortgage Services.

Guarantees provided by GE

GE Capital from time to time has provided guarantees or other support arrangements on our behalf, including performance guarantees and support agreements relating to securitizations and comfort letters provided to government agencies. We have not incurred charges or reimbursed GE under any of these arrangements. After the the completion of this offering, many of the guarantees currently in place will continue as provided under their existing terms, and we will not be required to incur any charges for the provision of these guarantees or other support arrangements, other than pursuant to our obligations under the Master Agreement to indemnify GE for losses arising out of these arrangements.

GE agreements with third parties

Historically, we have received services provided by third parties pursuant to various agreements that GE has entered into for the benefit of its affiliates. We pay the third parties directly for the services they provide to us or reimburse GE for our share of the actual costs incurred under the agreements. After the completion of this offering, we intend to continue to procure some of these third-party services through GE to the extent we are permitted (and elect to) or required to do so.

Products and services provided to GE

We have provided various products and services to GE on terms comparable to those we provide to third parties. Except as described below, we expect to continue to provide these services following completion of the offering. These products and services include the following:

- We distribute our European payment protection insurance in part through arrangements with GE's consumer finance division and other related GE entities, for which we have received gross written premiums of $293 million, $218 million and $194 million for the years ended December 31, 2003, 2002 and 2001, respectively. See "Business—Protection—European payment protection insurance."

- We reinsure lease obligation insurance and credit insurance marketed by GE Capital, for which we received premiums of $94 million, $105 million and $92 million for the years ended December 31, 2003, 2002 and 2001, respectively. See "Business—Corporate and Other—Viking Insurance Company" and "Arrangements Between GE and Our Company—Relationship with GE—Agreement Regarding Continued Reinsurance by Viking."

- We provide long-term care insurance to certain GE employees, for which we have received premiums of $24 million, $20 million and $20 million for the years ended December 31, 2003, 2002 and 2001. See "Business—Protection—Long-term care insurance."

- We distribute GE mutual funds through our wholly-owned broker-dealers, and provide administrative support for our variable annuity customers that have GE mutual funds within their contracts, for which we received $4 million for each of the years ended December 31, 2003, 2002 and 2001 from the mutual funds and GEAM, the asset manager of these funds.

- We historically have marketed a mortgage unemployment credit insurance product underwritten by a GEFAHI subsidiary that will not be part of our company after the completion of this offering. We received no revenues in connection with this arrangement, but were reimbursed for actual costs. Following the offering, we intend to market and underwrite this product using a third-party provider.

Description of the Equity Units

The following is a summary of some of the terms of the Equity Units. This summary together with the summary of the terms of the purchase contracts, the purchase contract and pledge agreement and the notes set forth under the captions "Description of the Purchase Contracts," "Certain Provisions of the Purchase Contracts, the Purchase Contract and Pledge Agreement" and "Description of the Notes" in this prospectus contains a description of all of the material terms of the Equity Units but is not complete. We refer you to the forms of the purchase contract and pledge agreement and the form of note that have been filed as exhibits to the registration statement of which this prospectus forms a part.

General

We will issue the Equity Units under the purchase contract and pledge agreement between us and The Bank of New York, as purchase contract agent (the "purchase contract agent") and The Bank of New York, as collateral agent and custodial agent (the "collateral agent"). The Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 24,000,000 Corporate Units, each with a stated amount of $25.

Each Corporate Unit offered by the seller will initially consist of:

- a purchase contract under which the holder will purchase from us on May 16, 2007, which we refer to as the purchase contract settlement date, or upon early settlement, for $25, a number of shares of our Class A Common Stock equal to the applicable settlement rate described under "Description of the Purchase Contracts—General" or "Description of the Purchase Contracts—Early Settlement," as the case may be, and under which we will pay to the holder quarterly contract adjustment payments at the rate of % of the $25 stated amount per year, or $ per year; and
- either:
  - a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount senior note due 2009 issued by us, and under which we will pay to the holder 1/40, or 2.5%, of the interest payment on a $1,000 principal amount note at the initial rate of %, or $ per year; or
  - following the occurrence of a special event redemption, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the Treasury portfolio.

"Applicable ownership interest" means, with respect to a Corporate Unit and the U.S. Treasury securities in the Treasury portfolio,

(1) a 1/40, or 2.5%, undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that matures on or prior to May 15, 2007 (the day immediately prior to the purchase contract settlement date), and

(2) for each scheduled interest payment date on the notes after the date of a special event redemption and on or before the purchase contract settlement date a % undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that mature on or prior to the business day immediately preceding such payment date.

The fair value of the Corporate Units we issue to the seller will be recorded in our financial statements based on an allocation between the purchase contracts and the notes in proportion to their respective fair market values. The purchase contract and pledge agreement will require you to allocate all of the purchase price to the undivided interest in the notes, so your initial tax basis in each purchase contract will be $0.00 and the initial tax basis in the undivided beneficial ownership interest in a note will be $25. This position will be binding on each beneficial owner of each Equity Unit, but not on the IRS.

So long as the units are in the form of Corporate Units, the related undivided beneficial ownership interest in the note or the applicable ownership interest in the Treasury portfolio, as the case may be, will be pledged to us through the collateral agent to secure the holders' obligations to purchase our Class A Common Stock under the related purchase contracts.

Creating Treasury Units by Substituting a Treasury Security for a Note

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, each holder of 40 Corporate Units may create, at any time on or prior to the seventh business day immediately preceding the purchase contract settlement date, 40 Treasury Units by substituting for a note a zero-coupon U.S. Treasury security (CUSIP No. 912828AC4) with a principal amount at maturity equal to $1,000 and maturing on May 15, 2007, the business day immediately preceding the purchase contract settlement date, which we refer to as a Treasury security. This substitution would create 40 Treasury Units and the note would be released to the holder and would be separately tradable from the Treasury Units. Because Treasury securities and notes are issued in integral multiples of $1,000, holders of Corporate Units may make the substitution only in integral multiples of 40 Corporate Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may substitute Treasury securities for the applicable ownership interests in the Treasury portfolio only in integral multiples of Corporate Units.

Each Treasury Unit will consist of:

- a purchase contract under which the holder will purchase from us on the purchase contract settlement date, or upon early settlement, for $25, a number of shares of our Class A Common Stock equal to the applicable settlement rate, and under which we will pay to the holder quarterly contract adjustment payments at the rate of % of the stated amount per year; and

- a 1/40, or 2.5%, undivided beneficial ownership interest in a Treasury security.

The term "business day" means any day other than a Saturday or a Sunday or a day on which banking institutions in New York City are authorized or required by law or executive order to remain closed.

The Treasury Unit holder's beneficial ownership interest in the Treasury security will be pledged to us through the collateral agent to secure the holder's obligation to purchase our Class A Common Stock under the related purchase contracts.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, to create 40 Treasury Units, a holder is required to:

- deposit with the collateral agent, a Treasury security, which must be purchased in the open market at the expense of the Corporate Unit holder; and

- transfer to the purchase contract agent 40 Corporate Units, accompanied by a notice stating that the holder of the Corporate Units has deposited a Treasury security with the collateral agent, and requesting that the purchase contract agent instruct the collateral agent to release the related note.

Upon receiving instructions from the purchase contract agent and receipt of the Treasury security, the collateral agent will release the related note from the pledge and deliver it to the purchase contract agent on behalf of the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 40 Corporate Units;
- transfer the related note to the holder; and
- deliver 40 Treasury Units to the holder.

The Treasury security will be substituted for the note and will be pledged to us through the collateral agent to secure the holder's obligation to purchase shares of our Class A Common Stock under the related purchase contracts. The note thereafter will trade separately from the Treasury Units.

If the Treasury portfolio has replaced the notes as a component of the Corporate Units, the Corporate Unit holder will follow the same procedure to create a Treasury Unit, except the holder will have to deposit integral multiples of Corporate Units and the purchase contract agent will transfer the related applicable ownership interests in the Treasury portfolio.

Holders who create Treasury Units or recreate Corporate Units, as discussed below, will be responsible for any fees or expenses payable to the collateral agent in connection with substitutions of collateral. See "Certain Provisions of the Purchase Contracts and the Purchase Contract and Pledge Agreement—Miscellaneous."

Recreating Corporate Units

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, each holder of 40 Treasury Units will have the right, at any time on or prior to the seventh business day immediately preceding the purchase contract settlement date, to substitute for the related Treasury security held by the collateral agent a note having an aggregate principal amount equal to $1,000. This substitution would recreate 40 Corporate Units and the applicable Treasury security would be released to the holder and would be separately tradable from the Corporate Units. Because Treasury securities and notes are issued in integral multiples of $1,000, holders of Treasury Units may make this substitution only in integral multiples of 40 Treasury Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Treasury Units may substitute applicable ownership interests in the Treasury portfolio for Treasury securities only in integral multiples of Treasury Units.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, to recreate 40 Corporate Units, a holder is required to:

- deposit with the collateral agent a $1,000 principal amount note, which must be purchased in the open market at the expense of the Treasury Unit holder, unless otherwise owned by the holder; and
- transfer to the purchase contract agent 40 Treasury Units, accompanied by a notice stating that the holder of the Treasury Units has deposited a $1,000 principal amount note with the collateral agent and requesting that the purchase contract agent instruct the collateral agent to release the related Treasury security.

Upon receiving instructions from the purchase contract agent and receipt of the $1,000 principal amount note, the collateral agent will release the related Treasury security from the pledge and deliver it to the purchase contract agent, on behalf of the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 40 Treasury Units;
- transfer the related Treasury security to the holder; and

- deliver 40 Corporate Units to the holder.

The $1,000 principal amount note will be substituted for the Treasury security and will be pledged to us through the collateral agent to secure the holder's obligation to purchase our Class A Common Stock under the related purchase contracts. The Treasury security thereafter will trade separately from the Corporate Units.

If the Treasury portfolio has replaced the notes as a component of the Corporate Units, the Treasury Unit holder will follow the same procedure to create a Corporate Unit, except the holder will have to deposit integral multiples of Treasury Units and must deposit applicable ownership interests in the Treasury portfolio with the collateral agent, which must be purchased in the open market at the expense of the Treasury Unit holder.

Current Payments

Holders of Corporate Units and Treasury Units will receive contract adjustment payments payable by us at the rate of % per year on the stated amount of $25 per Equity Unit until the earliest of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement, as described in "Description of the Purchase Contracts—Early Settlement Upon Cash Merger") and the most recent quarterly payment date on or before any other early settlement of the related purchase contracts (in the case of an early settlement as described in "Description of the Purchase Contracts—Early Settlement"). In addition, holders of Corporate Units will receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes attributable to the undivided beneficial ownership interest in the notes (or distributions on the applicable ownership interest in the Treasury portfolio if the notes have been replaced by the Treasury portfolio), equivalent to the rate of % per year. There will be no distributions in respect of the Treasury securities that are a component of the Treasury Units, but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the notes that were released to them when the Treasury Units were created for as long as they hold the notes. We will make all payments on the Corporate Units and the Treasury Units quarterly in arrears on February 16, May 16, August 16 and November 16 of each year.

Listing

The Corporate Units have been approved for listing on The New York Stock Exchange (the "NYSE") under the symbol "GNW Pr E." Unless and until substitution has been made as described in "—Creating Treasury Units" or "—Recreating Corporate Units," neither the note or applicable ownership interest in the Treasury portfolio component of a Corporate Unit nor the Treasury security component of a Treasury Unit will trade separately from Corporate Units or Treasury Units. The note or applicable ownership interest in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units, and the Treasury security component will trade as a unit with the purchase contract component of the Treasury Units. In addition, if Treasury Units or notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we will endeavor to cause the Treasury Units or notes to be listed on the exchange on which the Corporate Units are then listed, including, if applicable, the NYSE.

Voting and Certain Other Rights

Holders of purchase contracts forming part of the Corporate Units or Treasury Units, in their capacities as such holders, will have no voting or other rights in respect of our Class A Common Stock.

Repurchase of the Equity Units

We may purchase from time to time any of the Equity Units offered by the seller by this prospectus that are then outstanding by tender, in the open market, by private agreement or otherwise.

Description of the Purchase Contracts

The following description is a summary of some of the terms of the purchase contracts. The purchase contracts will be issued pursuant to the purchase contract and pledge agreement between us, the purchase contract agent and the collateral agent. The description of the purchase contracts and the purchase contract and pledge agreement in this prospectus contain a summary of their material terms but do not purport to be complete, and reference is hereby made to the form of the purchase contract and pledge agreement that is filed as an exhibit to the registration statement of which this prospectus forms a part.

Purchase of Class A Common Stock

Each purchase contract that is a part of a Corporate Unit or a Treasury Unit will obligate its holder to purchase, and us to sell, on May 16, 2007, the purchase contract settlement date (unless the purchase contract terminates prior to that date or is settled early at the holder's option), a number of shares of our Class A Common Stock equal to the settlement rate, for $25 in cash. The number of shares of our Class A Common Stock issuable upon settlement of each purchase contract on the purchase contract settlement date (which we refer to as the "settlement rate") will be determined as follows, subject to adjustment as described under "—Anti-Dilution Adjustments" below:

(1) If the applicable market value of our Class A Common Stock is greater than or equal to $, the "threshold appreciation price," the settlement rate will be (the "minimum settlement rate").

Accordingly, if the market value for the Class A Common Stock increases between the date of this prospectus and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

(2) If the applicable market value of our Class A Common Stock is less than the threshold appreciation price of $ but greater than $, the "reference price," the settlement rate will be a number of shares having a value, based on the applicable market value, equal to $25.

Accordingly, if the market value for the Class A Common Stock increases between the date of this prospectus and the period during which the applicable market value is measured, but the applicable market value does not exceed the threshold appreciation price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

(3) If the applicable market value of our Class A Common Stock is less than or equal to the reference price of $, the settlement rate will be (the "maximum settlement rate").

Accordingly, if the market value for the Class A Common Stock decreases between the date of this prospectus and the period during which the applicable market value is measured and the applicable market value is less than the reference price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock. If the applicable market value is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

If you elect to settle your purchase contract early in the manner described under "—Early Settlement," the number of shares of our Class A Common Stock issuable upon settlement of such purchase contract will be , the minimum settlement rate, subject to adjustment as described under "—Anti-Dilution Adjustments." We refer to the minimum settlement rate and the maximum settlement rate collectively as the fixed settlement rates.

"Applicable market value" means the average of the closing price per share of our Class A Common Stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date, subject to adjustment as set forth in "—Anti-Dilution Adjustments." The reference price is the initial public offering price of our Class A Common Stock. The threshold appreciation price represents a % appreciation over the reference price.

The term "closing price" of shares of our Class A Common Stock means, on any date of determination (1) the closing sale price (or, if no closing sale price is reported, the reported last sale price) of shares of our Class A Common Stock on The New York Stock Exchange on such date or, if shares of our Class A Common Stock are not listed for trading on The New York Stock Exchange on any such date, as reported in the composite transactions for the principal United States securities exchange on which the shares of our Class A Common Stock are so listed, or if shares of our Class A Common Stock are not so listed on a United States national or regional securities exchange, as reported by the Nasdaq National Market or (2) if shares of our Class A Common Stock are not so reported, the last quoted bid price for the shares of our Class A Common Stock in the over-the-counter market as reported by the National Quotation Bureau or a similar organization, or, if such bid price is not available, the average of the mid-point of the last bid and ask prices of shares of our Class A Common Stock on such date from at least three nationally recognized independent investment banking firms retained by us for this purpose.

The term "trading day" means a day on which the shares of our Class A Common Stock:

- are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and

- have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of our Class A Common Stock.

We will not issue any fractional shares of our Class A Common Stock upon settlement of a purchase contract. Instead of a fractional share, the holder will receive an amount of cash equal to such fraction multiplied by the applicable market value. If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our Class A Common Stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Unless:

- a holder has settled early the related purchase contracts by delivery of cash to the purchase contract agent in the manner described under "—Early Settlement" or "—Early Settlement Upon Cash Merger;"

- a holder of Corporate Units has settled the related purchase contracts with separate cash in the manner described under "—Notice to Settle with Cash;"

- an event described under "—Termination" has occurred,

then, on the purchase contract settlement date,

- in the case of Corporate Units where there has been a successful remarketing, the portion of the proceeds from the remarketing equal to the principal amount of the notes remarketed will automatically be applied to satisfy in full the holder's obligations to purchase our Class A Common Stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;

- in the case of Corporate Units where there has not been a successful remarketing and the Treasury portfolio has not replaced the notes as a component of the Corporate Units, unless holders of Corporate Units elect not to exercise their put right by delivering cash to settle their purchase contracts, such holders will be deemed to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes to satisfy in full the holder's obligations to purchase our Class A Common Stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;

- in the case of Corporate Units where the Treasury portfolio has replaced the notes as a component of the Corporate Units, proceeds of the appropriate applicable ownership interests in the Treasury portfolio when paid at maturity equal to the stated amount of $25 per Corporate Unit will automatically be applied to satisfy in full the holder's obligation to purchase Class A Common Stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units; and

- in the case of Treasury Units, the proceeds of the related Treasury securities, when paid at maturity, will automatically be applied to satisfy in full the holder's obligation to purchase our Class A Common Stock under the related purchase contracts.

The Class A Common Stock will then be issued and delivered to the holder or the holder's designee, upon presentation and surrender of the certificate evidencing the Corporate Units or Treasury Units, if in certificated form, and payment by the holder of any transfer or similar taxes payable in connection with the issuance of the Class A Common Stock to any person other than the holder.

Prior to the settlement of a purchase contract, the shares of our Class A Common Stock underlying each purchase contract will not be outstanding, and the holder of the purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our Class A Common Stock by virtue of holding such purchase contract.

By purchasing a Corporate Unit or a Treasury Unit, a holder will be deemed to have, among other things:

- irrevocably appointed the purchase contract agent as its attorney-in-fact to enter into and perform the related purchase contract and pledge agreement in the name of and on behalf of such holder;

- agreed to be bound by the terms and provisions of the related purchase contract and the purchase contract and pledge agreement.

In addition, each beneficial owner of an Equity Unit, by acceptance of the beneficial interest therein, will be deemed to have agreed to treat itself as the owner of the related note, applicable ownership interests in the Treasury portfolio or Treasury security, as the case may be, and to treat the notes as indebtedness for United States federal, state and local income and franchise tax purposes.

Remarketing

Pursuant to the remarketing agreement among Morgan Stanley & Co. Incorporated, as the remarketing agent, us and the purchase contract agent (as attorney-in-fact of the holders), unless a special event redemption or a termination event has occurred, remarketing of the notes underlying the Corporate Units will be attempted on May 9, 2007 (the fifth business day immediately preceding the purchase contract settlement date) and, if the remarketing on such date fails, on May 10, 2007 (the fourth business day immediately preceding the purchase contract settlement date) and, if the remarketing on such date fails, on May 11, 2007 (the third business day immediately preceding the purchase contract settlement date). The remarketing agent will use its reasonable efforts to obtain a price for the notes to be remarketed that results in proceeds of at least 100% of the aggregate principal amount of such notes. To obtain that price, the remarketing agent will reset the interest rate on the notes, as described under "Description of the Notes—Interest Rate Reset." Settlement of a successful remarketing, and the effective date of the reset rate, will occur on the purchase contract settlement date.

Corporate Unit holders have the option to notify the purchase contract agent on or prior to the seventh business day immediately preceding the purchase contract settlement date of their intention to settle the related purchase contracts with separate cash and provide such cash on or prior to the sixth business day immediately preceding the purchase contract settlement date. The notes of any holder who has failed to give this notice and deliver such cash will be remarketed on May 9, 2007 (the fifth business day immediately preceding the purchase contract settlement date), and, if necessary, on May 10, 2007 (the fourth business day immediately preceding the purchase contract settlement date), and, if necessary, on May 11, 2007 (the third business day immediately preceding the purchase contract settlement date). In addition, holders of notes that do not underlie Corporate Units may elect to participate in the remarketing as described under "Description of the Notes—Optional Remarketing of Notes that are not Included in Corporate Units."

Upon a successful remarketing, the portion of the proceeds equal to the aggregate principal amount of the notes will automatically be applied to satisfy in full the Corporate Unit holders' obligations to purchase Class A Common Stock under the related purchase contracts. If any proceeds remain after this application, the remarketing agent will remit such remaining proceeds to the purchase contract agent for the benefit of the holders. We will separately pay a fee to the remarketing agent. Holders whose notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a special event redemption, if (1) despite using its reasonable efforts, the remarketing agent cannot remarket the related notes prior to or on May 11, 2007 (the third business day immediately preceding the purchase contract settlement date), other than to us, at a price equal to or greater than 100% of the aggregate principal amount of the notes, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed final remarketing, holders of all notes will have the right to put their notes to us for an amount equal to the principal amount of their notes, plus accrued and unpaid interest, on the purchase contract settlement date. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the notes underlying such Corporate Units unless, prior to 5:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, such holder provides a written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the collateral agent $25 in cash per Corporate Unit. Such settlement with separate cash may only be effected in integral multiples of 40 Corporate Units. Unless a holder of Corporate Units has settled the related purchase contracts with separate cash on or prior to the purchase contract settlement date, such holder will be deemed to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes against such holder's obligations to purchase our Class A Common Stock under the related purchase contracts, thereby satisfying such obligations in full, and we will deliver to such holder our Class A Common Stock pursuant to the related purchase contracts. Any amount of the put price remaining following satisfaction of the related purchase contracts will be paid to the Corporate Unit holder.

If there has not been a successful remarketing on or prior to May 11, 2007 (the third business day immediately preceding the purchase contract settlement date), we will cause a notice of the failure of remarketing of the notes to be published before 9:00 a.m., New York City time, on May 14, 2007 (the second business day immediately preceding the purchase contract settlement date). The notice to be published under this section will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service. In addition, we will request, not later than 20 business days prior to the first remarketing date, that the depositary notify its participants holding notes, Corporate Units and Treasury Units of the remarketing, including the procedures that must be followed by a note holder in the case of a failed remarketing on the final remarketing date if a note holder wishes to exercise its right to put its notes to us as described in this prospectus. We will use commercially reasonable efforts to ensure that a registration statement with regard to the full amount of the notes to be remarketed will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process (unless such registration statement is not required under the applicable laws and regulations that are in effect at that time).

Early Settlement

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts at any time following , 2005 (12 calendar months following the completion of the concurrent initial public offering of our Class A Common Stock) but prior to 5:00 p.m., New York City time, on the seventh business day immediately preceding the purchase contract settlement date, in the case of Corporate Units, or the second business day immediately preceding the purchase contract settlement date, in the case of Treasury Units. Such early settlement may only be made in integral multiples of 40 purchase contracts. If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may settle early only in integral multiples of Corporate Units prior to 5:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date. In order to settle purchase contracts early, a holder of Equity Units must deliver to the purchase contract agent (1) a completed "Election to Settle Early" form, along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form and (2) a cash payment in immediately available funds in an amount equal to:

- $25 times the number of purchase contracts being settled; plus
- if the delivery is made with respect to any purchase contract during the period from the close of business on any record date next preceding any payment date to the opening of business on such payment date, an amount equal to the contract adjustment payments payable on the payment date with respect to the purchase contracts being settled.

So long as you hold Equity Units as a beneficial interest in a global security certificate deposited with the depositary, procedures for early settlement will also be governed by standing arrangements between the depositary and the purchase contract agent.

The early settlement right is also subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect and an available prospectus covering the shares of Class A Common Stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have a registration statement in effect covering those shares of Class A Common Stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right (it being understood that if there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development, provided that we will use our commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so).

Upon early settlement, we will sell, and the holder will be entitled to buy, the minimum settlement rate of shares of our Class A Common Stock for each purchase contract being settled (regardless of the market price of one share of our Class A Common Stock on the date of early settlement), subject to adjustment under the circumstances described under "—Anti-Dilution Adjustments" below. We will cause (1) the shares of our Class A Common Stock to be issued and (2) the related notes, applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, underlying the Equity Units and securing such purchase contracts to be released from the pledge under the purchase contract and pledge agreement, and delivered as promptly as practicable, but in any event within three business days following the early settlement date, in each case to the purchase contract agent for delivery to the holder. Upon early settlement, the holder's right to receive future contract adjustment payments will terminate, and no adjustment will be made to or for the holder on account of any amounts accrued in respect of contract adjustment payments since the most recent quarterly payment date.

If the purchase contract agent receives a completed "Election to Settle Early" form, along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form, and payment of $25 for each purchase contract being settled prior to 5:00 p.m., New York City time, on any business day and all conditions to early settlement have been satisfied, then that day will be considered the early settlement date. If the purchase contract agent receives the foregoing on or after 5:00 p.m., New York City time, on any business day or at any time on a day that is not a business day, then the next business day will be considered the settlement date.

Early Settlement Upon Cash Merger

Prior to the purchase contract settlement date, if we are involved in a consolidation with or merger into any other person or any merger of another person into us (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of our Class A Common Stock), or any sale of all or substantially all of our assets, in each case in which 30% or more of the total consideration paid to our shareholders consists of cash or cash equivalents, which we refer to as a cash merger, a holder of Equity Units may settle the related purchase contracts early with cash, in integral multiples of 40 purchase contracts, at the applicable settlement rate in effect immediately prior to the closing of the cash merger. We refer to this right as the "merger early settlement right." If the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may exercise the merger early settlement right only in integral multiples of Corporate Units. The merger early settlement right is subject to the condition that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement and an available prospectus covering the Class A Common Stock and other securities to be delivered pursuant to the purchase contracts being settled. We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect a registration statement covering the Class A Common Stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement upon a cash merger.

We will provide each holder of Equity Units with a notice of the completion of a cash merger within five business days thereof. The notice will specify a date, which shall be at least five days after the date of the notice but no later than the earlier of 20 days after the date of such notice and five business days prior to the purchase contract settlement date, on which merger early settlement will occur. The notice will set forth, among other things, the applicable settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the merger early settlement right, a holder must deliver to the purchase contract agent, at least three business days before the merger early settlement date, the certificate evidencing your Corporate Units or Treasury Units, if in certificated form, and payment of the applicable purchase price in immediately available funds.

If a holder exercises the merger early settlement right, we will deliver to such holder on the merger early settlement date the kind and amount of securities, cash or other property that such holder would have been entitled to receive if it had settled the purchase contract immediately before the cash merger at the settlement rate in effect at such time, together with accrued and unpaid contract adjustment payments to the merger early settlement date. Such holder will also receive the aggregate principal amount of notes underlying its beneficial ownership interests in notes, the applicable ownership interests in the Treasury portfolio or the Treasury securities underlying its Corporate Units or Treasury Units, as the case may be. If a holder does not elect to exercise the merger early settlement right, its Corporate Units or Treasury Units will remain outstanding and subject to normal settlement on the purchase contract settlement date.

Notice to Settle with Cash

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, a holder of Corporate Units may settle the related purchase contract with separate cash by delivering the Corporate Unit certificate, if in certificated form, at the offices of the purchase contract agent with the completed "Notice to Settle with Cash" form prior to 5:00 p.m., New York City time, on the seventh business day immediately preceding the purchase contract settlement date. Holders of Corporate Units may only cash settle purchase contracts in integral multiples of 40 purchase contracts.

The holder must also deliver to the collateral agent a cash payment in immediately available funds. Such payment must be delivered prior to 5:00 p.m., New York City time, on the sixth business day immediately preceding the purchase contract settlement date.

Upon receipt of the cash payment, the related note will be released from the pledge arrangement and transferred to the purchase contract agent for distribution to the holder of the related Corporate Units. The holder of the Corporate Units will then receive the applicable number of shares of our Class A Common Stock on the purchase contract settlement date.

If a holder of Corporate Units that has given notice of its intention to settle with cash fails to deliver the cash by the applicable time and date specified above, the notes underlying such holder's Corporate Units will automatically be remarketed, or if there is a failed final remarketing such notes will be put to us, as described under "—Remarketing" above.

Any cash received by the collateral agent upon cash settlement will be invested promptly in permitted investments, as defined in the purchase contract and pledge agreement, and paid to us on the purchase contract settlement date. Any funds received by the collateral agent in respect of the investment earnings from such investments will be distributed to the purchase contract agent for payment to the holders who settled with cash.

Contract Adjustment Payments

Contract adjustment payments in respect of Corporate Units and Treasury Units will be fixed at a rate per year of % of the stated amount per purchase contract. Contract adjustment payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Contract adjustment payments will accrue from the date of issuance of the Corporate Units until the earliest of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement) and the most recent quarterly payment date on or before any early settlement of the related purchase contracts (in the case of early settlement other than upon a cash merger), and will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year. We do not have the right to defer payment of these contract adjustment payments.

Contract adjustment payments will be payable to the holders of purchase contracts as they appear on the books and records of the purchase contract agent on the relevant record dates, which will be on the first day of the month in which the relevant payment date falls. These distributions will be paid through the purchase contract agent, who will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the purchase contracts relating to the Corporate Units and Treasury Units. Subject to any applicable laws and regulations, each such payment will be made as described under "Book-Entry Systems."

lf any date on which contract adjustment payments are to be made is not a business day, then payment of the contract adjustment payments payable on that date will be made on the next succeeding day that is a business day, and no interest or payment will be paid in respect of the delay.

Our obligations with respect to contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our senior indebtedness.

Anti-Dilution Adjustments

Each fixed settlement rate will be adjusted, without duplication, if certain events occur:

(1) We pay dividends (or make other distributions) on our Class A Common Stock in our Class A Common Stock.

(2) We issue to all holders of our Class A Common Stock rights, warrants or options (other than pursuant to any dividend reinvestment or share purchase plans) entitling them, for a period of up to 45 days, to subscribe for or purchase our Class A Common Stock at less than the "current market price," as defined below, of our Class A Common Stock.

(3) We subdivide, split or combine of our Class A Common Stock.

(4) We distribute to all holders of our Class A Common Stock evidences of our indebtedness, shares of capital stock, securities, cash or property (excluding any dividend or distribution covered by clauses (1) or (2) above and any dividend or distribution paid exclusively in cash), in which event each fixed settlement rate will be multiplied by a fraction,

- the numerator of which will be the current market price of our common stock and

- the denominator of which will be the current market price of our common stock minus the fair market value, as determined by our board of directors, of the portion of the distribution applicable to one share of common stock.

In the event that we make a distribution to all holders of our Class A Common Stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, each fixed settlement rate will be adjusted based on the market value of the securities being distributed relative to the market value of our Class A Common Stock, in each case based on the average of the closing sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the "ex-date" for such distribution.

(5) We make a distribution consisting exclusively of cash to all holders of our Class A Common Stock, excluding any cash dividend on our Class A Common Stock to the extent that the aggregate cash dividend per share of our Class A Common Stock in any fiscal quarter does not exceed $0.065 (the "dividend threshold amount") and excluding any dividend or distribution in connection with our liquidation, dissolution or termination, in which event each fixed settlement rate will be multiplied by a fraction,

- the numerator of which will be the current market price of our Class A Common Stock minus the dividend threshold amount; and
- the denominator of which will be the current market price of our Class A Common Stock minus the amount per share of such dividend or distribution.

The dividend threshold amount is subject to adjustment on an inversely proportional basis whenever the fixed settlement rates are adjusted. If an adjustment is required to be made as set forth in this clause (5) as a result of a distribution that is not a regular quarterly dividend, the dividend threshold amount will be deemed to be zero.

(6) We or any of our subsidiaries successfully completes a tender or exchange offer for our Class A Common Stock to the extent that the cash and the value of any other consideration included in the payment per share of our Class A Common Stock exceeds the closing price of our Class A Common Stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, in which event each fixed settlement rate will be multiplied by a fraction,

- the numerator of which will be the sum of (i) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock that we purchase in such tender or exchange offer and (ii) the product of the number of shares of our common stock outstanding less any such purchased shares and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer and
- the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer.

The term "current market price" per share of our Class A Common Stock on any day means the average of the daily closing prices for each of the 20 consecutive trading days ending on the earlier of the day in question and the day before the "ex date" with respect to the issuance or distribution requiring such computation. For purposes of this paragraph and paragraph (4) above, the term "ex date," when used with respect to any issuance or distribution, will mean the first date on which the shares of our Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

We currently do not have a rights plan with respect to our Class A Common Stock. To the extent that we have a rights plan in effect upon settlement of a purchase contract, you will receive, in addition to the Class A Common Stock, the rights under the rights plan, unless, prior to the settlement of a purchase contract, the rights have separated from the Class A Common Stock, in which case each fixed settlement rate will be adjusted at the time of separation as if we made a distribution to all holders of our Class A Common Stock as described in clause (4) above.

In the case of certain reclassifications, consolidations, mergers, sales or transfers of assets or other transactions pursuant to which our Class A Common Stock is converted into the right to receive other securities, cash or property, each purchase contract then outstanding would become, without the consent of the holder of the related Corporate Unit or Treasury Unit, as the case may be, a contract to purchase such other securities, cash and property instead of our Class A Common Stock. Upon the occurrence of any such transaction, on the purchase contract settlement date the settlement rate then in effect will be applied to the value, on the purchase contract settlement date, of the securities, cash or property a holder of one share of our Class A Common Stock would have received in such transaction.

In the event of a taxable distribution to holders of shares of our Class A Common Stock that results in an adjustment of each fixed settlement rate or an increase in each fixed settlement rate in our discretion, holders of Corporate Units and Treasury Units may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. In addition, non-U.S. holders of Corporate Units and Treasury Units may, in certain circumstances be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See "Certain United States Federal Income Tax Consequences—U.S. Holders—Ownership of Purchase Contracts—Adjustment to Settlement Rate."

In addition, we may make such increases in each fixed settlement rate as we deem advisable. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed settlement rate.

Adjustments to each fixed settlement rate will be calculated to the nearest 1/10,000th of a share.

Whenever the fixed settlement rates are adjusted, we must deliver to the purchase contract agent a certificate setting forth each fixed settlement rate, detailing the calculation of each fixed settlement rate and describing the facts upon which the adjustment is based. In addition, we must notify the holders of Corporate Units and Treasury Units of the adjustment within ten business days of any event requiring such adjustment and describe in reasonable detail the method by which each fixed settlement rate was adjusted.

Each adjustment to the fixed settlement rates will result in a corresponding adjustment to the number of shares of our Class A Common Stock issuable upon early settlement of a purchase contract.

If an adjustment is made to the fixed settlement rates, an adjustment also will be made to the applicable market value solely to determine which of the clauses of the definition of settlement rate will be applicable on the purchase contract settlement date.

Termination

The purchase contracts and the obligations and rights of us and of the holders of Corporate Units and Treasury Units thereunder (including the holders' obligation and right to purchase and receive shares of our Class A Common Stock and the right to receive accrued contract adjustment payments) will immediately and automatically terminate upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us.

Upon any termination, the collateral agent will release the related interests in the notes, applicable ownership interests in the Treasury portfolio, or Treasury securities, as the case may be, from the pledge arrangement and transfer such interests in the notes, applicable ownership interests in the Treasury portfolio, or Treasury securities to the purchase contract agent for distribution to the holders of Corporate Units and Treasury Units. If a holder would otherwise have been entitled to receive less than $1,000 principal amount at maturity of any Treasury security upon termination of the purchase contract, the purchase contract agent will dispose of the security for cash and pay the cash to the holder. Upon any termination, however, such release and distribution may be subject to a delay. In the event that we become the subject of a case under the U.S. Bankruptcy Code, such delay may occur as a result of the automatic stay under the U.S. Bankruptcy Code and continue until such automatic stay has been lifted. We expect any such delay to be limited. Moreover, claims arising out of the notes will be subject to the equitable jurisdiction and powers of the bankruptcy court. For example, although we do not believe such an argument would prevail, following the termination of the purchase contracts, a party in interest in the bankruptcy proceeding might argue that the holders of notes should be treated as equity holders, rather than creditors, in the bankruptcy proceeding.

If the holder's purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued but unpaid contract adjustment payments.

Pledged Securities and Pledge

The undivided beneficial ownership interests in the notes, or, following a special event redemption, the applicable ownership interests in the Treasury portfolio, that are a component of the Corporate Units or, if substituted, the beneficial ownership interest in the Treasury securities that are a component of the Treasury Units, collectively, the "pledged securities," will be pledged to the collateral agent for our benefit pursuant to the purchase contract and pledge agreement to secure your obligation to purchase shares of our Class A Common Stock under the related purchase contracts. The rights of the holders of the Corporate Units and Treasury Units with respect to such pledged securities will be subject to our security interest therein. No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to such Corporate Units or Treasury Units from the pledge arrangement except:

- in the case of Corporate Units, to substitute a Treasury security for the related note or the applicable ownership interests in the Treasury portfolio, as the case may be, as provided for under "Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for a Note";

- in the case of Treasury Units, to substitute a note, or the applicable ownership interests in the Treasury portfolio, as the case may be, for the related Treasury security, as provided for under "Description of the Equity Units—Recreating Corporate Units"); and

- upon early settlement, cash settlement or termination of the related purchase contracts.

Subject to our security interest and the terms of the purchase contract and pledge agreement, each holder of Corporate Units, unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights and preferences of the related notes (including distribution, voting, redemption, repayment and liquidation rights). Each holder of Treasury Units and each holder of Corporate Units, if the Treasury portfolio has replaced the notes as a component of the Corporate Units, will retain beneficial ownership of the related Treasury securities or the applicable ownership interests in the Treasury portfolio, as applicable, pledged in respect of the related purchase contracts. We will have no interest in the pledged securities other than our security interest.

Except as described in "Certain Provisions of the Purchase Contracts and the Purchase Contract and Pledge Agreement—General," upon receipt of distributions on the pledged securities, the collateral agent will distribute such payments to the purchase contract agent, which in turn will distribute those payments, together with contract adjustment payments received from us, to the holders in whose names the Corporate Units or Treasury Units are registered at the close of business on the record date preceding the date of such distribution.

Certain Provisions of the Purchase Contracts and the Purchase Contract and Pledge Agreement

General

Except as described under "Book-Entry System" below, payments on the Corporate Units and Treasury Units will be payable, the purchase contracts will be settled and transfers of the Corporate Units and Treasury Units will be registrable at the office of the purchase contract agent in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units or Treasury Units do not remain in book-entry form, we have the option to make payments on the Corporate Units and Treasury Units by check mailed to the address of the person entitled thereto as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of Class A Common Stock will be delivered on the purchase contract settlement date (or earlier upon early settlement), or, if the purchase contracts have terminated, the related pledged securities will be delivered (potentially after a delay as a result of the imposition of the automatic stay under the Bankruptcy Code, see "Description of the Purchase Contracts—Termination") at the office of the purchase contract agent upon presentation and surrender of the applicable Corporate Unit or Treasury Unit certificate, if in certificated form.

If Corporate Units or Treasury Units are in certificated form and the holder fails to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the purchase contract agent on or prior to the purchase contract settlement date, the shares of Class A Common Stock issuable upon settlement of the related purchase contract will be registered in the name of the purchase contract agent. The shares, together with any distributions, will be held by the purchase contract agent as agent for the benefit of the holder until the certificate is presented and surrendered or the holder provides satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the purchase contract agent and us.

If the purchase contracts terminate prior to the purchase contract settlement date, the related pledged securities are transferred to the purchase contract agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units, if in certificated form, to the purchase contract agent, the related pledged securities delivered to the purchase contract agent and payments on the pledged securities will be held by the purchase contract agent as agent for the benefit of the holder until the applicable certificate is presented, if in certificated form, or the holder provides the evidence and indemnity described above.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection therewith.

The purchase contract agent will have no obligation to invest or to pay interest on any amounts held by the purchase contract agent pending payment to any holder.

Modification

The purchase contract and pledge agreement will contain provisions permitting us and the purchase contract agent, and the collateral agent, to modify the purchase contract and pledge agreement without the consent of the holders for any of the following purposes:

- to evidence the succession of another person to our obligations;
- to add to the covenants for the benefit of holders or to surrender any of our rights or powers under those agreements;

- to evidence and provide for the acceptance of appointment of a successor purchase contract agent or a successor collateral agent or securities intermediary;
- to make provision with respect to the rights of holders pursuant to adjustments in the settlement rate due to consolidations, mergers or other reorganization events; and
- to cure any ambiguity, to correct or supplement any provisions that may be inconsistent with any other provision or to make such other provisions in regard to matters or questions arising under the purchase contract and pledge agreement that do not adversely affect the interests of any holders of Equity Units, provided that any amendment made solely to conform the provisions of the purchase contract and pledge agreement to the description of the equity units and the purchase contracts contained in this prospectus will not be deemed to adversely affect the interests of the holders.

The purchase contract and pledge agreement will contain provisions preventing us and the purchase contract agent, and the collateral agent, subject to certain limited exceptions, from modifying the terms of the purchase contracts, the purchase contract and pledge agreement without the consent of the holders of not less than a majority of the outstanding purchase contracts. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected thereby:

- change any payment date;
- change the place or currency of payment or reduce any contract adjustment payments;
- impair the right to institute suit for the enforcement of a purchase contract or any contract adjustment payment;
- except as required pursuant to any anti-dilution adjustment, reduce the number of shares of our Class A Common Stock purchasable under a purchase contract, increase the purchase price of the shares of our Class A Common Stock on settlement of any purchase contract, change the purchase contract settlement date, the right to early settlement or cash merger early settlement or otherwise adversely affect the holder's rights under a purchase contract in any material respect;
- change the amount or type of collateral required to be pledged to secure a holder's obligations under the purchase contract, impair the right of the holder of any purchase contract to receive distributions on such collateral, or otherwise adversely affect the holder's rights in or to such collateral; or
- reduce the above-stated percentage of outstanding purchase contracts whose holders' consent is required for the modification or amendment of the provisions of the purchase contracts and the purchase contract and pledge agreement;

provided that if any amendment or proposal would adversely affect only the Corporate Units or only the Treasury Units, then only the affected voting group of holders will be entitled to vote on such amendment or proposal, and such amendment or proposal will not be effective except with the consent of the holders of not less than a majority of such voting group or, if referred to in the first through sixth bullets above, all of the holders of such voting group.

No Consent to Assumption

Each holder of a Corporate Unit or a Treasury Unit will be deemed under the terms of the purchase contract and pledge agreement, by the purchase of such Corporate Unit or Treasury Unit, to have expressly withheld any consent to the assumption (i.e., affirmance) of the related purchase contracts by us, our receiver, liquidator or trustee in the event that we become the subject of a case under the U.S. Bankruptcy Code or other similar state or federal law providing for reorganization or liquidation.

Merger, Sale or Lease

We will covenant in the purchase contract and pledge agreement that we will not merge or consolidate with any other person or sell, assign, transfer, or otherwise dispose of all or substantially all of our assets unless:

- either we are the continuing corporation or the successor person is a corporation or limited liability company organized under the laws of the United States of America or any state thereof or the District of Columbia and this other person expressly assumes all of our obligations under the purchase contracts, the purchase contract and pledge agreement, the indenture and the remarketing agreement by one or more supplemental agreements in form reasonably satisfactory to the purchase contract agent and the collateral agent; and

- we are not, or such successor corporation is not, immediately after such merger, consolidation, sale, assignment, transfer or other disposition, in default in the performance of any obligations thereunder.

Title

We, the purchase contract agent and the collateral agent may treat the registered owner of any Corporate Units or Treasury Units as the absolute owner of the Corporate Units or Treasury Units for the purpose of making payment, settling the related purchase contracts and for all other purposes.

Replacement of Equity Unit Certificates

In the event that physical certificates have been issued, any mutilated Corporate Unit or Treasury Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent. Corporate Unit or Treasury Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, an indemnity satisfactory to the purchase contract agent and us may be required at the expense of the holder before a replacement certificate will be issued.

Notwithstanding the foregoing, we will not be obligated to issue any Corporate Unit or Treasury Unit certificates on or after the business day immediately preceding the purchase contract settlement date (or following any early settlement, with respect to the Corporate Unit or Treasury Unit that was settled early) or after the purchase contracts have terminated. The purchase contract and pledge agreement will provide that, in lieu of the delivery of a replacement Corporate Unit or Treasury Unit certificate following the purchase contract settlement date, the purchase contract agent, upon delivery of the evidence and indemnity described above, will deliver the shares of Class A Common Stock issuable pursuant to the purchase contracts included in the Corporate Units or Treasury Units evidenced by the certificate, or, if the purchase contracts have terminated prior to the purchase contract settlement date, transfer the pledged securities included in the Corporate Units or Treasury Units evidenced by the certificate.

Governing Law

The purchase contracts and the purchase contract and pledge agreement will be governed by, and construed in accordance with, the laws of the State of New York.

Information Concerning the Purchase Contract Agent

The Bank of New York will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Corporate Units and Treasury Units. The purchase contract agent will not be obligated to take any discretionary action in connection with a default under the terms of the Corporate Units, the Treasury Units or the purchase contract and pledge agreement.

The Bank of New York and its affiliates maintain banking relationships with us.

The purchase contract and pledge agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract and pledge agreement also will contain provisions under which the purchase contract agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

Information Concerning the Collateral Agent

The Bank of New York will be the collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Corporate Units and the Treasury Units except for the obligations owed by a pledgee of property to the owner thereof under the purchase contract and pledge agreement and applicable law.

The Bank of New York and its affiliates maintain banking relationships with us.

The purchase contract and pledge agreement will contain provisions limiting the liability of the collateral agent. The purchase contract and pledge agreement also will contain provisions under which the collateral agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

Since The Bank of New York is serving as both the collateral agent and the purchase contract agent, if an event of default, except an event of default occurring as a result of a failed remarketing, occurs under the purchase contract and pledge agreement, The Bank of New York will resign as the collateral agent, but remain as the purchase contract agent. We will then select a new collateral agent in accordance with the terms of the purchase contract and pledge agreement.

Miscellaneous

The purchase contract and pledge agreement will provide that we will pay all fees and expenses related to (1) the retention of the collateral agent and (2) the enforcement by the purchase contract agent of the rights of the holders of the Corporate Units and Treasury Units. Holders who elect to substitute the related pledged securities, thereby creating Treasury Units or recreating Corporate Units, however, will be responsible for any fees or expenses payable in connection with such substitution, as well as for any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted. We will not be responsible for any such fees or expenses.

Book-Entry System

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the depositary, will act as securities depositary for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depositary's nominee. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depositary and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units and Treasury Units so long as the Corporate Units and Treasury Units are represented by global security certificates.

The depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The depositary holds securities that its participants deposit with the depositary. The depositary also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depositary is owned by a number of its direct participants and by The New York Stock Exchange, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the depositary's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly, or indirectly. The rules applicable to the depositary and its participants are on file with the SEC.

We will issue the Corporate Units and Treasury Units in definitive certificated form if the depositary notifies us that it is unwilling or unable to continue as depositary or the depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depositary is not appointed by us within 90 days. In addition, beneficial interests in a global security certificate may be exchanged for definitive certificated Corporate Units or Treasury Units upon request by or on behalf of the depositary in accordance with customary procedures following the request of a beneficial owner seeking to exercise or enforce its rights under such Corporate Units or Treasury Units. If we determine at any time that the Corporate Units or Treasury Units shall no longer be represented by global security certificates, we will inform the depositary of such determination who will, in turn, notify participants of their right to withdraw such representation by global security certificates, and if such participants elect to withdraw their beneficial interests, we will issue certificates in definitive form in exchange for such beneficial interests in the global security certificates. Any global Corporate Unit or Treasury Unit, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for Corporate Unit or Treasury Unit certificates, as the case may be, registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

As long as the depositary or its nominee is the registered owner of the global security certificates, the depositary or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units and Treasury Units represented by these certificates for all purposes under the Corporate Units, Treasury Units and the purchase contract and pledge agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have the global security certificates, the Corporate Units or the Treasury Units represented by these certificates registered in their names, and

- will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units, Treasury Units or the purchase contract and pledge agreement.

All payments on the Corporate Units and Treasury Units represented by the global security certificates and all transfers and deliveries of related notes, Treasury securities and Class A Common Stock will be made to the depositary or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depositary or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depositary or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of purchase contracts on the purchase contract settlement date, or upon early settlement will be governed by arrangements among the depositary, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depositary from time to time. None of us, the purchase contract agent or any agent of us or the purchase contract agent will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfer of interest in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

The information in this section concerning the depositary and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Description of the Notes

The descriptions in this prospectus contain a description of the material terms of the notes and the indenture but do not purport to be complete. Reference is hereby made to the indenture, the supplemental indenture and the form of note that are or will be filed as exhibits to the registration statement of which this prospectus forms a part and to the Trust Indenture Act.

General

The notes will be issued under an indenture dated as of , 2004 between us and The Bank of New York, as indenture trustee, as supplemented by the first supplemental indenture dated as of , 2004 between us and the indenture trustee. We refer to the indenture as supplemented as the indenture.

The notes initially will be issued in an aggregate principal amount of $600,000,000.

The indenture trustee will initially be the security registrar and the paying agent for the notes. The notes will be issued in certificated form, without coupons, in denominations of $1,000 and integral multiples of $1,000; provided, however, that upon release by the collateral agent of notes underlying the undivided beneficial ownership interests in the notes pledged to secure the Corporate Units holders' obligations under the related purchase contracts (other than any release of the notes in connection with the creation of Treasury Units, an early settlement with separate cash, an early settlement upon a cash merger, or a remarketing, each as described under "Description of Purchase Contracts") the notes will be issuable in denominations of $25 principal amount and integral multiples thereof. The notes may be transferred or exchanged, without service charge but upon payment of any taxes or other governmental charges payable in connection with the transfer or exchange, at the office described below. Payments on notes issued as a global note will be made to the depositary or a successor depositary. Principal and interest with respect to certificated notes will be payable, the transfer of the notes will be registrable and notes will be exchangeable for notes of a like aggregate principal amount in denominations of $1,000 and integral multiples of $1,000 (unless notes have previously been issued in denominations of $25 and integral multiples thereof, in which case notes will be exchangeable for a like aggregate principal amount in denominations of $25 and integral multiples of $25), at the office or agency maintained by us for this purpose in The City of New York. We have initially designated the corporate trust office of the indenture trustee as that office. However, at our option, payment of interest may be made by check mailed to the address of the holder entitled to payment or by wire transfer to an account appropriately designated by the holder entitled to payment.

Each Corporate Unit includes a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount note that corresponds to the stated amount of $25 per Corporate Unit.

The notes will not be subject to a sinking fund provision and will not be subject to defeasance. The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on May 16, 2009. As described below under "—Put Option Upon Failed Final Remarketing," holders will have the right to require us to purchase their notes under certain circumstances.

Ranking

The notes will be our direct, unsecured obligations and will rank without preference or priority among themselves and equally with all of our existing and future unsecured and unsubordinated debt.

We are a holding company and conduct substantially all of our operations through subsidiaries. However, the notes will be obligations exclusively of Genworth Financial, Inc. and will not be guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to policyholders and contractholders), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets. As of December 31, 2003, on a pro forma basis, our subsidiaries had outstanding $81,629 million of total liabilities, including $1,618 million of debt (excluding, in each case, intercompany liabilities).

As a holding company, dividends from our subsidiaries and permitted payments to us under our tax sharing arrangements with our subsidiaries will be our principal sources of cash to pay interest on the notes, make contract adjustment payments on the purchase contracts and to meet our other obligations. The payment of dividends and other distributions to us by our insurance subsidiaries is regulated by insurance laws and regulations. In general, dividends in excess of prescribed limits are deemed "extraordinary" and require insurance regulatory approval. See "Regulation" and "Risk Factors—As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations." The ability of our insurance subsidiaries to pay dividends to us is also subject to various conditions imposed by the rating agencies for us to maintain our ratings. Our subsidiaries have no obligation to pay any amounts due on the notes.

As of December 31, 2003, on a pro forma basis, Genworth Financial, Inc. had outstanding $2,929 million of unsecured and unsubordinated debt at the parent company level (not including the notes). The indenture does not limit our ability to incur pari passu or secured debt, or our ability, or that of any of our existing or future subsidiaries, to incur other indebtedness and other liabilities or issue preferred stock.

Interest

Each note will bear interest initially at the rate of % per year from the original issuance date to the purchase contract settlement date, initially payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year. On and after the purchase contract settlement date, interest on each note will be payable semi-annually in arrears on May 16 and November 16 of each year, commencing November 16, 2007, at the reset interest rate or, if the interest rate has not been reset, at the rate of % per year. The interest rate on the notes will be reset in connection with the remarketing as described below under "—Interest Rate Reset." However, if there is not a successful remarketing of the notes, the interest rate will not be reset and the notes will continue to bear interest at the initial interest rate, all as described below under "—Interest Rate Reset." Interest will be payable to the person in whose name the note is registered at the close of business on the first day of the month in which the interest payment date falls.

The amount of interest payable on the notes for any period will be computed (1) for any full quarterly or semi-annual period, as applicable, on the basis of a 360-day year of twelve 30-day months and (2) for any period shorter than a full quarterly or semi-annual period, as applicable, on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on the notes is not a business day, then payment of the interest payable on that date will be made on the next day that is a business day (and without any interest or other payment in respect of any delay).

Remarketing

The notes will be remarketed as described under "Description of the Purchase Contracts—Remarketing."

Optional Remarketing of Notes that are not Included in Corporate Units

On or before the seventh business day immediately preceding the purchase contract settlement date, holders of notes that do not underlie Corporate Units may elect to have their notes remarketed in the same manner as notes that underlie Corporate Units by delivering their notes along with a notice of this election to the collateral agent. The collateral agent will hold the notes in an account separate from the collateral account in which the pledged securities will be held. Holders of notes electing to have their notes remarketed will also have the right to withdraw the election on or before the seventh business day immediately preceding the purchase contract settlement date.

Interest Rate Reset

The interest rate on the notes will be reset on the date of a successful remarketing and the reset rate will become effective on the purchase contract settlement date. If this occurs, the reset rate will be the rate determined by the remarketing agent as the annual interest rate the notes should bear in order for the notes to be remarketed to have an aggregate market value on the reset date of at least 100% of the aggregate principal amount of such notes. The reset rate may be higher or lower than the initial interest rate of the notes depending on the results of the remarketing and market conditions at that time. However, in no event will the reset rate exceed the maximum rate permitted by applicable law.

If the notes are not successfully remarketed, the interest rate will not be reset and the notes will continue to bear interest at the initial annual interest rate of %.

The remarketing agent is not obligated to purchase any notes that would otherwise remain unsold in the remarketing. None of us, the remarketing agent or any agent of us or the remarketing agent will be obligated in any case to provide funds to make payment upon tender of notes for remarketing.

Put Option Upon Failed Final Remarketing

If the notes have not been successfully remarketed on or prior to the third business day immediately preceding the purchase contract settlement date, holders of notes will have the right to require us to purchase their notes on the purchase contract settlement date, upon at least two business days' prior notice, at a price equal to the principal amount of such notes, plus accrued and unpaid interest. Holders of notes that underlie Corporate Units will be deemed to have exercised such put right as described under "Description of the Purchase Contracts—Remarketing," unless they settle the related purchase contracts with separate cash.

Optional Redemption—Special Event

If a special event, as defined below, occurs and is continuing prior to the earlier of (1) the date of a successful remarketing or (2) the purchase contract settlement date, we may redeem, at our option on any interest payment date, the notes in whole, but not in part, at a price equal to, for each note, the redemption amount, as defined below, plus accrued and unpaid interest thereon, which we refer collectively to as the redemption price, to the date of redemption, which we refer to as the "special event redemption date." The redemption price payable in respect of all notes included in Corporate Units will be distributed to the collateral agent, which in turn will apply an amount equal to the redemption amount of such redemption price to purchase the Treasury portfolio on behalf of the holders of the Corporate Units and remit the remaining portion (net of fees and expenses, if any), if any, of such redemption price to the purchase contract agent for payment to the holders of the Corporate Units. Thereafter, the applicable ownership interests in the Treasury portfolio will be substituted for the notes and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligations to purchase shares of our Class A Common Stock under the related purchase contracts. Holders of notes that are not part of Corporate Units will directly receive proceeds from the redemption of the notes.

"Special event" means either a tax event or an accounting event, each as defined below.

"Accounting event" means the receipt by the audit committee of our Board of Directors of a written report in accordance with Statement on Auditing Standards ("SAS") No. 97, "Amendment to

SAS No. 50—Reports on the Application of Accounting Principles," from our independent auditors, provided at the request of management, to the effect that, as a result of a change in accounting rules after the date of original issuance of the notes, we must either (a) account for the purchase contracts as derivatives under SFAS 133 (or otherwise mark-to-market or measure the fair value of all or any portion of the purchase contracts with changes appearing in our income statement) or (b) account for the Equity Units using the if-converted method under SFAS 128, and that such accounting treatment will cease to apply upon redemption of the notes.

"Tax event" means the receipt by us of an opinion of counsel, rendered by a law firm having a recognized national tax practice, to the effect that, as a result of any amendment to, change in or announced proposed change in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative decision, pronouncement, judicial decision or action interpreting or applying such laws or regulations, which amendment or change is effective or which proposed change, pronouncement, action or decision is announced on or after the date of issuance of the notes, there is more than an insubstantial increase in the risk that interest payable by us on the notes is not, or within 90 days of the date of such opinion, will not be, deductible by us, in whole or in part, for United States federal income tax purposes.

"Redemption amount" means, for each note, the product of the principal amount of such note and a fraction, the numerator of which is the Treasury portfolio purchase price, as defined below, and the denominator of which is the applicable principal amount, as defined below; provided that in no event shall the redemption amount for any note be less than the principal amount of such note.

"Treasury portfolio purchase price" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the quotation agent, as defined below, between 9:00 a.m. and 11:00 a.m., New York City time on the third business day immediately preceding the special event redemption date for the purchase of the Treasury portfolio described below for settlement on the special event redemption date.

"Applicable principal amount" means the aggregate principal amount of the notes that are part of the Corporate Units on the special event redemption date.

"Treasury portfolio" means a portfolio of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to May 15, 2007 (the day immediately prior to the purchase contract settlement date) in an aggregate amount at maturity equal to the applicable principal amount and with respect to each scheduled interest payment date on the notes that occurs after the special event redemption date, to and including the purchase contract settlement date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the business day immediately preceding such scheduled interest payment date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would be due on the applicable principal amount of the notes on such date.

"Quotation agent" means any primary U.S. government securities dealer selected by us.

Agreement By Purchasers of Certain Tax Treatment

Each note will provide that, by acceptance of the note or a beneficial interest therein, the holder thereof intends that the note constitutes indebtedness and agrees to treat it as indebtedness for United States federal, state and local income and franchise tax purposes.

Events of Default

Any of the following events will constitute an event of default under the indenture with respect to the notes:

- failure to pay interest on the notes for thirty days past the applicable due date,
- failure to pay the principal amount of the notes when due (whether at maturity, as a result of a put right or otherwise),
- failure to perform any other covenant or agreement in the indenture, which continues for 60 days after written notice from the trustee or holders of 25% of the outstanding principal amount of the notes as provided in the indenture,
- acceleration of more than $100 million of our indebtedness by its terms if the acceleration is not rescinded or such indebtedness is not paid within 10 days after written notice from the trustee or holders of 25% of the outstanding principal amount of the notes as provided in the indenture, provided that this event of default can be remedied if the default under our other indebtedness is remedied, and
- specified events relating to the bankruptcy, insolvency or reorganization of us or any of our significant subsidiaries.

Remedies

If an event of default arising from specified events of bankruptcy, insolvency or reorganization relating to us or any of our significant subsidiaries occurs, the principal amount of all outstanding notes will become due and payable immediately, without further action or notice on the part of the holders of the notes or the trustee. If any other event of default with respect to the notes occurs, the trustee or the holders of not less than 25% in principal amount of outstanding notes may declare the principal amount of the notes to be due and payable immediately, by a notice in writing to us, and to the trustee if given by holders. Upon that declaration the principal amount of the notes will become immediately due and payable. However, at any time after a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of outstanding notes may, subject to conditions specified in the indenture, rescind and annul that declaration.

Subject to the provisions of the indenture relating to the duties of the trustee, if an event of default then exists, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at your request, order or direction, unless you have offered to the trustee reasonable security or indemnity. Subject to the provisions for the security or indemnification of the trustee, the holders of a majority in principal amount of outstanding notes of any series have the right to direct the time, method and place of conducting any proceeding for and remedy available to the trustee, or exercising any trust or power conferred on the trustee in connection with the notes of such series.

Notice of Default

The trustee will, within 90 days after the occurrence of an event of default with respect to the notes, mail to the holders of the notes notice of such event of default, unless such event of default has been cured or waived. However, the Trust Indenture Act currently permits the trustee to withhold notices of event of default (except for certain payment defaults) if the trustee in good faith determines the withholding of such notices to be in the interests of the holders.

We will furnish the trustee with an annual statement as to our compliance with the conditions and covenants in the indenture.

Legal Proceedings and Enforcement of Right of Payment

You will not have any right to institute any proceeding in connection with the indenture or for any remedy under the indenture, unless you have previously given to the trustee written notice of a continuing event of default with respect to the notes. In addition, the holders of at least 25% in principal amount of the outstanding notes of a series must have made written request, and offered reasonable indemnity, to the trustee to institute that proceeding as trustee, and, within 60 days following the receipt of that notice, the trustee must not have received from the holders of a majority in principal amount of the outstanding notes of such series a direction inconsistent with that request, and must have failed to institute the proceeding. However, you will have an absolute right to receive payment of the principal of, premium, if any, and interest on that note on or after the due dates expressed in the note and to institute a suit for the enforcement of that payment.

Consolidation, Merger and Conveyance of Assets as an Entirety; No Financial Covenants

Except as set forth in this section below, the provisions of the indenture do not protect you in the event that we enter into a highly leveraged transaction or similar transaction that may adversely affect you. We will covenant in the indenture that we will not merge or consolidate with any other person or sell, convey, transfer, or otherwise dispose of all or substantially all of our assets unless:

- either we are the continuing corporation or the successor person is a corporation or limited liability company organized under the laws of the United States of America or any state thereof or the District of Columbia and this other person expressly assumes all of our obligations under the indenture and the notes; and

- we are not, or such successor entity is not, immediately after such merger, consolidation, sale, conveyance, transfer or other disposition, in default in the performance of any obligations thereunder.

The indenture does not contain any financial or other similar restrictive covenants.

Modification of Indenture

We may enter into supplemental indentures for the purpose of modifying or amending the indenture with respect to the notes with the consent of holders of at least a majority in aggregate principal amount of the notes. However, the consent of each holder affected is required for any amendment:

- to change the stated maturity of principal of, or any installment of principal of or interest on, any note,

- to reduce the rate of or extend the time for payment of interest on any note or to alter the manner of calculation of interest payable on any note (except as part of the remarketing of the notes and the interest rate reset),

- to reduce the principal amount or premium, if any, on any note, or reduce the put price or change the put exercise date,

- to make the principal of, premium, if any, or interest on any note payable in a different currency,

- to reduce the percentage in principal amount of the notes, the holders of which are required to consent to any supplemental indenture, amendments or to any waiver of any past default or event of default,

- to change any place of payment where the notes or interest thereon is payable,

- to modify the put right upon a failed final remarketing,
- to modify the interest rate reset or remarketing provisions of the notes,
- to impair the right of any holder of the notes to bring a lawsuit for the enforcement of any payment on or after the stated maturity of any note, or
- to modify provisions of the indenture relating to waiver of defaults or amendment of the indenture, except to increase the percentage in principal amount of notes whose holders must consent to an amendment or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected by the modification or waiver.

In addition, we and the trustee with respect to the indenture may enter into supplemental indentures without the consent of the holders of the notes for one or more of the following purposes:

- to evidence that another person has become our successor under the provisions of the indenture relating to consolidations, mergers, and sales of assets and that the successor assumes our covenants, agreements, and obligations in the indenture and in the notes,
- to add to our covenants further covenants, restrictions, conditions, or provisions for the protection of the holders of the notes, and to make a default in any of these additional covenants, restrictions, conditions, or provisions a default or an event of default under the indenture,
- to cure any ambiguity, to correct or supplement any provisions that may be defective or inconsistent with any other provision or to make such other provisions in regard to matters or questions arising under the indenture that do not adversely affect the interests of any holders of notes, provided that any amendment made solely to conform the provisions of the indenture to the description of the notes contained in this prospectus will not be deemed to adversely affect the interests of the holders of the notes,
- to modify or amend the indenture to permit the qualification of the indenture or any supplemental indenture under the Trust Indenture Act of 1939 as then in effect,
- to add guarantees with respect to any series of notes issued under the indenture or to secure any series of notes,
- to make any change that does not adversely affect the rights of any holder of notes, and
- to evidence and provide for the acceptance of appointment by a successor or separate trustee with respect to the notes.

Miscellaneous Provisions

The indenture provides that certain series of notes, including those for which payment has been deposited or set aside in trust as described under "—Satisfaction and Discharge" below, will not be deemed to be "outstanding" in determining whether the holders of the requisite principal amount of the outstanding notes have given or taken any demand, direction, consent or other action under the indenture as of any date, or are present at a meeting of holders for quorum purposes.

We will be entitled to set any day as a record date for the purpose of determining the holders of outstanding notes issued under the indenture entitled to give or take any demand, direction, consent or other action under the indenture, in the manner and subject to the limitations provided in the indenture. In certain circumstances, the indenture trustee also will be entitled to set a record date for action by holders. If such a record date is set for any action to be taken by holders of particular notes issued under the indenture, such action may be taken only by persons who are holders of such notes on the record date.

Satisfaction and Discharge

The indenture will generally cease to be of any further effect with respect to any series of notes, if:

- we have delivered to the trustee for cancellation all outstanding notes of such series (with certain limited exceptions), or
- all notes of such series not previously delivered to the trustee for cancellation have become due and payable, and we have deposited with the trustee as trust funds the entire amount sufficient to pay all of the outstanding notes,
- and if, in either case, we also pay or cause to be paid all other sums payable under the indenture by us.

The indenture will be deemed satisfied and discharged when no notes remain outstanding and when we have paid all other sums payable by us under the indenture.

Any monies and U.S. government obligations deposited with the trustee for payment of principal of and interest and premium, if any, on the notes and not applied but remaining unclaimed by the holders of the notes for two years after the date upon which the principal of and interest and premium, if any, on the notes, as the case may be, shall have become due and payable, shall be repaid to us by the trustee on written demand. Thereafter, the holder of such notes may look only to us for payment thereof.

Resignation and Removal of the Trustee; Deemed Resignation

The trustee may resign at any time by giving written notice thereof to us.

The trustee may also be removed by act of the holders of a majority in principal amount of the then outstanding notes of one or more series.

No resignation or removal of the trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the indenture.

Under certain circumstances, we may appoint a successor trustee and if the successor accepts, the trustee will be deemed to have resigned.

Governing Law

The indenture and the notes provide that they are to be governed by and construed in accordance with the laws of the State of New York.

Book-Entry System

Notes that are released from the pledge following substitution of collateral or cash settlement of the purchase contracts will be issued in the form of one or more global certificates, which are referred to as global securities, registered in the name of the depositary or its nominee. Except under the limited circumstances described below or except upon recreation of Corporate Units, notes represented by the global securities will not be exchangeable for, and will not otherwise be issuable as, notes in certificated form. The global securities described above may not be transferred except by the depositary to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or to a successor depositary or its nominee.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in the notes so long as the notes are represented by a global security.

Except as provided below, owners of beneficial interests in such a global security will not be entitled to receive physical delivery of notes in certificated form and will not be considered the holders (as defined in the indenture) thereof for any purpose under the indenture, and no global security representing notes shall be exchangeable, except for another global security of like denomination and tenor to be registered in the name of the depositary or its nominee or a successor depositary or its nominee. Accordingly, each beneficial owner must rely on the procedures of the depositary or if such person is not a participant, on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

We will issue the notes in definitive certificated form if the depositary notifies us that it is unwilling or unable to continue as depositary or the depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depositary is not appointed by us within 90 days. In addition beneficial interests in a global security certificate may be exchanged for definitive certificated notes upon request by or on behalf of the depositary in accordance with customary procedures, following the request of a beneficial owner seeking to exercise or enforce its rights under the notes. If we determine at any time that the notes shall no longer be represented by global notes, we will inform the depositary of such determination who will, in turn, notify participants of their right to withdraw such representation by global notes, and if such participants elect to withdraw their beneficial interests, we will issue certificates in definitive form in exchange for such beneficial interests in the global notes. Any global security, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for note certificates registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

Ownership of Common Stock

Prior to the completion of this offering and the concurrent offerings, all shares of our common stock were owned by GEFAHI, an indirect subsidiary of GE. Upon the completion of this offering and the concurrent offerings, GE (through GEFAHI) will beneficially own approximately 70% of our outstanding common stock, consisting of 100% of our outstanding shares of Class B Common Stock and no shares of Class A Common Stock, assuming the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is not exercised (66% if it is exercised in full).

This offering, together with the concurrent offerings, is the first step in GE's plan to dispose of more than 50% by value of its interest in us. GE's transfer of assets to us has been structured to qualify for the election under section 338 of the Internal Revenue Code, and GE has received a ruling from the IRS that the transfer will qualify for that election provided that certain conditions are met. Among those conditions is that GE must complete its disposition of more than 50% by value of its interest in our company within two years after the completion of this offering. GE has informed us that its failure to satisfy this condition and to qualify for the tax election would result both in significant additional tax liability for GE and in elimination of the section 338 benefit (and our associated liability) that is the subject of the Tax Matters Agreement, as discussed under "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement." Accordingly, GE has informed us that it fully intends to and expects to meet this condition and has adopted a Plan of Divestiture under which, among other things, it will effect this divestiture of our stock. Although GE currently expects this divestiture to be effected through one or more additional public offerings of our common stock, if for any reason those additional public offerings are not completed or are not expected to satisfy the divestiture condition of the tax ruling and as called for in the Plan of Divestiture or if GE for any other reason decides to pursue an alternative method of disposition, GE has informed us that it intends to implement alternative methods to divest of our stock in order to carry out the Plan of Divestiture and satisfy the ruling condition.

The following table sets forth information as of April 1, 2004 regarding the beneficial ownership of our common stock by:

- all persons known by us to own beneficially more than 5% of our common stock, including GEFAHI;
- our chief executive officer and each of the named executive officers;
- each of our directors and director nominees; and
- all directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of April 1, 2004 are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for purposes of computing percentage ownership of each other stockholder.

Name and Address of Beneficial Owner (1)	Beneficial Ownership Prior to the Completion of this Offering(2)		Number of Shares to be Sold in the Offering	Beneficial Ownership After the Completion of this Offering	
	Number	Percentage		Number	Percentage
GEFAHI (3)	489,528,145	100%	145,000,000	344,528,145	70%
Michael D. Fraizer (4)	—	—	—	957,752	*
Thomas H. Mann (5)	—	—	—	—	*
Pamela S. Schutz (5)	—	—	—	—	*
K. Rone Baldwin (5)	—	—	—	—	*
Leon E. Roday (5)	—	—	—	—	*
Elizabeth J. Comstock (6)	—	—	—	—	*
Pamela Daley (6)	—	—	—	—	*
Dennis D. Dammerman (6)	—	—	—	—	*
David R. Nissen (6)	—	—	—	—	*
James A. Parke (6)	—	—	—	—	*
Frank J. Borelli	—	—	—	—	*
J. Robert Kerrey	—	—	—	—	*
Thomas B. Wheeler	—	—	—	—	*
All directors, director nominees and executive officers as a group (22 persons) (5)	—	—	—	957,752	

* Less than 1%.

(1) The address for GE Financial Assurance Holdings, Inc. is 6620 West Broad Street, Richmond, Virginia 23230. The address for all other persons is c/o Genworth Financial, Inc., 6620 West Broad Street, Richmond, Virginia 23230. GE, as the ultimate parent of GEFAHI, beneficially owns all shares of our common stock owned of record by GEFAHI. The address for GE is 3135 Easton Turnpike, Fairfield, Connecticut 06828.

(2) Reflects beneficial ownership in our common stock prior to the completion of this offering but after our corporate reorganization, pursuant to which we will acquire substantially all of the assets and liabilities of GEFAHI and acquire certain other GE insurance businesses, in exchange for 489.5 million shares of our Class B Common Stock, $600 million of our Equity Units, $100 million of our Series A Preferred Stock, the $2.4 billion Short-term Intercompany Note and the $550 million Contingent Note, all as described under "Corporate Reorganization."

(3) Does not take into account shares that may be sold by GEFAHI in the event the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is exercised. If the underwriters' over-allotment option is exercised in full, GEFAHI will own 322,778,145 shares of our Class B Common Stock, or approximately 66% of all our outstanding common stock immediately after the completion of the concurrent offering of Class A Common Stock.

(4) Reflects (a) shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued on the date of this prospectus in exchange for unvested GE stock options, to the extent that such unvested employee stock options vest within 60 days of April 1, 2004, (b) shares of Class A Common Stock issuable upon the exercise of vested employee stock options that will be issued on the date of this prospectus in exchange for vested GE stock options

held by Mr. Fraizer, and (c) shares of Class A Common Stock issuable upon the vesting of restricted stock units and stock appreciation rights that will be issued on the date of this prospectus in exchange for unvested GE restricted stock units and stock appreciation rights, to the extent that such restricted stock units and stock appreciation rights vest within 60 days of April 1, 2004.

(5) Reflects (a) shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued on the date of this prospectus in exchange for unvested GE stock options, to the extent that such unvested employee stock options vest within 60 days of April 1, 2004, and (b) shares of Class A Common Stock issuable upon the vesting of restricted stock units that will be issued upon completion of this offering in exchange for unvested GE restricted stock units, to the extent that such restricted stock units vest within 60 days of April 1, 2004.

(6) Each of the specified persons is a director or officer of GE and disclaims beneficial ownership of any shares of our common stock owned by GEFAHI.

Description of Capital Stock

We were incorporated in Delaware on October 23, 2003. The following information reflects our amended and restated certificate of incorporation and amended and restated bylaws as these documents will be in effect upon the completion of this offering. The following descriptions are summaries of the material terms of these documents and relevant sections of the General Corporation Law of the State of Delaware, referred to as the DGCL. Our amended and restated certificate of incorporation and amended and restated bylaws have been filed as exhibits to the registration statement of which this prospectus forms a part, and we refer to them in this prospectus as the certificate of incorporation and bylaws, respectively. The summaries of these documents are qualified in their entirety by reference to the full text of the documents.

General

Our authorized capital stock consists of 1,500,000,000 shares of Class A Common Stock, par value $0.001 per share, 700,000,000 shares of Class B Common Stock, par value $0.001 per share, and 100,000,000 shares of preferred stock, par value $0.001 per share. Prior to the completion of this offering and the concurrent offerings, there were no shares of Class A Common Stock and 489,528,145 shares of Class B Common Stock outstanding, all of which were held by GEFAHI. Immediately after the completion of this offering, 145,000,000 shares of Class A Common Stock and 344,528,145 shares of Class B Common Stock will be outstanding, assuming the over-allotment option in the concurrent offering of Class A Common Stock is not exercised. 2,000,000 shares of our authorized preferred stock have been designated Series A Preferred Stock and will be outstanding immediately after the completion of this offering.

Common Stock

Conversion

The Class B Common Stock may only be owned by GE and its affiliates. Upon any sale or other disposition by GE of shares of Class B Common Stock to any person other than GE or an affiliate of GE, such shares of Class B Common Stock will automatically be converted into shares of Class A Common Stock. In addition, on the first date on which GE no longer beneficially owns at least 10% of our outstanding common stock, all outstanding shares of Class B Common Stock will automatically be converted into shares of Class A Common Stock, and we will no longer be authorized to issue Class B Common Stock.

Voting Rights

Except for the approval rights of the holders of the Class B Common Stock over certain corporate actions and except with respect to the election and removal of directors, the holders of Class A Common Stock and Class B Common Stock have identical rights and will be entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. However, except as required by applicable law, holders of common stock will not be entitled to vote on any matter that solely relates to the terms of any outstanding series of preferred stock or the number of shares of such series and does not affect the number of authorized shares of preferred stock or the powers, privileges and rights pertaining to the common stock.

Subject to the rights of the holders of any outstanding series of our preferred stock, our certificate of incorporation provides that until the first date on which GE owns 50% or less of the outstanding shares of our common stock, the number of authorized directors of our company will be 9. Beginning on the first date on which GE owns 50% or less but at least 10% of the outstanding shares of our common stock, the number of authorized directors of our company will be 11. Beginning on the first date on which GE owns less than 10% of the outstanding shares of our common stock, the number of authorized directors of our company will be fixed from time to time by a resolution adopted by our board of directors, but will not be less than 1 nor more than 15. Our certificate of incorporation also provides that until the first date on which GE owns less than 20% of our outstanding common stock, our board of directors will not establish an executive committee or any other committee having authority typically reserved for an executive committee.

At each election of members of our board of directors:

- when GE owns more than 50% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect five directors and the holders of the Class A Common Stock will be entitled to elect four directors;

- when GE owns at least 33% and no more than 50% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect four directors, the holders of the Class A Common Stock will be entitled to elect five directors, and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock;

- when GE owns at least 20% but less than 33% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect three directors, the holders of the Class A Common Stock will be entitled to elect five directors, and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock;

- when GE owns at least 10% but less than 20% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect one director, the holders of the Class A Common Stock will be entitled to elect five directors and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock; and

- when GE owns less than 10% of our common stock, all shares of Class B Common Stock held by GE will automatically convert into Class A Common Stock, and the holders of the Class A Common Stock will be entitled to elect all directors entitled to be elected by the holders of our common stock.

Each director elected by the holders of the common stock will serve until the earlier of his or her death, resignation, disqualification, removal or until his successor is elected and qualified. The common stock will not have cumulative voting rights in the election of directors.

Rights to Dividends and on Liquidation, Dissolution and Winding Up

Subject to the prior rights of holders of preferred stock, if any, holders of Class A Common Stock and holders of Class B Common Stock are entitled to receive such dividends as may be lawfully declared from time to time by our board of directors. Upon any liquidation, dissolution or winding up of our company, whether voluntary or involuntary, holders of common stock will be entitled to receive such assets as are available for distribution to stockholders after there will have been paid or set apart for payment the full amounts necessary to satisfy any preferential or participating rights to which the holders of each outstanding series of preferred stock are entitled by the express terms of such series.

Other Rights

The Class A Common Stock sold in the concurrent offering will not have any preemptive, subscription, redemption or conversion rights. The outstanding shares of our common stock are, and the shares of Class A Common Stock being offered in the concurrent offering will be, upon payment for such shares, validly issued, fully paid and non-assessable. Subject to the approval rights of the holders of the Class B Common Stock, additional shares of authorized common stock may be issued, as determined by our board of directors from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

Listing

The Class A Common Stock has been approved for listing on The New York Stock Exchange under the symbol "GNW."

Approval Rights of Holders of Class B Common Stock

In addition to any other vote required by law or by our certificate of incorporation, until the first date on which GE owns less than 15% of our outstanding common stock, the prior affirmative vote or written consent of GE as the holder of the Class B Common Stock is required to authorize us to adopt or implement any stockholder rights plan or similar takeover defense measure. Also, in addition to any other vote required by law or by our certificate of incorporation, until the first date on which GE owns less than 20% of our outstanding common stock, the prior affirmative vote or written consent of GE as the holder of the Class B Common Stock is required for the following actions (subject in each case to certain agreed exceptions):

- a merger involving us or any of our subsidiaries (other than mergers involving our subsidiaries to effect acquisitions permitted under the certificate of incorporation);
- acquisitions by us or our subsidiaries of the stock or assets of another business for a price (including assumed debt) in excess of $700 million;
- dispositions by us or our subsidiaries of assets in a single transaction or a series of related transactions for a price (including assumed debt) in excess of $700 million;
- incurrence or guarantee of debt by us or our subsidiaries in excess of $700 million outstanding at any one time or that would reasonably be expected to result in a negative change in any of our credit ratings, excluding the debt described in this prospectus that we intend to incur concurrently with, and shortly after, the completion of this offering (provided that any debt in excess of $500 million incurred under our commercial paper program and our five-year and 364-day revolving credit facilities will be subject to the $700 million limitation described above), intercompany debt (within Genworth), and liabilities under certain agreed excluded transactions and borrowings;
- issuance by us or our subsidiaries of capital stock or other securities convertible into capital stock;
- dissolution, liquidation or winding up of our company; and
- alteration, amendment, termination or repeal of or adoption of any provision inconsistent with, the provisions of our certificate of incorporation or our bylaws relating to our authorized capital stock, the role of our Nominating and Corporate Governance Committee, the establishment of an executive committee of our board of directors (or any committee having authority typically reserved for an executive committee), the rights granted to the holders of the Class B Common Stock, amendments to our bylaws, stockholder action by written consent, stockholder proposals and meetings, limitation of liability of and indemnification of our officers and directors, the rights of holders of our Class A Common Stock and Class B Common Stock to elect directors, the size of our board of directors, corporate opportunities and conflicts of interest between our company and GE, and Section 203 of the DGCL.

Preferred Stock

Our certificate of incorporation authorizes our board of directors to establish one or more series of our preferred stock and to determine, with respect to any series of our preferred stock, the terms and rights of such series, including:

- the designation of the series;
- the number of shares of each series, which number our board of directors may thereafter, except where otherwise provided in the applicable certificate of designation, increase or decrease, but not below the number of shares thereof then outstanding;
- the rights in respect of any dividends or method of determining such dividends payable to the holders of the shares of such series, any conditions upon which such dividends will be paid and the dates or method of determining the dates upon which such dividends will be payable;
- whether dividends, if any, will be cumulative or noncumulative;
- the terms of redemption, if any, for shares of the series;
- the amount payable to holders of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs;
- whether the shares of the series will be convertible or exchangeable into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the terms of such conversion or exchange;
- restrictions on the issuance of shares of the same series or of any other class or series;
- the voting rights, if any, of the holders of the shares of the series; and
- any other relative rights, preferences and limitations of the series.

Our board of directors has authorized the issuance of our Series A Preferred Stock, the terms of which are generally described below. We believe that the ability of our board of directors to issue one or more additional series of our preferred stock will provide us with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs which might arise. Subject to the approval rights of the holders of the Class B Common Stock, the authorized shares of our preferred stock, as well as shares of our common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. The New York Stock Exchange currently requires stockholder approval in several instances as a prerequisite to listing shares, including where the present or potential issuance of shares could result in an increase in the number of shares of common stock, or in the amount of voting securities outstanding, of at least 20%. If the approval of our stockholders is not required for the issuance of shares of our preferred stock or our common stock, our board of directors may determine not to seek stockholder approval.

Although our board of directors has no intention at the present time of doing so, it could issue a series of our preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our board of directors will make any determination to issue such shares based on its judgment as to the best interests of us and our stockholders. Our board of directors, in so acting, could issue our preferred stock having terms that could discourage an acquisition attempt through which an acquiror may be able to change the composition of our board of directors, including a tender offer or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of such stock.

Series A Preferred Stock

As part of our corporate reorganization, we will issue $100 million of Series A Preferred Stock to GEFAHI. GEFAHI will offer the Series A Preferred Stock by means of a separate prospectus concurrently with this offering.

General

The Series A Preferred Stock initially will be limited in aggregate amount to $100 million. This amount is the sum of the aggregate liquidation amount per share of the Series A Preferred Stock. When issued and sold, the Series A Preferred Stock will have a liquidation preference per share equal to $50 per share, plus unpaid dividends received to the date of liquidation and will be fully paid and non-assessable. The Series A Preferred Stock will rank junior to all of our indebtedness and other liabilities and will rank senior to our common stock. The Series A Preferred Stock will not be convertible into shares of common stock or any other securities of Genworth and will have no preemptive rights.

Dividends

Dividends on the Series A Preferred Stock will be fixed at an annual rate equal to % of the sum of (1) the stated liquidation value of $50 per share, plus (2) accumulated and unpaid dividends. Dividends will be payable quarterly in arrears on , , and of each year, beginning , 2004.

Dividends taxable as dividends to corporate holders of the Series A Preferred Stock may be eligible for the "dividends received deduction" as specified in Section 243(a)(1) of the Internal Revenue Code, subject to various limitations. In the event the percentage of the dividends received deduction is changed, certain adjustments will be made with respect to dividends on the Series A Preferred Stock.

Redemption

We are required to redeem the Series A Preferred Stock on , 2011 in whole at a price of $50.00 per share, plus unpaid dividends accrued to the date of redemption. There are no provisions for early redemption.

Voting rights

No voting rights. Except as described below or otherwise required by applicable law, the holders of the Series A Preferred Stock will have no voting rights.

Right to elect two additional directors during default period. During any period, which we refer to in this section as the default period, in which accumulated distributions (whether or not earned or declared, and whether or not funds are then legally available in an amount sufficient therefor) have not been paid for six quarters (whether or not consecutive) or if we fail to perform our mandatory redemption obligation on , 2011, the number of directors constituting our board of directors will automatically be increased by two and the holders of record of the Series A Preferred Stock, together with holders of every other series of preferred stock that we may issue from time to time subsequent to this offering with the same voting rights that are then exercisable resulting from the failure to pay dividends or the failure to redeem, will possess full voting powers (to the exclusion of the holders of all other series and classes of our capital stock), voting together as a single class, to elect two directors to fill such newly created directorships.

A default period will continue unless and until all accumulated and unpaid distributions on all shares of the Series A Preferred Stock then outstanding have been paid at which time the voting rights described in the preceding paragraph will cease, subject always, however, to the revesting of such voting power in the holders of the Series A Preferred Stock upon the commencement of an additional default period.

Rights under applicable law. Under current provisions of the DGCL, the holders of issued and outstanding preferred stock are entitled to vote as a class, with the consent of the majority of the class being required, to amend, alter or repeal any provision of our certificate of incorporation or by-law which would adversely affect the powers, preferences or rights of the preferred stock.

Liquidation rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our company, the holders of each share of the Series A Preferred Stock then outstanding will be entitled to receive and to be paid, out of our assets available for distribution to our shareholders after satisfying claims of creditors but before any payment or dissolution of assets is made to holders of our common stock or any other shares of our company of any class ranking junior to the Series A Preferred Stock upon such a liquidation, dissolution or winding up, liquidating distributions in an amount per share of $50.00, plus an amount equal to accumulated and unpaid dividends (whether or not earned or declared) to and including the date of final dissolution. If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the our company, the amounts payable with respect to the Series A Preferred Stock and any parity stock are not paid in full, the holders of such preferred stock will share ratably in any such distribution of assets of our company in proportion to the full respective amounts to which they are entitled.

Condition on the offering of Series A Preferred Stock

The offering of Series A Preferred Stock is contingent upon the completion of this offering and the offering of our Class A Common Stock, and this offering is contingent upon the completion of the offerings of the Class A Common Stock and the Series A Preferred Stock.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws

Board of Directors

A director of our company may be removed for cause by the affirmative vote of the holders of at least a majority of the voting power of our outstanding Class A and Class B Common Stock (and any series of preferred stock entitled to vote in the election of directors), voting together as a single class. A director elected by the holders of the Class B Common Stock may be removed from office at any time, without cause, solely by the affirmative vote of the holders of the Class B Common Stock, voting as a separate class. A director elected by the vote of the holders of our Class A Common Stock, voting together as a single class, may be removed from office at any time, without cause, by the affirmative vote of the holders of a majority of our outstanding Class A Common Stock, voting together as a single class. A director elected by the vote of the holders of our Class A and Class B Common Stock, voting together as a single class, may be removed from office at any time, without cause, by the affirmative vote of the holders of a majority of our outstanding Class A and Class B Common Stock, voting together as a single class.

For so long as GE beneficially owns at least 10% of our outstanding common stock, vacancies in our board of directors resulting from an increase in the size of our board of directors from 9 to 11 when GE ceases to own more than 50% of our outstanding common stock (as provided by our certificate of incorporation) will be filled in the following manner:

- the first such vacancy will be filled by the vote of a majority of the directors elected by the holders of the Class A Common Stock; and
- the second such vacancy will be filled by the vote of a majority of the directors elected by the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class.

For so long as GE owns at least 10% of our outstanding common stock, vacancies among the directors elected by the holders of the Class B Common Stock may be filled only by the vote of a majority of the Class B Common Stock directors remaining in office or, if there are none, by the holders of the Class B Common Stock. Vacancies among the directors elected by the holders of the Class A Common Stock may be filled only by the vote of a majority of the Class A Common Stock directors remaining in office or, if there are none, by the holders of the Class A Common Stock. Vacancies among the directors elected by the holders of the Class A and Class B Common Stock voting together as a single class may be filled only by the vote of a majority of the directors elected by the holders of the Class A and Class B Common Stock remaining in office or, if there are none, by the holders of the Class A and Class B Common Stock voting together as a single class.

Stockholder action by written consent; special meetings

Our certificate of incorporation provides that except for actions taken by written consent by the holders of the Class B Common Stock with respect to matters subject to the approval only of the holders of the Class B Common Stock, any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Until the first date on which GE owns less than 20% of our outstanding common stock, except as required by law and subject to the rights of the holders of any of our preferred stock, special meetings of our stockholders for any purpose or purposes may only be called by a majority of the whole board of directors or by GE as the holder of the Class B Common Stock. When GE owns less than 20% of our outstanding common stock, except as required by law and subject to the rights of the holders of any of our preferred stock, special meetings of our stockholders for any purpose or purposes may only be called by a majority of the whole board of directors or upon the written request of the holders of at least 40% of our outstanding common stock. No business other than that stated in the notice will be transacted at any special meeting. These provisions may have the effect of delaying consideration of a stockholder proposal until the next annual meeting unless a special meeting is called by our board, GE or our stockholders as described above.

Advance notice requirements for nominations

Except with respect to candidates nominated for election by holders of our Class B Common Stock, our bylaws contain advance notice procedures with regard to stockholder proposals related to the nomination of candidates for election as directors. These procedures provide that notice of stockholder proposals related to stockholder nominations for the election of directors must be received by our corporate secretary, in the case of an annual meeting, no later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, if the annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, notice by the stockholder in order to be timely must be received not earlier than the close of business on the 120th day prior to such annual meeting or not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement is first made by us of the date of such meeting. If the number of directors to be elected to our board of directors at an annual meeting is increased and there is no public announcement by us naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to our corporate secretary not later than the close of business on the tenth day following the day on which such public announcement is first made by us.

Stockholder nominations for the election of directors at a special meeting must be received by our corporate secretary no earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by our board of directors to be elected at such meeting.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth information related to the stockholder giving the notice and the beneficial owner (if any) on whose behalf the nomination is made, including:

- the name and record address of the stockholder and the beneficial owner;
- the class and number of shares of our capital stock which are owned beneficially and of record by the stockholder and the beneficial owner;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to bring the nomination before the meeting; and
- a representation whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee, or otherwise to solicit proxies from stockholders in support of such nomination.

As to each person whom the stockholder proposes to nominate for election as a director:

- all information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Securities Exchange Act of 1934; and
- the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

Advance notice requirements for stockholder proposals

Our bylaws contain advance notice procedures with regard to stockholder proposals not related to director nominations. These notice procedures, in the case of an annual meeting of stockholders, are the same as the notice requirements for stockholder proposals related to director nominations discussed above insofar as they relate to the timing of receipt of notice by our corporate secretary.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth, as to each matter the stockholder and the beneficial owner (if any) proposes to bring before the meeting:

- a description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and if such business includes a proposal to amend our bylaws, the language of the proposed amendment), the reasons for conducting the business at the meeting and any material interest in such business of such stockholder and beneficial owner on whose behalf the proposal is made;
- the name and record address of the stockholder and beneficial owner;
- the class and number of shares of our capital stock which are owned beneficially and of record by the stockholder and the beneficial owner;
- a representation that the stockholder is a holder of record of our stock entitled to vote at the meeting and that the stockholder intends to appear in person or by proxy at the meeting to propose such business; and
- a representation as to whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the business proposal, or otherwise to solicit proxies from stockholders in support of such proposal.

Amendments

Subject to the right of the holders of our Class B Common Stock to withhold its consent to the amendment of the provisions of our certificate of incorporation relating to our authorized capital stock, the rights granted to the holders of the Class B Common Stock, the establishment of an executive committee of our board of directors (or any committee having authority typically reserved for an executive committee), amendments to our bylaws, stockholder action by written consent, the calling of stockholder meetings, limitation of liability of and indemnification of our officers and directors, the rights of holders of our Class A and Class B Common Stock to elect directors, the size of our board of directors, corporate opportunities and conflicts of interest between our company and GE, and Section 203 of the DGCL, the provisions of our certificate of incorporation may be amended by the affirmative vote of the holders of a majority of our outstanding common stock.

Subject to the right of the holders of our Class B Common Stock to withhold its consent to the amendment of the provisions of our bylaws relating to the role of our Nominating and Corporate Governance Committee in meetings of our stockholders, advance notice requirements for stockholder proposals related to directors' nominations and other proposed business, and our board of directors, the provisions of our bylaws may be amended by the affirmative vote of the holders of a majority of our outstanding common stock or by the affirmative vote of a majority of our entire board of directors.

Provisions of Our Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities

In order to address potential conflicts of interest between us and GE, our certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve GE and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and shareholders in connection with our relationship with GE. In general, these provisions recognize that we and GE may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including officers and directors of GE serving as our directors.

Our certificate of incorporation provides that, subject to any written agreement to the contrary, GE will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as us; or

- doing business with any of our clients, customers or vendors.

Our certificate of incorporation provides that if GE acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and GE, such corporate opportunity will belong to GE unless the corporate opportunity was expressly offered to GE in its capacity as a stockholder of Genworth. GE will to the fullest extent permitted by law have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that GE acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

If one of our directors or officers who is also a director or officer of GE learns of a potential transaction or matter that may be a corporate opportunity for both us and GE, our certificate of incorporation provides that the director or officer will have satisfied his or her fiduciary duties to us and our stockholders with respect to the corporate opportunity, and we will have renounced our interest in the corporate opportunity if the director or officer acts in good faith in a manner consistent with the following policy:

- a corporate opportunity offered to any of our directors who is not one of our officers and who is also a director or officer of GE will belong to us only if that opportunity is expressly offered to that person solely in his or her capacity as our director, and otherwise will belong to GE; and

- a corporate opportunity offered to any of our officers who is also an officer of GE will belong to us, unless that opportunity is expressly offered to that person solely in his or her capacity as an officer of GE, in which case that opportunity will belong to GE.

If one of our officers or directors, who also serves as a director or officer of GE, learns of a potential transaction or matter that may be a corporate opportunity for both us and GE in any manner not addressed in the foregoing descriptions, our certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of GE's actions with respect to that corporate opportunity.

For purposes of our certificate of incorporation, "corporate opportunities" include, but are not limited to, business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of GE or its officers or directors will be brought into conflict with our self-interest.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our certificate of incorporation related to corporate opportunities that are described above.

Limitation of Liability and Indemnification Matters

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, that are incurred in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative other than an action by or in the right of the corporation, known as a derivative action, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification if the person seeking indemnification has been found liable to the corporation. The statute provides that it is not excluding other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of us, or has or had agreed to become a director of us, or, while a director or officer of us, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is the alleged action of such person in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, will be indemnified and held harmless by us to the fullest extent authorized by the DGCL against all expense, liability and loss reasonably incurred or suffered by such person in connection therewith. Our certificate of incorporation also provides that we will pay the expenses incurred in defending any such proceeding in advance of its final disposition, subject to the provisions of the DGCL. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of our certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of these provisions will in any way diminish or adversely affect the rights of any director, officer, employee or agent of us under our certificate of incorporation in respect of any occurrence or matter arising prior to any such repeal or modification. Our certificate of incorporation also specifically authorizes us to maintain insurance and to grant similar indemnification rights to our employees or agents.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except, to the extent required by the DGCL, for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for payments of unlawful dividends or unlawful stock purchases or redemptions under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Neither the amendment nor repeal of this provision will eliminate or reduce the effect of the provision in respect of any matter occurring, or any cause of action, suit or claim that, but for the provision, would accrue or arise, prior to the amendment or repeal.

The Master Agreement also provides for indemnification by us of GE and its directors, officers and employees for specified liabilities, including liabilities under the Securities Act of 1933.

Delaware Business Combination Statute

Our certificate of incorporation contains a provision by which we expressly elect not to be governed by Section 203 of the DGCL, which is described below, until the moment in time, if ever, immediately following the time at which both of the following conditions exist: (a) Section 203 by its terms would, but for the terms of our certificate of incorporation, apply to us and (b) there occurs a transaction in which GE no longer owns at least 15% of our outstanding common stock. Accordingly, we are not currently subject to Section 203. Any person that acquires 15% or more of our outstanding common stock in the same transaction in which GE ceases to own at least 15% of our outstanding common stock will not be an interested stockholder under Section 203 as a result of that transaction.

Section 203 of the DGCL provides that, subject to exceptions set forth therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the time that such stockholder became an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least $66^{2}/_{3}$% of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise set forth in Section 203, an interested stockholder is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and

- the affiliates and associates of any such person.

Our election to not be subject to Section 203 may have positive or negative consequences, depending on the circumstances. Being subject to Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with us for a three-year period. Section 203 also may have the effect of preventing changes in our management. Section 203 also could make it more difficult to accomplish transactions which our stockholders may otherwise deem to be in their best interests. If the provisions of Section 203 were applicable, they may cause persons interested in acquiring us to negotiate in advance with our board of directors. In addition, because we did not elect to be subject to Section 203, GE, as a controlling stockholder, may find it easier to sell its controlling interest to a third party because Section 203 would not apply to such third party. The restrictions on business combinations set forth in Section 203 would not have been applicable to GE so long as GE continued to hold 15% or more of our common stock.

Insurance Regulations Concerning Change of Control

The insurance holding company laws of many states regulate changes of control of insurance holding companies, such as our company. Generally, these laws provide that control over an insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the insurer. Control also may be found to exist through contractual or other arrangements notwithstanding stock ownership. The Delaware, New York, North Carolina and Virginia insurance holding company laws, and similar laws in the U.K. and other jurisdictions in which we operate, require filings in connection with proposed acquisitions of control of domestic insurance companies. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A Common Stock and our Series A Preferred Stock will be The Bank of New York.

Description of Certain Indebtedness

In this description, the words "we," "us" and "our" refer only to Genworth and not to any of its subsidiaries.

Short-term Intercompany Note

As part of the consideration for the assets to be transferred to us in connection with our corporate reorganization, we will issue to GEFAHI the $2.4 billion Short-term Intercompany Note that matures on , 2004.

Contingent Note

As part of the consideration for the assets to be transferred to us in connection with our corporate reorganization, we will issue to GEFAHI the $550 million Contingent Note, which is a non-interest-bearing note that matures on the first anniversary of the completion of this offering. The Contingent Note will be a general unsecured obligation of our company and will be subordinated in right of payment to all of our existing and future senior indebtedness. The note will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of $150 million are released and paid to us as a dividend. The release of these reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings, including both insurance subsidiary financial strength ratings and our senior unsecured debt credit ratings. We will be required to use reasonable best efforts to obtain all regulatory approvals that are required for our principal U.S. mortgage insurance subsidiary to release statutory contingency reserves and declare and pay a dividend to us to satisfy the repayment of the Contingent Note. Once we have obtained the required regulatory approvals and rating agency affirmations, GEFAHI has the right to require repayment of the note prior to the first anniversary of the completion of this offering. If regulatory approval has been obtained by the first anniversary date, but our financial ratings have not been affirmed, the Contingent Note will be extended for a period up to 12 months from the first anniversary date, if necessary, to obtain rating agency affirmation. We will be required to repay on the first anniversary date the portion of the principal amount of the Contingent Note for which we have received the required regulatory approvals and rating agency affirmations. If rating agency affirmation of our financial ratings is not obtained in respect of the unpaid principal balance of the Contingent Note during the extended period, the unpaid balance of the Contingent Note will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution.

Short-term Credit Facility

Prior to the completion of this offering, we will enter into a $2.4 billion 180-day credit facility with a syndicate of banks. We intend to borrow the entire amount available under that facility upon the completion of this offering to repay the $2.4 billion Short-term Intercompany Note. We intend to repay the lenders under this facility with net proceeds from the issuance of senior notes and commercial paper, both of which we intend to complete shortly after the completion of this offering. This facility bears interest based upon, at our option, (1) the prime rate or (2) the Eurodollar rate, plus a margin of 0.30%.

New Senior Notes

Shortly after the completion of this offering, we intend to offer an aggregate principal amount of approximately $1.9 billion of senior notes in a public offering. The senior notes offering will be made pursuant to a separate prospectus. We will issue the senior notes in multiple series of varying maturities.

The senior notes will be unsecured obligations of Genworth, equal in right of payment with all other existing and future unsecured and unsubordinated indebtedness of Genworth and senior in right of payment to any future subordinated indebtedness of Genworth. The senior notes will not be convertible into any other security or be entitled to the benefit of any sinking fund.

Certain tranches of the senior notes will be redeemable prior to maturity at our option at redemption prices reflecting make-whole premiums determined by reference to comparable U.S. Treasury securities, but in no event at redemption prices less than par.

The senior notes indenture will contain covenants that, among other things, will restrict our ability to engage in mergers, consolidations and transfers of substantially all of our assets. The senior notes indenture will also include various events of default customary for such type of agreements, such as failure to pay principal and interest when due on the senior notes, cross defaults on other indebtedness and certain events of bankruptcy, insolvency and reorganization.

We intend to apply the net proceeds from the offering of senior notes to the repayment of the short-term credit facility.

Some of the lenders under the short-term credit facility will be affiliates of the underwriters for the offering of senior notes. Because more than 10% of the net proceeds of the offering of senior notes, not including underwriting compensation, will be paid to affiliates of members of the National Association of Securities Dealers, Inc. (the "NASD") who are participating in the offering of senior notes, that offering will be conducted in compliance with Rule 2710(h) of the NASD.

Commercial Paper Facility

Shortly after the completion of this offering, we intend to establish a $1 billion principal amount at maturity commercial paper program and to issue approximately $500 million principal amount at maturity in commercial paper from that program. We intend to apply the net proceeds from the issuance of commercial paper to the repayment of the short-term credit facility. Issuance of commercial paper will be subject to GE's right as the holder of the Class B Common Stock to approve our incurrence of debt in excess of $700 million outstanding at any one time. See "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

New Credit Facilities

Prior to the completion of this offering, we will enter into two revolving credit facilities, each with a syndicate of banks and each with JPMorgan Chase Bank and Bank of America, N.A. acting as co-administrative agents. One of these is a $1 billion five-year revolving credit facility, and the other is a $1 billion 364-day revolving credit facility. Both revolving credit facilities are unsecured.

The five-year facility bears interest based upon, at our option, (1) the prime rate or (2) the Eurodollar rate, plus a margin of 0.17% to 0.60%. The 364-day facility bears interest based upon, at our option, (1) the prime rate or (2) the Eurodollar rate, plus a margin of 0.19% to 0.625%. In each case, the margin is determined based upon our senior, unsecured long-term debt rating.

Each facility requires us to maintain stockholders' interest, excluding accumulated non-owner changes in stockholders' interest, at the end of each fiscal quarter, that exceeds the sum of (1) $6.9 billion and (2) 40% of our consolidated net income for each completed fiscal year ending on or prior to the end of such fiscal quarter (without any deductions for any fiscal year as to which there is a consolidated net loss). Each facility also limits our ability to create liens on our assets, enter into mergers and consolidations and enter into certain transactions with our affiliates.

Events of default under each facility include (1) the acquisition of more than 50% of our common stock by any person or group (other than GE), and (2) the occupation of a majority of the seats on our board of directors by persons who were neither nominated by our board of directors or by GE or appointed by directors so nominated.

Our ability to borrow under these facilities will be subject to GE's right as the holder of the Class B Common Stock to approve our incurrence of debt in excess of $700 million outstanding at any one time. See "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

Yen Notes

In June 2001, GEFAHI sold ¥60 billion of 1.6% notes due June 20, 2011 in a public offering. These notes were issued under an indenture dated June 26, 2001 between GEFAHI and The Chase Manhattan Bank, as Trustee. Pursuant to the terms of the indenture, we will assume all obligations under the indenture and these notes in connection with our corporate reorganization and the transfer of substantially all of GEFAHI's assets to us. GEFAHI will be released from all its obligations under the indenture and the notes.

These existing senior notes constitute unsecured senior indebtedness and are senior in right of payment to all our existing and future subordinated indebtedness. The notes are not subject to redemption prior to maturity or to any sinking fund, except that the notes are redeemable as a result of certain changes in the tax laws of the U.S. The indenture contains covenants that, among other things, will restrict our ability to engage in mergers, consolidations and transfers of substantially all of our assets.

We have entered into arrangements with Morgan Stanley Derivative Products Inc. to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum.

Shares Eligible for Future Sale

Sales of substantial amounts of our common stock in the public market after our initial public offering or the perception that such sales could occur could adversely affect the market price of our common stock and our ability to raise equity capital in the future on terms favorable to us. We can make no prediction as to the effect, if any, that market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price prevailing from time to time. The Class A Common Stock has been approved for listing on The New York Stock Exchange under the symbol "GNW." The Class B Common Stock will not be listed on any stock exchange.

Sale of Restricted Shares

Upon completion of this offering and the concurrent offerings, we will have outstanding 145.0 million shares of Class A Common Stock and 344.5 million shares of Class B Common Stock (assuming the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is not exercised). All the shares of Class A Common Stock sold in the concurrent offering will be freely tradable without restriction or further registration under the Securities Act of 1933, except for any shares purchased by or owned by our "affiliates," as that term is defined in Rule 144 under the Securities Act of 1933. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. Shares held by affiliates may not be resold in the absence of registration under the Securities Act of 1933 or pursuant to an exemption from registration, including, among others, the exemption provided by Rule 144 under the Securities Act of 1933. Approximately 957,752 shares of our Class A Common Stock and 344.5 million shares of our Class B Common Stock will be beneficially owned by our officers, directors and other affiliates immediately after the completion of this offering.

Upon completion of this offering and the concurrent offerings, GE will beneficially own approximately 70% of our outstanding common stock (consisting of 100% of our outstanding shares of Class B Common Stock and no shares of Class A Common Stock), if the underwriters' over-allotment option in the concurrent offering of Class A Common Stock is not exercised. This offering, together with the concurrent offerings, is the first step in GE's plan to dispose of more than 50% by value of its interest in us. GE's transfer of assets to us has been structured to qualify for the election under section 338 of the Internal Revenue Code, and GE has received a ruling from the IRS that the transfer will qualify for that election provided that certain conditions are met. Among those conditions is that GE must complete its disposition of more than 50% by value of its interest in Genworth within two years after the completion of this offering. GE has informed us that its failure to satisfy this condition and to qualify for the tax election would result both in significant additional tax liability for GE and in elimination of the section 338 benefit (and our associated liability) that is the subject of the Tax Matters Agreement, as discussed under "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement." Accordingly, GE has informed us that it fully intends to and expects to meet this condition and has adopted a Plan of Divestiture under which, among other things, it will effect the divestiture of our stock. Although GE currently expects this divestiture to be effected through one or more additional public offerings of our common stock, if for any reason those additional public offerings are not completed or are not expected to satisfy the divestiture condition of the tax ruling and as called for in the Plan of Divestiture or if GE for any other reason decides to pursue an alternative method of disposition, GE has informed us that it intends to implement alternative methods to divest of our common stock in order to carry out the Plan of Divestiture and satisfy the ruling condition.

We are unable to predict whether significant numbers of shares will be sold in the open market or otherwise in anticipation of or following any sales of our shares by GE.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned for at least one year shares of common stock that are restricted securities would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, or 4,895,281 shares of common stock immediately after this offering and the concurrent offerings; or

- the average weekly trading volume of the common stock on The New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain restrictions on the manner of sale, certain notice requirements, and the availability of current public information about us.

Under Rule 144(k), a person who has not been one of our affiliates at any time during the three months before a sale, and who has beneficially owned the restricted shares for at least two years, is entitled to sell the shares immediately after the date of this prospectus without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Lock-up Agreements

We, our executive officers and directors and GEFAHI have agreed with the underwriters pursuant to lock-up agreements that, subject to limited exceptions described in "Underwriters," for a period of 180 days after the date of this prospectus, we and they will not directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase or otherwise dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of shares of common stock, or cause a registration statement covering any shares of common stock to be filed, without the prior written consent of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. The underwriters do not have any present intention or arrangement to release any shares of common stock subject to lock-up agreements prior to the expiration of the lock-up period.

Registration Rights

As described in "Arrangements Between GE and Our Company—Relationship with GE—Registration Rights Agreement," we will enter into a registration rights agreement with GE. We do not have any other contractual obligations to register our common stock.

Certain United States Federal Income Tax Consequences

This section summarizes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Equity Units and the notes, Treasury securities, the applicable ownership interests in the Treasury portfolio or purchase contracts that are or may be the components of Equity Units, and common stock acquired under a purchase contract (the "Securities"). This summary deals only with Securities that are held as capital assets by holders that purchase Corporate Units upon this offering at their issue price. It is anticipated, and this discussion assumes, that the Equity Units will be issued at par and, therefore, will not be treated as bearing original issue discount for U.S. federal income tax purposes. This summary does not describe all the U.S. federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- dealers and certain traders in securities or currencies,
- banks, regulated investment companies, real estate investment trusts, and financial institutions,
- insurance companies,
- tax-exempt organizations,
- persons holding Securities as part of a "straddle," "hedge," "conversion" or similar transaction, or
- a U.S. Holder (as defined below) whose functional currency for tax purposes is not the U.S. Dollar.

In addition, this summary does not address alternative minimum taxes or state, local or foreign taxes.

If you purchase Equity Units at a price other than the offering price, special rules may apply to you. You should consult your tax advisor regarding this possibility.

This section is based upon the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, final, temporary and proposed Treasury regulations, published rulings and other administrative pronouncements, changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described herein, possibly with retroactive effect.

Please consult your own tax advisor concerning the tax consequences of purchasing, owning and disposing of Securities in your particular circumstances under the Code and the laws of any other taxing jurisdiction.

U.S. Holders

This subsection describes certain material U.S. federal income tax consequences to a U.S. holder. You are a "U.S. holder" if you are a beneficial owner of Securities and you are:

- an individual who is a citizen or resident of the United States,
- a U.S. domestic corporation,
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If a partnership holds Securities, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding Securities, you should consult your tax advisor.

If you are not a U.S. holder, this subsection does not apply to you and you should refer to "Non-U.S. Holders", below.

Equity Units

Allocation of Purchase Price

Your acquisition of an Equity Unit will be treated as an acquisition of a unit consisting of the undivided beneficial interest in the note and the purchase contract that constitute such Equity Unit. The purchase price of each Equity Unit will be allocated between the two components in proportion to their respective fair market values at the time of purchase. Such allocation will establish your initial federal income tax basis in the note and the purchase contract. We will report, and the indenture under which the notes will be issued will require you to report, the fair market value of each undivided beneficial interest in a note as $25 and the fair market value of each purchase contract as $0. This allocation will be binding on you, but not the IRS. The remainder of this summary assumes that this allocation of the purchase price will be respected for U.S. federal income tax purposes.

Ownership of Undivided Beneficial Interests in Notes or Treasury Securities

You will be treated as owning the undivided beneficial interest in notes or Treasury securities constituting a part of an Equity Unit for federal income tax purposes. We and, by acquiring Equity Units, you agree to treat the undivided beneficial interest in notes or Treasury securities constituting a part of the Equity Units as owned by you for all tax purposes, and the remainder of this summary assumes such treatment. The federal income tax consequences of owning the undivided beneficial interest in notes are discussed below, see "—U.S. Holders—Notes."

Sales, Exchanges or Other Taxable Dispositions of Equity Units

Upon a sale, exchange or other taxable disposition of Equity Units, you will be treated as having sold, exchanged or disposed of the purchase contracts and the undivided beneficial interest in notes or Treasury securities or the applicable ownership interests in the Treasury portfolio that constitute such Equity Units. The proceeds realized in such disposition will be allocated between the purchase contracts and the undivided beneficial interest in notes or Treasury securities or the applicable ownership interests in the Treasury portfolio that constitute such Equity Units in proportion to their respective fair market values at the time of disposition. You will generally recognize gain or loss equal to the difference between the portion of the proceeds allocable to the purchase contracts and the undivided beneficial interest in notes or Treasury securities or the applicable ownership interests in the Treasury portfolio, as the case may be, and your respective adjusted federal income tax basis in the purchase contracts and the undivided beneficial interest in notes or Treasury securities or the applicable ownership interests in the Treasury portfolio, as the case may be. Gain or loss from the sale of Equity Units will generally be capital gain or loss (less any portion allocable to accrued but unpaid interest, which will be treated as a payment of interest for U.S. federal income tax purposes), and such gain or loss will generally be long-term capital gain or loss if you held such Units for more than one year at the time of such disposition. In general, the maximum rate of U.S. federal income tax for non-corporate taxpayers is currently 15% for long-term capital gain and 35% for short-term capital gain. For corporate taxpayers, both long-term and short-term capital gains are subject to a maximum U.S. federal income tax rate of 35%. The deductibility of capital losses is subject to limitation. However, to the extent you are treated as receiving an amount with respect to accrued acquisition discount, as described below under "—U.S. Holders—Special Event Redemption of Notes—Interest

Income and Original Issue Discount," with respect to the applicable ownership interests in the Treasury portfolio or the undivided ownership interest in Treasury securities, such amount will be treated as ordinary income to the extent not previously included in income. Additionally, to the extent you are treated as receiving an amount with respect to an accrued contract adjustment payment, you should treat this amount consistently with the treatment of contract adjustment payments as described below under "—U.S. Holders—Purchase Contracts—Contract Adjustment Payments."

If you dispose of an Equity Unit when the purchase contract has negative value, you should be considered to have received additional consideration for the undivided beneficial interest in the note or Treasury security or the applicable ownership interests in the Treasury portfolio, as the case may be, in an amount equal to such negative value and to have paid such amount to be released from your obligation under the purchase contract.

In determining gain or loss, contract adjustment payments that have been received but have not previously been included in your income should either reduce your adjusted federal income tax basis in the purchase contract or result in an increase in the amount realized on the disposition of the purchase contract. Any contract adjustment payments included in income but not paid should increase your adjusted federal income tax basis in the purchase contract, see "—U.S. Holders—Purchase Contracts—Contract Adjustment Payments" below.

Notes

Interest

Interest on notes will be taxable as ordinary interest income at the time it is received or accrued, depending upon the method of accounting applicable to you.

Sales, Exchanges or Other Taxable Dispositions of Notes

Unless a non-recognition provision of the Code applies, you will recognize gain or loss on a disposition of a note (including upon the remarketing thereof) in an amount equal to the difference between the amount realized on the disposition of such note (less any portion allocable to accrued but unpaid interest, which will be treated as a payment of interest for U.S. federal income tax purposes) and your adjusted federal income tax basis in such note. See "—U.S. Holders—Equity Units—Sales, Exchanges or Other Taxable Dispositions of Equity Units", above, for a discussion regarding the character and tax rate applicable to any gain or loss.

Purchase Contracts

Contract Adjustment Payments

There is no direct authority under current law that addresses the treatment of contract adjustment payments, and such treatment is, therefore, unclear. Contract adjustment payments may constitute taxable income to you when received or accrued, in accordance with your regular method of tax accounting. To the extent we are required to file information returns with respect to contract adjustment payments, we intend to report such payments as ordinary taxable income, and the following discussion assumes that the contract adjustment payments constitute ordinary income to you on a current basis. You should consult your tax advisor concerning the treatment of contract adjustment payments, including the possibility that any contract adjustment payment may be treated as a purchase price adjustment, rebate, payment analogous to an option premium or loan rather than being includible in income entirely on a current basis. The treatment of contract adjustment payments could affect your adjusted federal income tax basis in a purchase contract or common stock received under a purchase contract or the amount realized by you upon the sale or disposition of an Equity Unit or the termination of a purchase contract. See "—U.S. Holders—Equity Units—Sales, Exchanges or Other

Taxable Dispositions of Equity Units," "—U.S. Holders—Acquisition of Common Stock Under a Purchase Contract" and "—U.S. Holders—Termination of Purchase Contract".

Acquisition of Common Stock Under a Purchase Contract

You will generally not recognize gain or loss on the purchase of common stock under a purchase contract, including upon an early settlement, except with respect to any cash paid in lieu of a fractional share of common stock. Your aggregate initial federal income tax basis in the common stock received under a purchase contract should generally equal the purchase price paid for such common stock plus the amount, if any, of any contract adjustment payments included in your income but not paid less the portion of such purchase price and any such unpaid contract adjustment payments allocable to a fractional share not received. However, payments of contract adjustment payments that you have received in cash but you have not included in income should reduce your adjusted federal income tax basis in the common stock to be received (see "—U.S. Holders—Contract Adjustment Payments", above). The holding period for common stock received under a purchase contract will commence on the date following the acquisition of such common stock.

Ownership of Common Stock Acquired Under the Purchase Contract

Any distribution with respect to common stock that we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will constitute a dividend and will be includible in income by you when received. Any such dividends will be eligible for the dividends received deduction if you are an otherwise qualifying corporate U.S. holder that meets the holding period and other requirements for the dividends received deduction. In general, dividends paid to a non-corporate U.S. holder in taxable years beginning before January 1, 2009 are taxable at a maximum U.S. federal income tax rate of 15% provided that such holder holds the shares for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date and meets other requirements.

Upon a disposition of common stock, you will generally recognize capital gain or loss equal to the difference between the amount realized and your adjusted federal income tax basis in the common stock. See "—U.S. Holders—Equity Units—Sales, Exchanges or Other Taxable Dispositions of Equity Units", above, for a discussion regarding the character and tax rate applicable to any gain or loss.

Termination of Purchase Contract

If a purchase contract terminates, you will recognize a loss equal to the amount, if any, of contract adjustment payments included in your income but not paid at the time of such termination. Any contract adjustment payments you receive that you have not previously included in income should increase the amount realized on the termination of the purchase contract. In addition, in the event that the purchase contract agent sells your portion of a Treasury security because you would have been entitled to receive less than $1,000 principle amount at maturity, you will generally recognize gain or loss equal to the difference between the amount of cash you receive for your portion of such treasury security and your adjusted federal income tax basis in your portion of such Treasury security. See "—U.S. Holders—Equity Units—Sales, Exchanges or Other Taxable Dispositions of Equity Units" above for a discussion regarding the character and tax rate applicable to any gain or loss. You will not recognize gain or loss on the receipt of notes or Treasury securities or the applicable ownership interests in the Treasury portfolio upon termination of the purchase contract and you will have the same adjusted federal income tax basis and holding period in such notes or Treasury securities or the applicable ownership interests in the Treasury portfolio as before such termination.

Adjustment to Settlement Rate

As a holder of Equity Units, you might be treated as receiving a constructive dividend distribution from us if (1) the settlement rate is adjusted and as a result of such adjustment the proportionate interest of holders of Equity Units in our assets or earnings and profits is increased and (2) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the settlement rate will not be considered made pursuant to such a formula if the adjustment is made to compensate you for certain taxable distributions with respect to the common stock. We will make such an adjustment to the extent that aggregate cash dividends per share of our common stock in any fiscal quarter exceeds $0.   . If such adjustments are made, you will be deemed to have received a distribution even though you have not received any cash or property as a result of such adjustments. Thus, under certain circumstances, an increase in the settlement rate might give rise to a taxable dividend, return of capital or capital gain to you in accordance with the earnings and profits rules under the Code even though you would not receive any cash related thereto. In addition, in certain situations, you might be treated as receiving a constructive distribution if we fail to adjust the settlement rate.

Substitution of Treasury Securities to Create Treasury Units

If you hold Corporate Units and deliver Treasury securities to the collateral agent in substitution for notes or applicable ownership interests in the Treasury portfolio, you generally will not recognize gain or loss upon the delivery of such Treasury securities or the release of the notes or applicable ownership interests in the Treasury portfolio. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by you with respect to such Treasury securities and notes or applicable ownership interests in the Treasury portfolio, and your adjusted federal income tax bases in and your holding period of the Treasury securities and the notes or applicable ownership interests in the Treasury portfolio and the purchase contract will not be affected by such delivery and release. You should consult your tax advisor concerning the tax consequences of purchasing, owning and disposing of the Treasury securities so delivered to the collateral agent.

Substitution of Notes to Recreate Corporate Units

If you hold Treasury Units and deliver notes or applicable ownership interests in the Treasury portfolio to the collateral agent in substitution for Treasury securities, you will generally not recognize gain or loss upon the delivery of such notes or applicable ownership interests in the Treasury portfolio or the release of the Treasury securities to you. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by you with respect to such Treasury securities and notes or applicable ownership interests in the Treasury portfolio, and your adjusted federal income tax bases in and your holding period of the Treasury securities, the notes or applicable ownership interests in the Treasury portfolio and the purchase contract will not be affected by such delivery and release.

Special Event Redemption of Notes

A disposition of the notes upon special event redemption will be a taxable event for holders of notes, which will have the federal income tax consequences described under "—U.S. Holders—Notes—Sales, Exchanges or Other Taxable Dispositions of Notes."

Ownership of Treasury Portfolio

As a holder of a Corporate Unit, you will be treated as the owner, for U.S. federal income tax purposes, of your applicable ownership interest in the Treasury portfolio constituting a part of the Corporate Units beneficially owned by you in the event of a special event redemption. You will include in income any amount earned (including original issue discount or acquisition discount) on such pro rata portion of the Treasury portfolio for all U.S. federal income tax purposes.

Interest Income and Original Issue Discount

Following a special event redemption, if the Treasury portfolio contains interest-paying securities that are not Treasury strips, you will be required to recognize ordinary income to the extent of your pro rata portion of the interest paid with respect to such Treasury securities.

In addition, you, as a holder of Corporate Units, will be required to treat your pro rata portion of each Treasury strip in the Treasury portfolio as a bond that was originally issued on the date the collateral agent acquired the relevant Treasury strip and that has original issue discount (or, in the case of short-term Treasury securities, acquisition discount, each as defined below) equal to your pro rata portion of the excess, if any, of the amounts payable on such Treasury strip over your pro rata portion of the purchase price of the Treasury strip acquired on behalf of holders of Corporate Units. Whether you are on the cash or accrual method of tax accounting, if such original issue discount exists, you will be required to include it (but not acquisition discount on short-term Treasury securities, as defined below) in income for U.S. federal income tax purposes as it accrues on a constant yield to maturity basis. The actual cash payments on the Treasury strips, however, will not be taxable.

In the case of any Treasury security with a maturity of one year or less from the date of its issue (a "short-term Treasury security"), if you are an accrual method taxpayer, in general, you will be required to include the excess of the amount payable at maturity with respect to such Treasury security over your federal income tax basis in the short-term Treasury security ("acquisition discount") in income as it accrues. If you are a cash method taxpayer, you will be required to recognize the acquisition discount as ordinary income upon payment on short-term Treasury securities. Unless you are an accrual-basis taxpayer and you elect to accrue the acquisition discount on a short-term Treasury security on a constant yield to maturity basis, such acquisition discount will be accrued on a straight-line basis. If you obtain the release of your applicable ownership interest of the Treasury portfolio and subsequently dispose of such interest, you will recognize ordinary income on such disposition to the extent of any gain realized on any short-term Treasury security that does not exceed an amount equal to the ratable share of the acquisition discount on such Treasury security not previously included in income.

Tax Basis of the Treasury Portfolio

Your initial federal income tax basis in your applicable ownership interest of the Treasury portfolio will equal your pro rata portion of the amount paid for the Treasury portfolio. Your adjusted federal income tax basis in the Treasury strips or short-term Treasury securities will be increased by the amount of original issue discount or acquisition discount included in income with respect thereto and decreased by the amount of any cash received with respect to such Treasury securities.

Backup Withholding Tax And Information Reporting

In general, you will be subject to backup withholding (currently at the rate of 28%) with respect to payments under Equity Units, notes, purchase contracts, applicable ownership interests in the Treasury portfolio, Treasury Securities or common stock, the proceeds received with respect to a fractional share of common stock upon a settlement of a purchase contract, the proceeds received with respect to a fractional Treasury security sold upon termination of a purchase contract and the proceeds received from the sale the sale of Equity Units, notes, applicable ownership interests in the Treasury portfolio or common stock unless you (1) are an entity (including a corporation or a tax-exempt entity) that is exempt from withholding and, when required, demonstrate this fact or (2) provide your Taxpayer Identification Number ("TIN") (which, if you are an individual, would be your Social Security Number), certify that (i) the TIN you provide is correct, (ii) you are a U.S. person and (iii) you are exempt from backup withholding, you have not been notified by the IRS that you are subject to backup withholding due to underreporting of interest or dividends or you have been notified by the IRS that you are no longer subject to backup withholding, and you otherwise comply with the applicable requirements of the backup withholding rules. In addition, such payments or proceeds received by you if you are not a corporation or tax-exempt organization will generally be subject to information reporting requirements.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your federal income tax liability and may entitle you to a refund, provided that you furnish the required information to the IRS.

Non-U.S. Holders

The following summary is addressed to non-U.S. holders. A non-U.S. holder is a holder that is neither a partnership nor a U.S. person for U.S. federal income tax purposes. Special rules may apply if such non-U.S. holder is a "controlled foreign corporation," "passive foreign investment company" and "foreign personal holding company," as defined under the Code, and to certain expatriates or former long-term residents of the United States. If you fall within any of the foregoing categories, you should consult your own tax advisor to determine the United States federal, state, local and foreign tax consequences that may be relevant to you. We have not been, are not and do not anticipate becoming a United Sates real property holding corporation for United States federal income tax purposes.

United States Federal Withholding Tax

United States federal withholding tax will not apply to any payment of principal or interest (including original issue discount and acquisition discount) on the notes, the Treasury securities or applicable ownership interests in the Treasury portfolio, provided that:

- in the case of the notes, you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and the Treasury regulations;
- in the case of the notes, you are not a controlled foreign corporation that is related to us through stock ownership; and
- (a) you provide your name, address and certain other information on an Internal Revenue Service Form W-8BEN (or a suitable substitute form), and certify, under penalties of perjury, that you are not a U.S. person or (b) you hold your notes, Treasury securities or applicable ownership interests in the Treasury portfolio through certain foreign intermediaries or certain foreign partnerships and certain certification requirements are satisfied.

In general, U.S. federal withholding tax at a rate of 30% will apply to the dividends, if any, (and generally any deemed dividends resulting from certain adjustments or failures to make an adjustment as described under "—U.S. Holders—Purchase Contracts—Adjustment to Settlement Rate") paid on the shares of common stock acquired under the purchase contract. Although it is not clear, we intend to withhold at a rate of 30% on any contract adjustment payments made with respect to a purchase contract. It is possible that U.S. withholding tax on deemed dividends would be withheld from interest paid to you. If a tax treaty applies, you may be eligible for a reduced rate of withholding. Similarly, contract adjustment payments or dividends that are effectively connected with the conduct of a trade or business by you within the U.S. (and, where an applicable tax treaty so provides, are also attributable to a U.S. permanent establishment maintained by you) are not subject to the U.S. federal withholding tax, but instead are subject to U.S. federal income tax, as described below. In order to claim any such exemption from or reduction in the 30% withholding tax, you should provide a properly executed Internal Revenue Service Form W-8BEN (or suitable substitute form) claiming a reduction of or an exemption from withholding under an applicable tax treaty or a properly executed Internal Revenue Service Form W-8ECI (or a suitable substitute form) stating that such payments are not subject to withholding tax because they are effectively connected with your conduct of a trade or business in the U.S.

In general, U.S. federal withholding tax will not apply to any gain or income realized by you on the sale, exchange or other disposition of the Equity Units, purchase contracts, notes, Treasury securities, applicable ownership interests in the Treasury portfolio or common stock acquired under the purchase contracts.

United States Federal Income Tax

If you are engaged in a trade or business in the U.S. (and, if a tax treaty applies, if you maintains a permanent establishment within the U.S.) and interest (including original issue discount and acquisition discount) on the notes or the Treasury securities, applicable ownership interests in the Treasury portfolio, dividends on the common stock and, to the extent they constitute taxable income, contract adjustment payments made with respect to the purchase contracts are effectively connected with the conduct of such trade or business (and, if a tax treaty applies, attributable to such permanent establishment), you will be subject to U.S. federal income tax (but not withholding tax), on such interest, original issue discount, acquisition discount, dividends and contract adjustment payments on a net income basis in the same manner as if you were a U.S. holder. In addition, in certain circumstances, if you are a foreign corporation you may be subject to a 30% (or, if a tax treaty applies, such lower rate as provided) branch profits tax.

Any gain or income realized on the disposition of an Equity Unit, a purchase contract, a note, a Treasury security, an applicable ownership interest in the Treasury portfolio or common stock acquired under the purchase contract will generally not be subject to U.S. federal income tax unless:

- such gain or income is effectively connected with your conduct of a trade or business in the U.S. (and, where an applicable tax treaty so provides, are also attributable to a U.S. permanent establishment maintained by you); or

- you are an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Backup Withholding and Information Reporting

Unless you are an exempt recipient, such as a corporation, payments made with respect to the Equity Units, notes, Treasury securities, applicable ownership interests in the Treasury portfolio or common stock, the proceeds received with respect to a fractional share of common stock upon the settlement of a purchase contract, the proceeds received with respect to a fractional Treasury security sold upon termination of a purchase contract and the proceeds received from a sale of Equity Units, notes, Treasury securities, applicable ownership interests in the Treasury portfolio or common stock may be subject to information reporting and may also be subject to U.S. federal backup withholding at the applicable rate if you fail to comply with applicable U.S. information reporting or certification requirements.

Any amounts so withheld under the backup withholding rules may be allowed as a credit against your U.S. federal income tax liability provided you furnish the required information to the IRS.

THE PRECEDING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES IS GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THAT INVESTOR'S OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF PURCHASING, HOLDING AND DISPOSING OF SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS AND OF ANY CHANGES OR PROPOSED CHANGES IN APPLICABLE LAW.

ERISA Considerations

Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), prohibit pension, profit-sharing or other employee benefit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code ("Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("Parties in Interest") with respect to certain Plans. As a result of our business, we may be a Party in Interest with respect to certain Plans. Where we are a Party in Interest with respect to a Plan (either directly or by reason of our ownership of our subsidiaries), the purchase and holding of the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) by or on behalf of the Plan may be a prohibited transaction under Section 406(a)(1) of ERISA and Section 4975(c)(1) of the Code, unless exemptive relief were available under an applicable administrative exemption (as described below) or there was some other basis on which the transaction was not prohibited.

Accordingly, the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under prohibited Transaction Class Exemption ("PTCE") 96-23, 95-60, 91-38, 90-1 or 84-14 issued by the U.S. Department of Labor or there was some other basis on which the purchase and holding of the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) by the Plan Asset Entity is not prohibited. Any purchaser or holder of the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) or any interest therein will be deemed to have represented by its purchase and holding thereof that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) on behalf of or with "plan assets" of any Plan or (b) its purchase and holding of the Equity Units, Corporate Units and Treasury Units (and any securities comprising or underlying such securities) is eligible for the exemptive relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or there is some other basis on which such purchase and holding is not prohibited.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to these "prohibited transaction" rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or documents.

Underwriters

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. are acting as representatives, have severally agreed to purchase, and GEFAHI, the seller, has agreed to sell to them, severally, the number of Corporate Units indicated below:

Name	Number of Corporate Units
Morgan Stanley & Co. Incorporated	
Goldman, Sachs & Co.	
Banc of America Securities LLC	
Citigroup Global Markets Inc.	
Credit Suisse First Boston LLC	
Deutsche Bank Securities Inc.	
J.P. Morgan Securities Inc.	
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Securities LLC	
Total	24,000,000

Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. are the joint book-running managers of this offering.

The underwriters are offering the Corporate Units subject to their acceptance of the Corporate Units from the seller and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the Corporate Units offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. These conditions include a condition that the initial public offering of our Class A Common Stock and the offering of our Series A Cumulative Preferred Stock be consummated concurrently. The underwriters are obligated to take and pay for all of the Corporate Units offered by this prospectus if any such Corporate Units are taken.

The underwriters initially propose to offer part of the Corporate Units directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per Corporate Unit under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of $ per Corporate Unit to other underwriters or to certain dealers. After the initial offering of the Corporate Units, the offering price and other selling terms may from time to time be varied by the representatives.

The underwriting discounts and commissions will be determined by negotiations among the seller and the representatives and are a percentage of the offering price to the public. Among the factors to be considered in determining the discounts and commissions will be the size of the offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions. The estimated offering expenses are approximately $, which includes legal, accounting and printing costs and various other fees associated with registering and listing the Corporate Units. All offering expenses will be payable by GE.

The Corporate Units are a new issue of securities with no established trading market. The Corporate Units have been approved for listing on The New York Stock Exchange under the symbol "GNW Pr E." We have been advised by the underwriters that they intend to make a market in the

Corporate Units but the underwriters are not obligated to do so and may discontinue their market making at any time without notice. We can provide no assurance as to the liquidity of any trading market for the Corporate Units.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters. The underwriters may agree to allocate a number of Corporate Units to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the lead manager to underwriters that may make Internet distributions on the same basis as other allocations.

Each of Genworth, the seller and, the directors and executive officers of our company has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;

- file or cause to be filed any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of Corporate Units to the underwriters;

- the sale of Class A Common Stock to the underwriters in the concurrent offering or the issuance by us of Class A Common Stock pursuant to the conversion of the Equity Units;

- the grant by us of stock options, restricted stock or other awards pursuant to our benefit plans as described in this prospectus, provided that such options, restricted stock or awards do not become exercisable or vest during such 180-day period;

- the issuance by us of shares of Class A Common Stock in connection with the acquisition of another corporation or entity or the acquisition of assets or properties of any such corporation or entity, so long as the aggregate amount of such issuances does not exceed $500 million and each of the recipients of the Class A Common Stock agrees in writing to be bound by the restrictions described in this paragraph for the remainder of such 180-day period;

- the private transfer by the seller of restricted shares of common stock, so long as the recipient of such common stock agrees in writing to be bound by the restrictions described in this paragraph for the remainder of such 180-day period;

- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus and which is described in this prospectus of which the underwriters have been advised in writing (including, without limitation, the conversion of GE stock options, stock appeciation rights and restricted stock units into our stock options and our restricted stock units and the issuance of common stock upon exercise or exchange thereof as described in this prospectus);

- transfers by directors or executive officers of shares of common stock by gift or to immediate family members, so long as the recipient of such common stock agrees in writing to be bound by the restrictions described in this paragraph for the remainder of such 180-day period;

- transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the closing of the offering of the shares; or

- the filing of a registration statement on Form S-8 relating to the issuance of stock options, restricted stock or other awards pursuant to our benefit plans as described in this prospectus.

The 180-day restricted period described above is subject to extension such that, in the event that either (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the "lock-up" restrictions described above subject to limited exceptions, will continue to apply until the expiration of the 18-day period beginning on the earnings release or the occurrence of the material news or material event.

In order to facilitate the offering of the Corporate Units, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Corporate Units. Specifically, the underwriters may sell more Corporate Units than they are obligated to purchase under the underwriting agreement, creating a "naked" short position for their own account. The underwriters must close out any naked short position by purchasing Corporate Units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Corporate Units in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, Corporate Units in the open market to stabilize the price of the Corporate Units. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the Corporate Units in the offering, if the syndicate repurchases previously distributed Corporate Units to cover syndicate short positions or to stabilize the price of the Corporate Units. These activities may raise or maintain the market price of the Corporate Units above independent market levels or prevent or retard a decline in the market price of the Corporate Units. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

We, the seller and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933.

Selling Restrictions

The Corporate Units may not be offered or sold into the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses (or in other circumstances that do not constitute an offer to the public in the United Kingdom for the purposes of the Public Offers of Securities Regulations 1995), and any invitation or inducement to engage in investment activity (within the meaning of section 21(1) of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of the Corporate Units may only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply. All applicable provisions of the Public Offers of Securities Regulations 1995 and the FSMA must be complied with in respect of anything done to shares of the Corporate Units in, from or otherwise involving the United Kingdom.

Neither we nor the seller has authorized any offer of the Corporate Units to the public in Belgium. The offering is exclusively conducted under applicable private placement exemptions and, therefore, it has not been notified to, and the prospectus or any other offering material relating to the Corporate Units has not been approved by, the Belgium Banking and Finance Commission (*Commission Bancaire et Financière/Commissie voor het Bank- en Financiewezen*). Accordingly, the offering may not be advertised and no offers, sales, resales, transfers or deliveries of the Corporate Units or any distributions of the prospectus or any other offering material relating to the Corporate Units may be made directly or indirectly, to any individual or legal entity in Belgium other than: (1) investors required to invest a minimum of €250,000 (per investor and per transaction); (2) institutional investors as defined in Article 3, 2, of Belgian Royal Decree of 7 July 1999 on the public character of financial transactions, acting for their own account; and (3) persons for which the acquisition of the Corporate Units subject to the offering is necessary to enable them to exercise their professional activity.

The Corporate Units may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell Corporate Units or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Corporate Units may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Corporate Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

The Corporate Units have not been registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except: (1) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (2) in compliance with any other applicable requirements of Japanese law.

The Corporate Units may not be offered, transferred or sold in the Netherlands to any person other than to natural or legal persons who trade or invest in securities in the conduct of their profession or trade within the meaning of section 2 of the Exemption Regulation pursuant to The Netherlands Securities Market Supervision Act 1995 (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*), which includes banks, securities intermediaries (including dealers and brokers), insurance companies, central governments, large international and supernational institutions, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly invest in securities in the conduct of a business or a profession.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Corporate Units may not be circulated or distributed, nor may the Corporate Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the Corporate Units to the public in Singapore.

Relationships with Underwriters

The underwriters and their affiliates have from time to time provided, and expect to provide in the future, investment banking, commercial banking and other financial services to us and our affiliates, including GE and the seller, for which they have received and may continue to receive customary fees and commissions. Certain underwriters in this offering will participate in the concurrent offerings of

Class A Common Stock and Series A Preferred Stock as well as the subsequent offering of the new senior notes.

In addition, J.P. Morgan Securities Inc. and Banc of America Securities LLC will be the joint bookrunners and joint lead arrangers under the new $1.0 billion 364-day revolving credit facility and $1.0 billion 5-year revolving credit facility to be entered into prior to the completion of this offering. Their affiliates, JPMorgan Chase Bank and Bank of America, N.A., respectively, will serve as co-administrative agents, with JPMorgan Chase Bank also serving as paying agent, for these facilities, and each will commit an aggregate of $200 million to these facilities as lenders. Citicorp North America, Inc. (CNA), an affiliate of Citigroup Global Markets Inc., Deutsche Bank AG New York Branch (DBNY), an affiliate of Deutsche Bank Securities Inc., William Street Commitment Corporation, an affiliate of Goldman, Sachs & Co., Lehman Brothers Bank, FSB (including affiliates), an affiliate of Lehman Brothers Inc. and Morgan Stanley Bank, an affiliate of Morgan Stanley & Co. Incorporated, will be the managing agents and each will commit an aggregate of $150 million to these facilities as lenders. Credit Suisse First Boston (Cayman Islands Branch), an affiliate of Credit Suisse First Boston LLC, Key Bank National Association, an affiliate of KeyBanc Capital Markets, Merrill Lynch Bank USA, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, and UBS Loan Finance LLC, an affiliate of UBS Securities LLC, each will commit an aggregate of $70 million to these facilities as lenders. In addition, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., and Lehman Brothers Inc. will be the joint lead arrangers and book managers under the new $2.4 billion 180-day revolving credit facility to be entered into prior to the completion of this offering and their respective affiliates, CNA, DBNY and Lehman Commercial Paper Inc., each will commit an aggregate of $480 million to this facility as lenders, with CNA serving as administrative agent of the lenders. Each of Morgan Stanley Senior Funding, Inc., an affiliate of Morgan Stanley & Co. Incorporated, and Goldman Sachs Credit Partners, L.P., an affiliate of Goldman, Sachs & Co., will commit to an aggregate of $480 million to this facility as lenders. We believe that the fees and commissions that will be payable in respect of participation in the credit facilities will be customary for borrowers with a credit profile similar to ours, for a similar-size financing and for borrowers in our industry.

Legal Matters

The validity of the securities offered hereby will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Davis Polk & Wardwell, New York, New York.

Experts

The combined financial statements and schedule for Genworth Financial, Inc. as of December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003 have been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report refers to a change in accounting for variable interest entities in 2003, goodwill and other intangible assets in 2002, and derivative instruments and hedging activities in 2001.

The statement of financial position of Genworth Financial, Inc. as of December 31, 2003 has been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

Additional Information

We have filed with the SEC a registration statement on Form S-1 with respect to the securities offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. For further information with respect to us and the securities offered hereby, reference is made to the registration statement and exhibits and schedules thereto. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from the SEC's website at http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934 and file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the SEC's public reference rooms and the website of the SEC referred to above.

You should rely only on the information contained in this prospectus. Neither we, nor the seller, nor the underwriters, have authorized anyone to provide you with information different from that contained in this prospectus. The seller is offering to sell and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of the sale of these securities.

Index to Financial Statements

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 OF THE NOTES TO THE COMBINED FINANCIAL STATEMENTS HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

/s/ KPMG LLP

Independent Auditors' Report

The Board of Directors
Genworth Financial, Inc.:

We have audited the accompanying combined statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003 and 2002, and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the combined financial statements, the Company changed its method of accounting for variable interest entities in 2003, its method of accounting for goodwill and other intangible assets in 2002, and its method of accounting for derivative instruments and hedging activities in 2001.

Richmond, Virginia
February 6, 2004, except as to
note 1, which is as of   , 2004

Genworth Financial, Inc.

Combined Statement of Earnings

(Dollar amounts in millions, except per share amounts)

	Years Ended December 31,		
	2003	2002	2001
Revenues:			
Premiums	$ 6,703	$ 6,107	$ 6,012
Net investment income	4,015	3,979	3,895
Net realized investment gains	10	204	201
Policy fees and other income	943	939	993
Total revenues	11,671	11,229	11,101
Benefits and expenses:			
Benefits and other changes in policy reserves	5,232	4,640	4,474
Interest credited	1,624	1,645	1,620
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823
Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237
Interest expense	140	124	126
Total benefits and expenses	10,289	9,438	9,280
Earnings from continuing operations before income taxes and accounting changes	1,382	1,791	1,821
Provision for income taxes	413	411	590
Net earnings from continuing operations before accounting changes	969	1,380	1,231
Net earnings (loss) from discontinued operations	186	(206)	180
Loss on sale of discontinued operations	(74)	—	—
Net earnings before accounting changes	1,081	1,174	1,411
Cumulative effect of accounting changes, net of taxes	—	—	(15)
Net earnings	$ 1,081	$ 1,174	$ 1,396
Pro forma earnings per share (see Note 1)	$ 2.21		

See Notes to Combined Financial Statements

Genworth Financial, Inc.

Combined Statement of Financial Position

(Dollar amounts in millions)

	December 31, 2003	December 31, 2002
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value	$ 65,485	$ 60,797
Equity securities available-for-sale, at fair value	600	1,295
Mortgage and other loans, net of valuation allowance of $50 and $45	6,114	5,302
Policy loans	1,105	983
Short-term investments	531	833
Restricted investments held by securitization entities	1,069	—
Other invested assets	3,789	2,870
Total investments	78,693	72,080
Cash and cash equivalents	1,982	1,569
Accrued investment income	1,247	1,245
Deferred acquisition costs	5,788	5,332
Intangible assets	1,346	1,592
Goodwill	1,728	1,702
Reinsurance recoverable	2,334	2,202
Other assets ($65 and $0 restricted in securitization entities)	2,069	2,073
Separate account assets	8,244	7,484
Assets associated with discontinued operations	—	22,078
Total assets	$ 103,431	$ 117,357
Liabilities and Stockholder's Interest		
Liabilities:		
Future annuity and contract benefits	$ 59,257	$ 56,538
Liability for policy and contract claims	3,207	3,014
Unearned premiums	3,616	3,007
Other policyholder liabilities	465	636
Other liabilities	7,051	6,504
Non-recourse funding obligations	600	—
Short-term borrowings	2,239	1,850
Long-term borrowings	529	472
Deferred income taxes	1,405	1,088
Borrowings related to securitization entities	1,018	—
Separate account liabilities	8,244	7,484
Liabilities associated with discontinued operations	—	20,012
Total liabilities	87,631	100,605
Commitments and contingencies		
Stockholder's interest:		
Paid-in capital	8,377	8,079
Accumulated nonowner changes in stockholder's interest		
Net unrealized investment gains	1,518	1,218
Derivatives qualifying as hedges	(5)	(98)
Foreign currency translation adjustments	159	(285)
Total accumulated nonowner changes in stockholder's interest	1,672	835
Retained earnings	5,751	7,838
Total stockholder's interest	15,800	16,752

Total liabilities and stockholder's interest	$ 103,431	$ 117,357

See Notes to Combined Financial Statements

Genworth Financial, Inc.

Combined Statement of Stockholder's Interest

(Dollar amounts in millions)

	Paid-in capital	Accumulated nonowner changes in stockholder's interest	Retained earnings	Total stockholder's interest
Balances at January 1, 2001	$ 7,941	$ (424)	$ 5,470	$ 12,987
Changes other than transactions with stockholder:				
Net earnings	—	—	1,396	1,396
Net unrealized gains (losses) on investment securities	—	(55)	—	(55)
Cumulative effect on adoption of SFAS 133	—	(351)	—	(351)
Derivatives qualifying as hedges	—	183	—	183
Foreign currency translation adjustments	—	(17)	—	(17)
Total changes other than transactions with stockholder	—	—	—	1,156
Contributed capital	53	—	—	53
Dividends declared	—	—	(31)	(31)
Balances at December 31, 2001	7,994	(664)	6,835	14,165
Changes other than transactions with stockholder:				
Net earnings	—	—	1,174	1,174
Net unrealized gains (losses) on investment securities	—	1,514	—	1,514
Derivatives qualifying as hedges	—	70	—	70
Foreign currency translation adjustments	—	(85)	—	(85)
Total changes other than transactions with stockholder	—	—	—	2,673
Contributed capital	85	—	—	85
Dividends declared	—	—	(171)	(171)
Balances at December 31, 2002	8,079	835	7,838	16,752
Changes other than transactions with stockholder:				
Net earnings	—	—	1,081	1,081
Net unrealized gains (losses) on investment securities	—	300	—	300
Derivatives qualifying as hedges	—	93	—	93
Foreign currency translation adjustments	—	444	—	444
Total changes other than transactions with stockholder	—	—	—	1,918
Contributed capital	298	—	—	298
Dividends declared	—	—	(3,168)	(3,168)
Balances at December 31, 2003	$ 8,377	$ 1,672	$ 5,751	$ 15,800

See Notes to Combined Financial Statements

Genworth Financial, Inc.

Combined Statement of Cash Flows

(Dollar amounts in millions)

	Years Ended December 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net earnings	$ 1,081	$ 1,174	$ 1,396
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Accretion (amortization) of investment discounts and premiums	18	(5)	(70)
Net realized investment gains	(10)	(204)	(201)
Charges assessed to policyholders	(295)	(198)	(312)
Acquisition costs deferred	(1,758)	(1,906)	(1,721)
Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237
Deferred income taxes	(63)	(55)	307
Corporate overhead allocation	36	31	27
Cumulative effect of accounting changes, net of taxes	—	—	15
Net (earnings) loss from discontinued operations	(186)	206	(180)
Net loss from sale of discontinued operations	74	—	—
Change in certain assets and liabilities:			
Accrued investment income and other assets	(136)	(223)	33
Insurance reserves	3,105	3,218	2,403
Other liabilities and other policy-related balances	499	1,624	(705)
Cash provided by operating activities	3,716	4,883	2,229
Cash flows from investing activities:			
Proceeds from maturities and repayments of investments:			
Fixed maturities	8,198	5,999	4,827
Mortgage, policy and other loans	1,711	533	979
Other invested assets	73	9	4
Proceeds from sales and securitizations of investments:			
Fixed maturities and equity securities	16,253	22,266	18,428
Other invested assets	110	74	158
Purchases and originations of investments:			
Fixed maturities and equity securities	(26,597)	(33,004)	(30,133)
Mortgage, policy and other loans	(2,653)	(1,438)	(1,100)
Other invested assets	(248)	(236)	(202)
Dividends received from discontinued operations	495	62	—
Payments for businesses purchased, net of cash acquired	44	(61)	(90)
Proceeds from sale of discontinued operations	1,631	—	—
Short-term investment activity, net	302	(729)	61
Cash used in investing activities	(681)	(6,525)	(7,068)
Cash flows from financing activities:			
Proceeds from issuance of investment contracts	8,262	9,749	10,507
Redemption and benefit payments on investment contracts	(8,994)	(7,279)	(5,882)
Proceeds from short-term borrowings	1,300	2,747	2,834
Payments on short-term borrowings	(927)	(3,036)	(2,794)
Proceeds from non-recourse funding obligations	600	—	—
Proceeds from long-term borrowings	—	—	488
Net commercial paper borrowings (repayments)	16	212	(551)
Dividend paid to stockholder	(3,232)	(132)	(6)
Capital contribution received from stockholder	261	32	31
Cash (used in) provided by financing activities	(2,714)	2,293	4,627
Effect of exchange rate changes on cash and cash equivalents	92	37	26
Net increase (decrease) in cash and cash equivalents	413	688	(186)
Cash and cash equivalents at beginning of year	1,569	881	1,067
Cash and cash equivalents at end of year	$ 1,982	$ 1,569	$ 881

See Notes to Combined Financial Statements

(1) Formation of Genworth and Basis of Presentation

Genworth Financial, Inc. ("Genworth") was incorporated in Delaware on October 23, 2003 in preparation for the corporate reorganization of certain insurance and related subsidiaries of General Electric Company ("GE") and a public offering of Genworth common stock. Genworth is a wholly-owned subsidiary of GE Financial Assurance Holdings, Inc. ("GEFAHI"). GEFAHI is an indirect subsidiary of General Electric Capital Corporation ("GE Capital"), which in turn is an indirect subsidiary of GE. GEFAHI is a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. Immediately prior to the completion of the offering, Genworth acquired substantially all of the assets and liabilities of GEFAHI. At the same time, Genworth also acquired certain other insurance businesses currently owned by other GE subsidiaries. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer, and mortgage contract underwriting.

In consideration for the assets and liabilities Genworth acquired in connection with the corporate reorganization, Genworth issued to GEFAHI 489.5 million shares of its Class B Common Stock, $600 million of its Equity Units, $100 million of its Series A cumulative preferred stock, which is mandatorily redeemable, a $2.4 billion short-term note, and a $550 million contingent non-interest-bearing note that matures on the first anniversary of the completion of the offering and will be repaid solely to the extent that statutory contingency reserves from Genworth's mortgage insurance business in excess of $150 million are released and paid to Genworth as a dividend after the date of the offering. The liabilities Genworth assumed included ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE or when GE no longer beneficially owns at least 10% of our outstanding common stock. As a result, all the shares of common stock offered in Genworth's initial public offering consist of Class A Common Stock. Genworth's capital structure immediately following the completion of its corporate reorganization will consist of the securities described above, together with the non-recourse funding obligations described in note 14 and the borrowings associated with the securitization entities described in note 2.

The accompanying combined financial statements include the accounts of certain indirect subsidiaries and businesses of GE that represent the predecessor of Genworth. The companies and business included in the predecessor combined financial statements are GEFAHI, Financial Insurance Company Ltd., FIG Ireland Ltd., WorldCover Direct Ltd., RD Plus S.A., CFI Administrators Ltd., Financial Assurance Company Ltd., Financial Insurance Group Services Ltd., Consolidated Insurance Group Ltd., Viking Insurance Co., Ltd., GE Mortgage Insurance Ltd., GE Mortgage Insurance Pty Ltd., GE Mortgage Insurance (Guernsey) Ltd., GE Capital Mortgage Insurance Company Canada, GE Capital Mortgage Insurance Corp. (Australia) Pty Ltd., The Terra Financial Companies, Ltd., GE Capital Insurance Agency, Inc., CFI Pension Trustees Ltd., Financial Insurance Guernsey PCC Ltd., GE Financial Assurance Compania De Seguros y Reaseguros de Vida S.A., GE Financial Insurance Compania De Seguros y Reaseguros de Vida S.A. and GE Residential Connections Corp., and the consumer protection insurance business of Vie Plus S.A. All of the combined companies and Vie Plus S.A. are indirect subsidiaries of GE. We refer to the combined predecessor companies and business as the "Company", "we", "us", or "our" unless the context otherwise requires.

Following completion of the corporate reorganization, as described above, Genworth has 489.5 million shares of common stock outstanding. Basic and diluted pro forma earnings per share were calculated by dividing historical net earnings for the year ended December 31, 2003 by 489.5 million pro forma basic shares outstanding and by 490 million pro forma diluted shares outstanding, respectively, assuming in each case, that these shares were outstanding as of December 31, 2003. Pro forma shares outstanding used in our calculation of pro forma diluted earnings per share increased due to additional shares of Class A Common Stock available under stock options, restricted stock units and stock appreciation rights and calculated based on the treasury stock method.

Pro forma earnings per share:		
Basic		
Net earnings from continuing operations	$	1.98
Net earnings from discontinued operations		0.38
Loss on sale of discontinued operations		(0.15)
Basic earnings per share	$	2.21
Diluted		
Net earnings from continuing operations	$	1.98
Net earnings from discontinued operations		0.38
Loss on sale of discontinued operations		(0.15)
Diluted earnings per share	$	2.21

(2) Summary of Significant Accounting Policies

Our combined financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Preparing financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. All significant intercompany accounts and transactions have been eliminated in combination.

a) Nature of Business

Directly and indirectly through our subsidiaries we sell a variety of insurance and investment-related products in the U.S. and internationally. We have five segments: (i) Protection, (ii) Retirement Income and Investments, (iii) Mortgage Insurance, (iv) Affinity, and (v) Corporate and Other. During 2003, we sold our Japanese life and domestic auto and homeowners' insurance businesses, which are shown as discontinued operations.

Protection includes life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. Protection also includes European consumer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death.

Retirement Income and Investments includes fixed, variable and income annuities, variable life insurance, asset management and specialized products, including guaranteed investment contracts ("GICs"), funding agreements and structured settlements.

Mortgage Insurance includes mortgage insurance products offered in the U.S., Canada, Australia, and Europe that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages.

Affinity includes life and health insurance and other financial products and services offered directly to consumers through affinity marketing arrangements with a variety of organizations, an institutional asset management business and several other small businesses that are not part of our core ongoing business.

Corporate and Other includes net realized investment gains (losses), interest and other debt financing expenses that are incurred at our holding company level, unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), and the results of several small, non-core businesses that are managed outside our operating segments.

b) Premiums

For traditional long-duration insurance contracts (including guaranteed renewable term life, life contingent structured settlements and immediate annuities and long term care insurance), we report premiums as earned when due.

For short-duration insurance contracts (including payment protection insurance), we report premiums as revenue over the terms of the related insurance policies on a pro-rata basis or in proportion to expected claims.

For mortgage insurance contracts, we report premiums over the policy life in accordance with the expiration of risk.

Premiums received under annuity contracts without significant mortality risk and premiums received on investment and universal life products are not reported as revenues but rather as deposits and are included in liabilities for future annuity and contract benefits.

c) Net Investment Income and Net Realized Investment Gains and Losses

Investment income is recorded when earned. Realized investment gains and losses are calculated on the basis of specific identification.

Investment income on mortgage-backed and asset-backed securities is initially based upon yield, cash flow, and prepayment assumptions at the date of purchase. Subsequent revisions in those assumptions are recorded using the retrospective or prospective method. Under the retrospective method, used for mortgage-backed and asset-backed securities of high credit quality (ratings equal to or greater than AA or that are U.S. Agency backed) and cannot be contractually prepaid, amortized cost of the security is adjusted to the amount that would have existed had the revised assumptions been in place at the date of purchase. The adjustments to amortized cost are recorded as a charge or credit to net investment income. Under the prospective method, which is used for other mortgage-backed and asset-backed securities, future cash flows are estimated and interest income is recognized going forward using the new internal rate of return. As of December 31, 2003, all our mortgage-backed and asset-backed securities that have had subsequent revisions in yield, cash flow or prepayment assumptions were accounted for under the retrospective method.

d) Policy Fees and Other Income

Policy fees and other income consists primarily of insurance charges assessed on universal life contracts, fees assessed against policyholder account values and commission income. Charges to policyholder accounts for universal life cost of insurance is recognized as revenue when due. Variable product fees are charged to variable annuity and variable life policyholders based upon the daily net assets of the policyholder's account values and are recognized as revenue when charged. Policy surrender fees are recognized as income when the policy is surrendered. Consumer protection package dues are recognized as income over the membership period.

e) Investment Securities

We have designated all of our investment securities as available-for-sale and report them in our Combined Statement of Financial Position at fair value. We obtain values for actively traded securities from external pricing services. For infrequently traded securities, we obtain quotes from brokers, or we estimate values using internally developed pricing models. These models are based upon common valuation techniques and require us to make assumptions regarding credit quality, liquidity and other factors that affect estimated values. Changes in the fair value of available-for-sale investments, net of the effect on deferred acquisition costs ("DAC"), present value of future profits ("PVFP") and deferred income taxes, are reflected as unrealized investment gains or losses in a separate component of accumulated nonowner changes in stockholder's interest and, accordingly, have no effect on net income.

We regularly review investment securities for impairment in accordance with our policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. We actively perform comprehensive market research, monitor market conditions and segment our investments by credit risk in order to minimize impairment risks. The risks inherent in reviewing the impairment of any investment security include the risk that market results may differ from expectations; facts and circumstances may change in the future and differ from estimates and assumptions; or we may later decide to sell an investment security before it recovers in value as a result of changed circumstances. If we change our estimate to conclude that a decline in the value of an investment security is other than temporary, we will reflect a charge for the impairment in the period our estimate changes.

f) Mortgage, Policy and Other Loans

Mortgage, policy and other loans are stated at the unpaid principal balance of such loans, net of allowances for estimated uncollectible amounts. The allowance for losses is determined on the basis of management's best estimate of probable losses, including specific allowances for known troubled loans, if any.

g) Cash and Cash Equivalents

Certificates of deposit, money market funds, and other time deposits with original maturities of less than 90 days are considered cash equivalents in the Combined Statement of Financial Position and

Combined Statement of Cash Flows. Items with maturities greater than 90 days but less than one year at the time of acquisition are included in short-term investments.

h) Securities Lending Activity

We engage in certain securities lending transactions, which require the borrower to provide collateral, primarily consisting of cash and government securities, on a daily basis, in amounts equal to or exceeding 102% of the fair value of the applicable securities loaned. We maintain effective control over all loaned securities and, therefore, continue to report such securities as fixed maturities in the Combined Statement of Financial Position.

Cash collateral received on securities lending transactions is invested in other invested assets with an offsetting liability recognized in other liabilities for the obligation to return the collateral. Non-cash collateral, such as a security received by us, is not reflected in our assets in the Combined Statement of Financial Position as we have no right to sell or repledge the collateral. The fair value of collateral held and included in other invested assets was $3.0 billion and $2.2 billion at December 31, 2003 and 2002, respectively. We had no non-cash collateral at December 31, 2003 and 2002.

i) Deferred Acquisition Costs (DAC)

Acquisition costs include costs which vary with and are primarily related to the acquisition of insurance and investment contracts and consumer protection packages. Such costs are deferred and amortized as follows:

Long-Duration Contracts—Acquisition costs include commissions in excess of ultimate renewal commissions, solicitation and printing costs, sales material and some support costs, such as underwriting and contract and policy issuance expenses. Amortization for traditional long-duration insurance products is determined as a level proportion of premium based on commonly accepted actuarial methods and reasonable assumptions established when the contract or policy is issued about mortality, morbidity, lapse rates, expenses and future yield on related investments. Amortization for annuity contracts without significant mortality risk and investment and universal life products is based on estimated gross profits and is adjusted as those estimates are revised.

Short-Duration Contracts—Acquisition costs consist primarily of commissions and premium taxes and are amortized ratably over the terms of the underlying policies.

Consumer Protection Packages—Acquisition costs, consisting of incremental direct, third party costs, as well as payroll and related costs for the portion of employees who are directly associated with direct-response advertising, are deferred when (1) the purpose of the advertising is to elicit sales to customers who can be shown to have responded specifically to the advertising, and (2) it is probable that future primary revenues from customers obtained through direct-response advertising will exceed the amount capitalized. Amortization of costs deferred is in proportion to the anticipated revenue to be recognized from club memberships specific to the deferrals, over the expected life of the applicable customer relationship, which varies by product. As of December 31, 2003, the average amortization period was approximately two years.

We regularly review all of these assumptions and periodically test DAC for recoverability. For deposit products, if the current present value of estimated future gross profits is less than the unamortized DAC for a line of business, a charge to income is recorded for additional DAC amortization. For other products, if the benefit reserve plus anticipated future premiums and interest earnings for a line of business are less than the current estimate of future benefits and expenses (including any unamortized DAC), a charge to income is recorded for additional DAC amortization or for increased benefit reserves.

j) Intangible Assets

Present Value of Future Profits—In conjunction with the acquisition of a block of insurance policies or investment contracts, a portion of the purchase price is assigned to the right to receive future gross profits arising from existing insurance and investment contracts. This intangible asset, called PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. PVFP is amortized, net of accreted interest, in a manner similar to the amortization of DAC.

We regularly review all of these assumptions and periodically test PVFP for recoverability. For deposit products, if the current present value of estimated future gross profits is less than the unamortized PVFP for a line of business, a charge to income is recorded for additional PVFP amortization. For other products, if the benefit reserve plus anticipated future premiums and interest earnings for a line of business are less than the current estimate of future benefits and expenses (including any unamortized PVFP), a charge to income is recorded for additional PVFP amortization or for increased benefit reserves.

Other Intangible Assets—We amortize the costs of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment at least annually based on undiscounted cash flows, which requires the use of estimates and judgment, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested at least annually for impairment and written down to fair value as required.

k) Goodwill

As of January 1, 2002, we adopted Statement of Financial Accounting Standard (SFAS) 142, *Goodwill and Other Intangible Assets*. Under SFAS 142, goodwill is no longer amortized but is tested for impairment at least annually using a fair value approach, which requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by management at the component level. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds its fair value. We use discounted cash flows to establish fair values. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When a business within a reporting unit is disposed of, goodwill is allocated to the business using the relative fair value methodology to measure the gain or loss on disposal.

Before January 1, 2002, we amortized goodwill over our estimated period of benefit on a straight-line basis; we amortized other intangible assets on appropriate bases over their estimated lives. No amortization period exceeded 40 years. When an intangible asset's carrying value exceeded associated expected operating cash flows, we considered it to be impaired and wrote it down to fair value, which we determined based on either discounted future cash flows or appraised values.

l) Reinsurance

Premium revenue, benefits, underwriting, acquisition and insurance expenses are reported net of the amounts relating to reinsurance ceded to other companies. Amounts due from reinsurers for incurred and estimated future claims are reflected in the reinsurance recoverable asset. The cost of reinsurance is accounted for over the terms of the related treaties using assumptions consistent with those used to account for the underlying reinsured policies.

m) Separate Accounts

The separate account assets represent funds for which the investment income and investment gains and losses accrue directly to the variable annuity contract holders and variable life policyholders. We assess mortality risk fees and administration charges on the variable mutual fund portfolios. The separate account assets are carried at fair value and are equal to the liabilities that represent the policyholders' equity in those assets.

n) Future Annuity and Contract Benefits

Future annuity and contract benefits consist of the liability for investment contracts, insurance contracts and accident and health contracts. Investment contract liabilities are generally equal to the policyholder's current account value. The liability for life insurance and accident and health contracts is calculated based upon actuarial assumptions as to mortality, morbidity, interest, expense and withdrawals, with experience adjustments for adverse deviation where appropriate.

o) Liability for Policy and Contract Claims

The liability for policy and contract claims represents the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. The estimated liability includes requirements for future payments of (a) claims that have been reported to the insurer, (b) claims related to insured events that have occurred but that have not been reported to the insurer as of the date the liability is estimated, and (c) claim adjustment expenses. Claim adjustment expenses include costs incurred in the claim settlement process such as legal fees and costs to record, process, and adjust claims.

For our mortgage insurance policies, reserves are established for loans that are delinquent (including loans that are delinquent but have not yet been reported) by forecasting the percentage of delinquent loans where we will ultimately pay claims and the average claim that will be paid based on our historical experience.

Management considers the liability for policy and contract claims provided to be satisfactory to cover the losses that have occurred. Management monitors actual experience, and where circumstances warrant, will revise its assumptions. The methods of determining such estimates and establishing the reserves are reviewed continuously and any adjustments are reflected in operations in the period in which they become known. Future developments may result in losses and loss expenses greater or less than the liability for policy and contract claims provided.

p) Income Taxes

Our non-life insurance entities are included in the consolidated federal income tax return of GE. These entities are subject to a tax-sharing arrangement that allocates tax on a separate company basis, but provides benefit for current utilization of losses and credits. Our U.S. life insurance entities file a consolidated life insurance federal income tax return and are subject to a separate tax-sharing agreement, as approved by state insurance regulators, which also allocates taxes on a separate company basis but provides benefit for current utilization of losses and credits. Intercompany balances are settled at least annually.

Deferred federal and foreign taxes are provided for temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

With the exception of our Canadian subsidiary, we have not established any U.S. deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries. We have elected to permanently reinvest the earnings of our material foreign subsidiaries.

q) Foreign Currency Translation

The local currency is the functional currency of our foreign operations. The determination of the functional currency is made based on the appropriate economic and management indicators. The assets and liabilities of foreign operations are translated into U.S. dollars at the exchange rates in effect at the Combined Statement of Financial Position date. Revenue and expenses of the foreign operations are translated into U.S. dollars at the average rates of exchange prevailing during the year. Translation adjustments are included, net of tax, as a separate component of accumulated nonowner changes in stockholder's interest. Gains and losses arising from transactions denominated in a foreign currency are included in earnings.

r) Accounting Changes

We adopted FASB Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities* on July 1, 2003.

GE Capital, our indirect parent, provides credit and liquidity support to a funding conduit it sponsored, which exposes it to a majority of the risks and rewards of the conduit's activities and therefore makes GE Capital the primary beneficiary of the funding conduit. Upon adoption of FIN 46, GE Capital was required to consolidate the funding conduit because of this financial support. As a result, assets and liabilities of certain previously off-balance sheet securitization entities, for which we were the transferor, were required to be included in our financial statements because the funding conduit no longer qualified as a third party. Because these securitization entities lost their qualifying status, we were required to include $1.2 billion of securitized assets and $1.1 billion of associated liabilities in our Combined Statement of Financial Position in July 2003. The assets and liabilities associated with these securitization entities have been reported in the corresponding financial statement captions in our Combined Statement of Financial Position, and the assets are noted as restricted due to the lack of legal control we have over them. We apply the same accounting policies to these restricted assets and liabilities as we do to our unrestricted assets and liabilities.

As of December 31, 2003, restricted investments held by securitization entities consisted of $639 million of fixed maturities and $430 million of commercial mortgage loans. These balances will decrease as the assets mature because we will not sell any additional assets to these consolidated entities. In addition, as of December 31, 2003, the borrowings related to securitization entities consisted of $608 million at a fixed interest rate of 5.528% due June 2025 and $410 million at a fixed rate of 6.0175% due October 2023. These borrowings are required to be paid down as principal is collected on the restricted investments held by the securitization entities and accordingly the repayment of these borrowings follows the maturity or prepayment, as permitted, of the restricted investments.

While FIN 46 represents a significant change in accounting principles governing consolidation, it does not change the economic or legal characteristics of asset sales. Entities consolidated are those that GE Capital sponsored and/or to which GE Capital provided financial support, but are not controlled by GE Capital or us. These entities were associated with asset securitization and other asset sales. Liabilities included in these entities are not our legal obligations but will be repaid with cash flows generated by the related assets, which are designated solely for the repayment of these liabilities and are not available for sale by us. As we no longer sell or securitize assets into these entities, the carrying amounts of assets and liabilities will decrease over time. Our July 1, 2003 consolidation of FIN 46 entities had no effect on previously reported earnings.

We included in the Combined Statement of Earnings for the year ended December 31, 2003 $36 million of revenue, $2 million of general expenses and $27 million of interest expense associated with our newly consolidated entities.

The following table summarizes the assets and liabilities associated with these newly consolidated entities, which are included in our Corporate and Other segment for reporting purposes, at December 31, 2003:

(Dollar amounts in millions)

Assets		
Restricted investments held by securitization entities	$	1,069
Other assets		65
Total[a]	$	1,134
Liabilities		
Borrowings related to securitization entities	$	1,018
Other liabilities		59
Total	$	1,077

(a) Includes $51 million of former retained interests in securitized assets now consolidated.

As of December 31, 2003, the amortized cost, gross unrealized gains and losses, and estimated fair value of our restricted fixed maturities held by securitization entities were as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(Dollar amounts in millions)			
Fixed maturities:				
U.S. government and agencies	$ 26	$ 1	$ —	$ 27
U.S. corporate	564	18	(21)	561
Public utilities	4	—	—	4
Mortgage and asset-backed	45	3	(1)	47
Total restricted fixed maturities	$ 639	$ 22	$ (22)	$ 639

None of these restricted fixed maturities were in an unrealized loss position for more than 6 months. No single security had an unrealized loss greater than $5 million.

The scheduled maturity distribution of these restricted fixed maturities as of December 31, 2003 is set forth below. Actual maturities may differ from contractual maturities because issuers of securities may have the the right to call or prepay obligations with or without call or prepayment penalties.

(Dollar amounts in millions)	Amortized cost	Estimated fair value
Due 2004	$ 73	$ 71
Due 2005–2008	303	309
Due 2009–2013	160	158
Due 2014 and later	58	54
Subtotal	594	592
Mortgage and asset-backed	45	47
Total restricted fixed maturities	$ 639	$ 639

The following table presents our restricted fixed maturities by NAIC designations or equivalent ratings of the Nationally Recognized Statistical Rating Organizations, as well as the percentage, based upon estimated fair value, that each designation comprised as of December 31, 2003.

NAIC Rating	Rating Agency Equivalent Designation	Amortized cost	Estimated Fair Value	% of total
(Dollar amounts in millions)				
1	Aaa/Aa/A	$ 222	$ 224	35%
2	Baa	415	413	65%
5	Caa and lower	2	2	0%
	Total restricted fixed maturities	$ 639	$ 639	100%

The following table sets forth the distribution across geographic regions and property types for restricted commercial mortgage loans as of December 31, 2003:

(Dollar amounts in millions)	Carrying value	% of total
Property Type		
Retail	$ 208	48%
Office	106	25%
Industrial	61	14%
Apartments	28	7%
Mixed use/other	27	6%
Total	$ 430	100%
Region		
South Atlantic	$ 117	27%
Pacific	90	21%
East North Central	54	13%
Mountain	42	10%
Middle Atlantic	41	10%
West South Central	25	6%
West North Central	23	5%
East South Central	23	5%
New England	15	3%
Total	$ 430	100%

There is no allowance for losses related to these restricted commercial mortgage loans.

Assets in entities that were either sponsored by GE Capital or to which GE Capital provided financial support were $1.9 billion at December 31, 2003 and 2002. Of the total, $1.1 billion was held by entities that were consolidated and $0.8 billion remained off balance sheet. New disclosure requirements related to off-balance sheet arrangements that became effective this year encompass a broader array of arrangements than those at risk for consolidation. These arrangements include transactions with term securitization entities, as well as transactions with conduits that are sponsored by third parties. At December 31, 2003 assets in these entities, which are QSPEs, were $1.6 billion as compared to $1.9 billion at December 31, 2002. The most meaningful analysis of securitization activity before FIN 46 adoption (primarily conducted through sponsored and supported entities) and activity subsequent to that adoption, is a comparison of total "securitized assets", as follows:

(Dollar amounts in millions)		**December 31, 2003**		**December 31, 2002**
Receivables secured by:				
Commercial mortgage loans	$	1,246	$	428
Fixed maturities		639		679
Other assets		865		825
Total securitized assets	$	2,750	$	1,932
Consolidated assets held by securitization entities	$	1,134	$	—
Off-balance sheet:				
Sponsored and supported		800		1,932
Other		816		—
Total securitized assets	$	2,750	$	1,932

We have entered into credit support arrangements in connection with our securitization transactions. Pursuant to these arrangements, as of December 31, 2003, we provided limited recourse for a maximum of $119 million of credit losses. We have not been required to make any payments under any of the credit support agreements. These agreements will remain in place throughout the life of the related entities.

In April 2003, the FASB issued SFAS 133 Implementation Issue B36, *Modified Coinsurance Arrangements with Debt Instruments that Incorporate Credit Risk Exposures that are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under those Instruments* (B36), which was effective for us on October 1, 2003. B36 provides that modified coinsurance arrangements, where the ceding insurer withholds funds, may include an embedded derivative that must be bifurcated from the host instrument. The adoption of B36 did not have a material impact on our results of operations or financial condition.

We adopted SFAS 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, as of July 1, 2003. SFAS 150 requires certain financial instruments previously classified as either entirely equity or between the liabilities section and the equity section of the Combined Statement of Financial Position be classified as liabilities. SFAS 150 requires issuers to classify as liabilities the following three types of freestanding financial instruments: mandatory redeemable financial instruments, obligations to repurchase the issuers equity shares by transferring assets and certain obligations to issue a variable number of shares. The adoption of SFAS 150 did not have a material impact on our results of operations or financial condition.

We adopted SFAS 142, *Goodwill and Other Intangible Assets*, effective January 1, 2002. Under SFAS 142, goodwill is no longer amortized but is tested for impairment using a fair value methodology. We discontinued amortization of goodwill effective January 1, 2002. Goodwill amortization was $84 million in 2001, excluding goodwill amortization included in discontinued operations. Had we not been amortizing goodwill in the year ended December 31, 2001, net earnings from continuing operations would have been $1.3 billion.

Under SFAS 142, we were required to test all existing goodwill for impairment as of January 1, 2002, on a reporting unit basis, and recorded a non-cash charge of $376 million, net of tax, which relates to the domestic auto and homeowners' insurance business, primarily as a result of heightened price competition in the auto insurance industry. This is reflected in net earnings (loss) from discontinued operations in the combined financial statements. No impairment charge had been required under our previous goodwill impairment policy, which was based on undiscounted cash flows. Further information about goodwill is provided in note 8.

In 2002, we adopted the stock option expense provisions of SFAS 123, *Accounting for Stock-Based Compensation*, for stock options granted by GE to our employees. A comparison of reported and pro forma net earnings, including effects of expensing stock options, follows:

(Dollar amounts in millions)	2003	2002	2001
Net earnings, as reported	$ 1,081	$ 1,174	$ 1,396
Stock option expense included in net earnings	2	1	—
Total stock option expense[(a)]	(8)	(10)	(9)
Net earnings, on pro forma basis	$ 1,075	$ 1,165	$ 1,387

(a) As if we had applied SFAS 123 to expense stock options in all periods. Includes $2 million and $1 million actually recognized in net earnings for the years ended December 31, 2003 and 2002, respectively.

In June 2002, the FASB issued SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*. Previous guidance required expenses for exit or disposal activities to be accrued when the exit or disposal plan was approved by management and the liability was probable and quantifiable regardless of when the expense would be incurred. This standard requires that liabilities or costs associated with such activities be recognized when incurred. This standard also requires that any such liability be recognized initially at fair value. The provisions of this standard are effective for exit or disposal activities initiated after December 31, 2002. The adoption of this standard did not have an impact on our results of operations or financial condition.

At January 1, 2001, we adopted SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. Under SFAS 133, all derivative instruments (including certain derivative instruments embedded in other contracts) are recognized in the Combined Statement of Financial Position at their fair values and changes in fair value are recognized immediately in earnings, unless the derivatives qualify as hedges of future cash flows, in which case the effective portion of changes in fair value is recorded temporarily in stockholder's interest, then recognized in earnings along with the related effects of the hedged items. Any ineffective portion of hedges is reported in earnings as it occurs. Further information about derivatives and hedging is provided in note 19.

The cumulative effect of adopting this accounting change at January 1, 2001, was as follows:

(Dollar amounts in millions)	Earnings[(a)]	Stockholder's interest
Adjustment to fair value of derivatives	$ (23)	$ (555)
Income tax effects	8	204
Total	$ (15)	$ (351)

(a) For earnings effect, amount shown is net of adjustment to hedged items.

The cumulative effect on both earnings and stockholder's interest of adopting SFAS 133 was primarily attributable to marking to market currency swap contracts used to hedge non-functional currency investments and swap contracts used to hedge variable-rate borrowings. Decreases in the fair values of these instruments were attributable to declines in interest rates since inception of the hedging arrangements.

As a matter of policy, we ensure that funding, including the effect of derivatives, of our investment and other financial asset positions are substantially matched in character (e.g., fixed vs. floating) and duration. As a result, declines in the fair values of these effective derivatives are offset by unrecognized gains on the related financing assets and hedged items, and future net earnings will not be subject to volatility arising from interest rate changes.

In October 2001, the Financial Accounting Standards Board (FASB) issued SFAS 144,*Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS 144 addresses accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*. Effective January 1, 2002, we adopted SFAS 144 for impairments of long-lived assets and for long-lived assets to be disposed of on or after January 1, 2002. See note 4 for a description of our discontinued operations.

s) Accounting Pronouncements Not Yet Adopted

In July 2003, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 03-1,*Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, which we will adopt on January 1, 2004. This statement provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. We do not expect the adoption of SOP 03-1 to have a material impact on our results of operations or financial condition.

(3) Acquisitions

Each of the following acquisitions has been accounted for using the purchase method of accounting and, accordingly, the accompanying combined financial statements reflect the corresponding results of operations from the respective dates of acquisition (or date of the transfer as described below).

In May 2003, we acquired Spread Eagle Insurance Company Limited, renamed GE Mortgage Insurance (Guernsey) Limited, for approximately $54 million, including identifiable intangible assets of approximately $20 million.

In April 2002, GE Edison Life Insurance Company ("GE Edison") acquired Saison Life Insurance Company Limited ("Saison Life") from Credit Saison Co., Ltd., Saison Group, Ltd. and its other shareholders for ¥7.8 billion, or approximately $61 million, representing ¥12.8 billion of payments to shareholders less ¥5.0 billion of contingent debt. On the date of acquisition, Saison Life had approximately $4.3 billion of assets, including $2.4 billion of cash and $1.9 billion of other assets, and $4.3 billion of liabilities and equity, including $82 million of perpetual subordinated debt. Goodwill of $307 million was recorded as a result of the acquisition at December 31, 2002. This business has been accounted for as discontinued operations in the accompanying combined financial statements (for further discussion see note 4).

In December 2001, we acquired Centurion Capital Group ("Centurion"), renamed GE Private Asset Management, for approximately $92 million, including goodwill of $94 million. Centurion is a West Coast-based asset management company.

(4) Discontinued Operations

Upon completion of the reorganization described in note 1, we no longer have continuing involvement with the Japanese life insurance and domestic auto and homeowners' insurance businesses (together "Japan/Auto") and accordingly, those operations have been accounted for as discontinued operations. Therefore, the results of operations of these businesses are reflected as discontinued operations and removed from the Combined Statement of Cash Flows for all periods presented in the combined financial statements.

On August 29, 2003, we completed the sale of our Japan/Auto businesses to American International Group, Inc. for aggregate cash proceeds of approximately $2.1 billion, consisting of $1.6 billion paid to us and $0.5 billion paid to other GE affiliates, plus pre-closing dividends of $495 million. The sale resulted in a loss of $74 million (net of taxes of $158 million).

Summary operating results of discontinued operations for the years ended December 31, are as follows:

(Dollar amounts in millions)	2003	2002	2001
Revenues	$ 1,985	$ 2,622	$ 2,706
Earnings before income taxes and accounting changes	$ 284	$ 229	$ 279
Provision for income taxes	98	59	99
Earnings before accounting changes	186	170	180
Cumulative effect of accounting changes, net of taxes	—	(376)	—
Net earnings (loss) from discontinued operations	$ 186	$ (206)	$ 180

The domestic auto and homeowners' insurance business declared and paid a dividend of $62 million in 2002.

The assets and liabilities associated with discontinued operations prior to the sale have been segregated in the Combined Statement of Financial Position. The major asset and liability categories at December 31, 2002 are as follows:

(Dollar amounts in millions)	2002
Investments	$ 17,906
Cash and cash equivalents	1,135
Deferred acquisition costs	646
Intangible assets and goodwill	1,409
Other assets	982
Assets associated with discontinued operations	$ 22,078
Future annuity and contract benefits	$ 16,733
Liability for policy and contract claims	781
Unearned premiums	259
Short-term borrowings	—
Long-term borrowings	530
Other liabilities	1,709
Liabilities associated with discontinued operations	$ 20,012

(5) Investments

(a) *Net Investment Income*

For the years ended December 31, sources of net investment income were as follows:

(Dollar amounts in millions)	2003	2002	2001
Fixed maturities	$ 3,482	$ 3,491	$ 3,391
Equity securities	27	39	36
Mortgage and other loans	410	361	348
Policy loans	88	71	64
Other	75	78	111
Gross investment income	4,082	4,040	3,950
Investment expenses	(67)	(61)	(55)
Net investment income	$ 4,015	$ 3,979	$ 3,895

(b) *Fixed Maturities and Equity Securities*

For the years ended December 31, gross realized investment gains and losses resulting from the sales of investment securities classified as available for sale were as follows:

(Dollar amounts in millions)	2003	2002	2001
Gross realized investment:			
Gains	$ 473	$ 790	$ 814
Losses, including impairments[(a)]	(463)	(586)	(613)
Net realized investment gains	$ 10	$ 204	$ 201

(a) Impairments were $224 million, $343 million and $289 million in 2003, 2002 and 2001, respectively.

Net unrealized gains and losses on investment securities classified as available for sale are reduced by deferred income taxes and adjustments to PVFP and DAC that would have resulted had such gains and losses been realized. Net unrealized gains and losses on available-for-sale investment securities reflected as a separate component of accumulated nonowner changes in stockholder's interest at December 31, are summarized as follows:

(Dollar amounts in millions)	2003	2002	2001
Net unrealized gains (losses) on available-for-sale investment securities:			
Fixed maturities	$ 2,669	$ 1,336	$ (508)
Equity securities	52	(208)	(206)
Subtotal	2,721	1,128	(714)
Adjustments to present value of future profits and deferred acquisition costs	(388)	(74)	60
Deferred income taxes, net	(815)	(372)	230
Subtotal	1,518	682	(424)
Net unrealized gains on investment securities included in assets associated with discontinued operations, net of deferred taxes of $0, $(295) and $(66)	—	536	128
Net unrealized gains (losses) on available-for-sale investment securities	$ 1,518	$ 1,218	$ (296)

The change in the net unrealized gains (losses) on available-for-sale investment securities reported in accumulated nonowner changes in stockholder's interest for the years ended December 31, is as follows:

(Dollar amounts in millions)	2003	2002	2001
Net unrealized gains (losses) on investment securities at January 1	$ 1,218	$ (296)	$ (241)
Unrealized gains on investment arising during the period:			
Unrealized gain on investment securities	1,569	2,046	212
Adjustment to deferred acquisition costs	(231)	(75)	(17)
Adjustment to present value of future profits	(83)	(59)	8
Provision for deferred income taxes	(434)	(677)	(46)
Unrealized gains on investment securities	821	1,235	157
Reclassification adjustments to net realized investment gains (losses) net of deferred taxes of $9, $(75) and $(72)	15	(129)	(129)
Unrealized gains (losses) on investment securities included in assets associated with discontinued operations arising during the period, net of deferred taxes	(532)	511	(49)
Reclassification adjustment to net earnings from discontinued operations, net of deferred taxes of $(2), $(55) and $(18)	(4)	(103)	(34)
Net unrealized gains (losses) on investment securities at December 31	$ 1,518	$ 1,218	$ (296)

At December 31, the amortized cost or cost, gross unrealized gains and losses, and estimated fair value of our fixed maturities and equity securities classified as available for sale were as follows:

2003 (Dollar amounts in millions)	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Fixed maturities:				
U.S. government and agencies	$ 1,025	$ 48	$ 18	$ 1,055
State and municipal	3,221	130	1	3,350
Government—non U.S.	1,510	49	8	1,551
U.S. corporate	31,454	1,863	292	33,025
Corporate—non U.S.	7,624	378	53	7,949
Public utilities	5,919	411	27	6,303
Mortgage and asset-backed	12,063	269	80	12,252
Total fixed maturities	62,816	3,148	479	65,485
Equity securities	548	60	8	600
Total available-for-sale securities	$ 63,364	$ 3,208	$ 487	$ 66,085

2002 (Dollar amounts in millions)	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Fixed maturities:				
U.S. government and agencies	$ 1,131	$ 54	$ 18	$ 1,167
State and municipal	3,203	117	13	3,307
Government—non U.S.	957	47	3	1,001
U.S. corporate	30,359	1,401	733	31,027
Corporate—non U.S.	5,131	219	103	5,247
Public utilities	6,785	239	245	6,779
Mortgage and asset-backed	11,895	428	54	12,269
Total fixed maturities	59,461	2,505	1,169	60,797
Equity securities	1,503	54	262	1,295
Total available-for-sale securities	$ 60,964	$ 2,559	$ 1,431	$ 62,092

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. Our impairment reviews involve our finance and risk teams as well as the portfolio management and research capabilities of GE Asset Management ("GEAM"). Our qualitative review attempts to identify those issuers with a greater than 50% chance of default in the coming twelve months. These securities are characterized as "at-risk" of impairment. As of December 31, 2003, securities "at risk" of impairment had aggregate unrealized losses of $40 million.

For fixed maturities, we recognize an impairment charge to earnings in the period in which we determine that we do not expect either to collect principal and interest in accordance with the contractual terms of the instruments or to recover based upon underlying collateral values, considering events such as a payment default, bankruptcy or disclosure of fraud. For equity securities, we recognize an impairment charge in the period in which we determine that the security will not recover to book value within a reasonable period. We determine what constitutes a reasonable period on a security-by-security basis based upon a consideration of all the evidence available to us, including the magnitude of an unrealized loss and its duration. In any event, this period does not exceed 18 months for common equity securities. We measure impairment charges based upon the difference between the book value of a security and its fair value. Fair value is based upon quoted market price, except for certain infrequently traded securities where we estimate values using internally developed pricing models. These models are based upon common valuation techniques and require us to make assumptions regarding credit quality, liquidity and other factors that affect estimated values. The carrying value of infrequently traded securities as of December 31, 2003 was $14.1 billion.

In the years ended December 31, 2003, 2002 and 2001, we recognized impairment losses of $224 million, $343 million and $289 million, respectively. We generally intend to hold securities in unrealized loss positions until they recover. However, from time to time, we sell securities in the ordinary course of managing our portfolio to meet diversification, credit quality, yield and liquidity requirements. In the year ended December 31, 2003, the pre-tax realized investment loss incurred on the sale of fixed maturities and equity securities was $239 million. The aggregate fair value of securities sold during that year was $5,220 million, which was approximately 96% of book value.

The following tables present the gross unrealized losses and estimated fair values of our investment securities, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, as of December 31, 2003:

	Less Than 12 Months				
(Dollar amounts in millions)	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% underwater	# of securities
Fixed maturities:					
U.S. government and agencies	$ 228	$ 210	$ (18)	7.9%	11
State and municipal	119	118	(1)	0.8%	31
Government—non U.S.	501	493	(8)	1.6%	142
U.S. corporate (including public utilities)	5,948	5,738	(210)	3.5%	458
Corporate—non U.S.	1,573	1,530	(43)	2.7%	198
Asset backed	914	900	(14)	1.5%	95
Mortgage backed	2,065	2,001	(64)	3.1%	247
Subtotal, fixed maturities	11,348	10,990	(358)	3.2%	1,182
Equity securities	53	51	(2)	3.8%	58
Total temporarily impaired securities	$ 11,401	$ 11,041	$ (360)	3.2%	1,240
Investment grade	$ 10,471	$ 10,185	$ (286)	2.7%	1,032
Below investment grade	810	739	(71)	8.8%	141
Not rated—fixed maturities	67	66	(1)	1.5%	9
Not rated—equities	53	51	(2)	3.8%	58

	12 Months or More				
(Dollar amounts in millions)	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% underwater	# of securities
Fixed maturities:					
U.S. government and agencies	$ —	$ —	$ —	—	—
State and municipal	1	1	—	—	1
Government—non U.S.	12	12	—	—	6
U.S. corporate (including public utilities)	1,084	975	(109)	10.1%	134
Corporate—non U.S.	158	148	(10)	6.3%	30
Asset backed	111	110	(1)	0.9%	9
Mortgage backed	172	171	(1)	0.6%	19
Subtotal, fixed maturities	1,538	1,417	(121)	7.9%	199
Equity securities	49	43	(6)	12.2%	47
Total temporarily impaired securities	$ 1,587	$ 1,460	$ (127)	8.0%	246
Investment grade	$ 718	$ 691	$ (27)	3.8%	90
Below investment grade	820	726	(94)	11.5%	109
Not rated—fixed maturities	—	—	—	—	—
Not rated—equities	49	43	(6)	12.2%	47

The investment securities in an unrealized loss position for less than twelve months account for $360 million, or 74%, of our total unrealized losses. Of the securities in this category, there were five securities with an unrealized loss in excess of $5 million. These five securities had aggregate unrealized losses of $30 million. The amount of the unrealized loss on these securities is driven primarily by the relative size of the holdings, the par values of which range from $40 million to $75 million.

The investment securities in an unrealized loss position for twelve months or more account for $127 million, or 26%, of our total unrealized losses. There are 68 fixed-maturity securities in three industry groups that account for $78 million or 61% of the unrealized losses in this category.

Forty-one of these 68 securities are in the transportation sector and are related to the airline industry. Ninety-nine percent of our airline securities are collateralized by commercial aircraft associated with five domestic airlines. The collateral underlying these securities consists of commercial jet aircraft. We believe these security holdings are in a loss position as a result of ongoing negative market reaction to difficulties in the commercial airline industry. In accordance with our impairment policy described above, we have recognized $30 million and $27 million in other-than-temporary impairments during 2003 and 2002, respectively, associated with the airline industry due to either bankruptcies or restructurings. These holdings were written down to estimated fair value based upon the present value of expected cash flows associated with revised lease terms or the value of the underlying aircraft. As of December 31, 2003, we expect to collect full principal and interest in accordance with the contractual terms of the instruments of our remaining holdings in airline securities. For those airline securities which we have previously impaired, we expect to recover our carrying amount based upon underlying aircraft collateral values.

Eighteen of these 68 securities are in the industrial sector and are primarily in the chemical and paper and timber products industries. Within this sector, there are two issuers, comprising five of the 18 securities, which represent $17 million of the unrealized losses in this sector. Each of the other securities in this sector has unrealized losses less than $3 million. These two issuers, one of which is in the chemical industry and one of which is in the timber products industry, are current on all terms, show improving trends with regards to liquidity and security price and are not considered at risk of impairment. Our other holdings issued by the chemical company are in unrealized gain positions. Our other holdings issued by the timber products company are collateralized by assets, which provide greater than 100% coverage of the outstanding obligations based on the most recent valuations performed.

The remaining nine of these 68 securities are in the consumer-non cyclical sector and are primarily in the consumer products and retail industries. Within this sector, there is one issuer, comprising two of the nine securities, which represents $13 million of the unrealized losses in this sector. This one issuer, a national retail chain, is current on all terms, shows improving trends with regard to liquidity and security price, and is not considered at risk of impairment. Our other holdings issued by this company are in unrealized gain positions. The remainder of the securities in this sector each have unrealized losses less than $1 million.

In the remaining industry sectors, no single issuer of fixed-maturity securities has an unrealized loss greater than $5 million.

The equity securities in an unrealized loss position for twelve months or more are preferred stocks with fixed maturity-like characteristics and mutual fund investments. No single security has an unrealized loss greater than $5 million.

The scheduled maturity distribution of fixed maturities as of December 31, 2003 is set forth below. Actual maturities may differ from contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollar amounts in millions)	Amortized cost or cost	Estimated fair value
Due 2004	$ 1,747	$ 1,761
Due 2005—2008	11,400	11,817
Due 2009—2013	13,318	13,901
Due 2014 and later	24,288	25,756
Subtotal	50,753	53,235
Mortgage and asset-backed	12,063	12,250
Total	$ 62,816	$ 65,485

At December 31, 2003, $7,998 million of our investments (excluding mortgage and asset-backed securities) were subject to certain call provisions.

At December 31, 2003, securities issued by finance and insurance, utilities and energy and consumer—non cyclical industry groups represented approximately 28%, 22% and 13% of our domestic and foreign corporate fixed maturities portfolio, respectively. No other industry group comprises more than 10% of our investment portfolio. This portfolio is widely diversified among various geographic regions in the U.S. and internationally, and is not dependent on the economic stability of one particular region.

At December 31, 2003, we did not hold any fixed maturities in any single issuer, other than securities issued or guaranteed by the U.S. government, which exceeded 10% of stockholder's interest.

At December 31, 2003 and 2002, $203 million and $174 million, respectively, of securities were on deposit with various state or foreign government insurance departments in order to comply with relevant insurance regulations.

The Securities Valuation Office of the National Association of Insurance Commissioners (NAIC) evaluates bond investments of U.S. insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC designations." The NAIC designations parallel the credit ratings of the Nationally Recognized Statistical Rating Organizations for marketable bonds. NAIC designations 1 and 2 include bonds considered investment grade (rated "Baa3" or higher by Moody's, or rated "BBB-" or higher by S&P) by such rating organizations. NAIC designations 3 through 6 include bonds considered below investment grade (rated "Ba1" or lower by Moody's, or rated "BB+" or lower by S&P).

The following table presents our fixed maturities by NAIC and/or equivalent ratings of the Nationally Recognized Statistical Rating Organizations, as well as the percentage, based upon estimated fair value, that each designation comprises. Our non-U.S. fixed maturities generally are not rated by the

NAIC and are shown based upon the equivalent rating of the Nationally Recognized Statistical Rating Organizations. Similarly, certain privately placed fixed maturities that are not rated by the Nationally Recognized Statistical Rating Organizations are shown based upon their NAIC designation. Certain fixed maturities, primarily non-U.S. fixed maturities, are not rated by the NAIC or the Nationally Recognized Statistical Rating Organizations and are so designated.

		As of December 31,					
		2003			2002		
NAIC Rating	Rating Agency Equivalent Designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
(Dollar amounts in millions)							
1	Aaa/Aa/A	$ 39,124	$ 40,600	62%	$ 36,749	$ 38,107	63%
2	Baa	19,048	20,220	31%	17,946	18,444	30%
3	Ba	2,520	2,624	4%	2,596	2,394	4%
4	B	1,257	1,207	2%	963	789	1%
5	Caa and lower	487	449	1%	502	352	1%
6	In or near default	189	190	0%	218	181	0%
Not rated	Not rated	191	195	0%	487	530	1%
	Total fixed maturities	$ 62,816	$ 65,485	100%	$ 59,461	$ 60,797	100%

(c) Mortgage Loans

Our mortgage loans are collateralized by commercial properties, including multifamily residential buildings. The carrying value of mortgage loans is stated at original cost net of prepayments and amortization.

We diversify our commercial mortgage loans by both geographic region and property type. The following table sets forth the distribution across geographic regions and property types for commercial mortgage loans as of the dates indicated:

	As of December 31,			
	2003		2002	
(Dollar amounts in millions)	Carrying value	% of total	Carrying value	% of total
Property Type				
Office	$ 2,024	33%	$ 1,610	30%
Industrial	1,812	30%	1,546	29%
Retail	1,500	25%	1,476	28%
Apartments	573	9%	520	10%
Mixed use/other	205	3%	150	3%
Total	$ 6,114	100%	$ 5,302	100%
Region				
Pacific	$ 1,867	31%	$ 1,606	30%
South Atlantic	1,194	20%	1,174	22%
Middle Atlantic	932	15%	729	14%
East North Central	771	12%	519	10%
Mountain	478	8%	454	9%
West South Central	288	5%	241	4%
West North Central	271	4%	267	5%
East South Central	226	4%	222	4%
New England	87	1%	90	2%
Total	$ 6,114	100%	$ 5,302	100%

We were committed to fund $56 million and $163 million at December 31, 2003 and 2002, respectively, in U.S. mortgage loans.

"Impaired" loans are defined by U.S. GAAP as loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. That definition excludes, among other things, leases, or large groups of smaller-balance homogeneous loans, and therefore applies principally to our commercial loans.

Under these principles, we may have two types of "impaired" loans: loans requiring specific allowances for losses (none as of December 31, 2003 and 2002) and loans expected to be fully recoverable because the carrying amount has been reduced previously through charge-offs or deferral of income recognition ($5 million and $4 million, as of December 31, 2003 and 2002, respectively). Average investment in impaired loans during 2003, 2002 and 2001 was $5 million, $7 million and $12 million, respectively, and interest income recognized on these loans while they were considered impaired was $1 million in each of the three years.

The following table presents the activity in the allowance for losses during the years ended December 31:

(Dollar amounts in millions)	2003	2002	2001
Balance at January 1	$ 45	$ 58	$ 47
Provision charged to operations	8	10	9
Amounts written off, net of recoveries	(3)	(23)	2
Balance at December 31	$ 50	$ 45	$ 58

(6) Deferred Acquisition Costs

Activity impacting deferred acquisition costs for the years ended December 31:

(Dollar amounts in millions)	2003	2002	2001
Unamortized balance at January 1	$ 5,386	$ 4,452	$ 3,665
Impact of foreign currency translation	111	88	(1)
Costs deferred	1,758	1,906	1,721
Amortization	(1,182)	(1,060)	(933)
Unamortized balance at December 31	6,073	5,386	4,452
Accumulated effect of net unrealized investment (gains) losses	(285)	(54)	21
Balance at December 31	$ 5,788	$ 5,332	$ 4,473

Amortization includes advertising costs related to Consumer Protection Packages of $42 million, $36 million and $40 million for the years ended December 31, 2003, 2002 and 2001, respectively. None of these amounts represent write-downs to net realizable value.

(7) Intangible Assets

The following table presents the activity in intangible assets for the years ended December 31:

	2003		2002	
(Dollar amounts in millions)	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Present value of future profits ("PVFP")	$ 2,744	$ (1,593)	$ 2,810	$ (1,481)
Capitalized software	235	(141)	249	(107)
Other	372	(271)	369	(248)
Total	$ 3,351	$ (2,005)	$ 3,428	$ (1,836)

Present Value of Future Profits

The method we use to value PVFP in connection with acquisitions of life insurance entities is summarized as follows: (1) identify the future gross profits attributable to certain lines of business, (2) identify the risks inherent in realizing those gross profits, and (3) discount those gross profits at the rate of return that we must earn in order to accept the inherent risks.

The following table presents the activity in PVFP for the years ended December 31:

(Dollar amounts in millions)	2003	2002	2001
Unamortized balance at January 1	$ 1,349	$ 1,460	$ 1,709
Acquisitions	16	(20)	(91)
Impact of foreign currency translation	1	—	—
Interest accreted at 4.1%, 4.1%, 3.9%, respectively	51	57	63
Amortization	(163)	(148)	(221)
Unamortized balance at December 31	1,254	1,349	1,460
Accumulated effect of net unrealized investment (gains) losses	(103)	(20)	39
Balance at December 31	$ 1,151	$ 1,329	$ 1,499

The estimated percentage of the December 31, 2003 balance, before the effect of unrealized investment gains or losses, to be amortized over each of the next five years is as follows:

2004	9.5%
2005	8.8%
2006	8.0%
2007	7.2%
2008	6.5%

Amortization expenses for PVFP in future periods will be affected by acquisitions, dispositions, realized capital gains/losses or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expenses for other intangibles will depend on future acquisitions, dispositions and other business transactions.

(8) Goodwill

Our goodwill balance by segment and activity during the year follows:

(Dollar amounts in millions)	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Total
Balance, December 31, 2001	$ 1,037	$ 307	$ 37	$ 205	$ 1,586
Acquisitions	—	25	—	—	25
Other[(a)]	15	—	(3)	79	91
Balance, December 31, 2002	1,052	332	34	284	1,702
Acquisitions	6	5	—	—	11
Other[(a)]	13	—	2	—	15
Balance, December 31, 2003	$ 1,071	$ 337	$ 36	$ 284	$ 1,728

(a) Other adjustments include reclassifications of certain intangible assets into goodwill upon the adoption of SFAS 142 in 2002 and the impact of foreign exchange translation adjustments.

Goodwill associated with our Japanese life insurance and domestic auto and homeowners' insurance business is included in assets associated with discontinued operations for 2002.

(9) Reinsurance

Certain policy risks are reinsured with other insurance companies to limit the amount of loss exposure. Reinsurance contracts do not relieve us from our obligations to policyholders. In the event that the reinsurers are unable to meet their obligations, we remain liable for the reinsured claims. We monitor both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers to lessen the risk of default by such reinsurers. We do not have significant concentrations of reinsurance with any one reinsurer that could have a material impact on our results of operations.

The maximum amount of individual ordinary life insurance normally retained by us on any one life policy is $1 million. Net domestic life insurance in force as of December 31, is summarized as follows:

(Dollar amounts in millions)	2003	2002	2001
Direct life insurance in force	$ 553,690	$ 520,008	$ 534,369
Amounts assumed from other companies	23,749	31,965	39,578
Amounts ceded to other companies	(170,961)	(157,898)	(111,989)
Net life insurance in force	$ 406,478	$ 394,075	$ 461,958
Percentage of amount assumed to net	6%	8%	9%

The effects of reinsurance on premiums written and earned for the years ended December 31, were as follows:

(Dollar amounts in millions)	Written			Earned		
	2003	2002	2001	2003	2002	2001
Direct:						
Life insurance	$ 2,262	$ 2,654	$ 2,583	$ 2,279	$ 2,414	$ 2,413
Accident and health insurance	3,212	2,583	2,166	3,311	2,547	2,301
Property and casualty insurance	160	109	94	156	105	94
Mortgage insurance	1,093	954	875	857	795	779
Total Direct	6,727	6,300	5,718	6,603	5,861	5,587
Assumed:						
Life insurance	507	535	344	505	502	319
Accident and health insurance	541	519	671	543	529	666
Property and casualty insurance	57	40	46	27	51	47
Mortgage insurance	6	12	8	5	4	4
Total Assumed	1,111	1,106	1,069	1,080	1,086	1,036
Ceded						
Life insurance	(713)	(660)	(393)	(693)	(591)	(402)
Accident and health insurance	(155)	(118)	(110)	(128)	(118)	(112)
Property and casualty insurance	(11)	(9)	(11)	(13)	(9)	(11)
Mortgage insurance	(149)	(127)	(86)	(146)	(122)	(86)
Total Ceded	(1,028)	(914)	(600)	(980)	(840)	(611)
Net premiums	$ 6,810	$ 6,492	$ 6,187	$ 6,703	$ 6,107	$ 6,012
Percentage of amount assumed to net				16%	18%	17%

Reinsurance recoveries recognized as a reduction of benefit expenses amounted to $809 million, $682 million and $486 million during 2003, 2002 and 2001, respectively.

(10) Future Annuity and Contract Benefits

Investment Contracts

Investment contracts are broadly defined to include contracts without significant mortality or morbidity risk. Payments received from sales of investment contracts are recognized by providing a liability equal to the current account value of the policyholder's contracts. Interest rates credited to investment contracts are guaranteed for the initial policy term with renewal rates determined as necessary by management.

Insurance Contracts

Insurance contracts are broadly defined to include contracts with significant mortality and/or morbidity risk. The liability for future benefits of insurance contracts is the present value of such benefits less the present value of future net premiums based on mortality, morbidity, and other assumptions, which were appropriate at the time the policies were issued or acquired. These assumptions are periodically evaluated for potential reserve deficiencies. Reserves for cancelable accident and health insurance are based upon unearned premiums, claims incurred but not reported, and claims in the process of settlement. This estimate is based on our historical experience and that of the insurance industry, adjusted for current trends. Any changes in the estimated liability are reflected in earnings as the estimates are revised.

The following chart summarizes the major assumptions underlying our recorded liabilities for future annuity and contract benefits at December 31:

(Dollar amounts in millions)	Withdrawal assumption	Mortality/ morbidity assumption	Interest rate assumption	Future annuity and contract benefit liabilities 2003	2002
Investment contracts	N/A	N/A	N/A	$ 31,206	$ 30,962
Limited-payment contracts	None	(a)	3.3%–12.0%	12,655	11,873
Traditional life insurance contracts	Company Experience	(b)	5.5%–7.5%	2,537	3,576
Universal life-type contracts	N/A	N/A	N/A	5,867	4,183
Accident and health	Company Experience	(c)	7.5% grading to 4.75%	131	121
Long-term care	Company Experience	(d)	4.5%–7.0%	6,861	5,823
Total future annuity and contract benefits				$ 59,257	$ 56,538

(a) Either the U.S Population Table, 1983 Group Annuitant Mortality Table or 1983 Individual Annuitant Mortality Table.

(b) Principally modifications of the 1965-70 or 1975-80 Select and Ultimate Tables, 1958 and 1980 Commissioner's Standard Ordinary Tables and (IA) Standard Table 1996 (modified).

(c) The 1958 and 1980 Commissioner's Standard Ordinary Tables, 1964 modified and 1987 Commissioner's Disability Tables and Company experience.

(d) The 1983 Individual Annuitant Mortality Table or 1980 Commissioner's Standard Ordinary Table and the 1985 National Nursing Home Study and Company experience.

(11) Liability for Policy and Contract Claims

Changes in the liability for policy and contract claims for the years ended December 31:

(Dollar amounts in millions)	2003	2002	2001
Balance at January 1	$ 3,014	$ 2,713	$ 2,083
Less reinsurance recoverables	(406)	(275)	(157)
Net balance at January 1	2,608	2,438	1,926
Incurred related to insured events of:			
Current year	2,200	2,401	2,583
Prior years	(73)	(193)	(173)
Total incurred	2,127	2,208	2,410
Paid related to insured events of:			
Current year	(1,236)	(1,208)	(1,010)
Prior years	(807)	(851)	(877)
Total paid	(2,043)	(2,059)	(1,887)
Foreign currency translation	43	21	(11)
Net balance at December 31	2,735	2,608	2,438
Add reinsurance recoverables	472	406	275
Balance at December 31	$ 3,207	$ 3,014	$ 2,713

For each of the three years presented above, the change in prior years incurred liabilities primarily relates to positive development in claims incurred but not reported for our mortgage insurance and certain accident and health insurance businesses. In general, our insurance contracts are not subject to premiums experience adjustments as a result of prior-year effects.

(12) Benefit Plans

Essentially all of our employees participate in GE's retirement plan ("GE Pension Plan") and retiree health and life insurance benefit plans ("GE Retiree Benefit Plans"). The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Benefit provisions are subject to collective bargaining. The GE Retiree Benefit Plans provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Retirees share in the cost of healthcare benefits. The GE Pension Plan currently is in an overfunded position. Therefore, we have not been required to contribute to this plan for the three years ended December 31, 2003. Certain company employees also participate in GE's Supplementary Pension Plan ("GE Supplementary Plan") and other retiree benefit plans. The GE Supplementary Plan is a pay-as-you-go plan providing supplementary retirement benefits primarily to higher-level, longer-service U.S. employees. Other retiree plans are not significant individually or in the aggregate. Our costs associated with these plans were $52 million, $52 million and $44 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Our employees participate in GE's defined contribution savings plan that allows the employees to contribute a portion of their pay to the plan on a pre-tax basis. GE matches 50% of these contributions up to 7% of the employee's pay. Our costs associated with these plans were $13 million, $15 million and $16 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We also provide health and life insurance benefits to our employees through the GE Company's benefit program, as well as through plans sponsored by other affiliates. Our costs associated with these plans were $41 million, $45 million and $43 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We reimburse GE monthly for our share of the plan costs.

Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, our applicable employees will cease to participate in the GE plans and will participate in employee benefit plans established and maintained by us. For non-U.S. employees, this date may be delayed, by mutual agreement between GE and us, for up to six months following the date that GE ceases to own more than 50% of our outstanding common stock.

(13) Borrowings

(a) Short-Term Borrowings

Total short-term borrowings at December 31:

(Dollar amounts in millions)	2003	2002
Commercial paper	$ 1,691	$ 1,675
Current portion of long-term borrowings	—	175
Short-term line of credit with GE Capital	548	—
Total	$ 2,239	$ 1,850

The weighted average interest rate on commercial paper outstanding at December 31, 2003 and 2002 was 1.1% and 1.4%, respectively.

The weighted average interest rate on the current portion of long-term borrowings at December 31, 2002 was 6.6%.

The weighted average interest rate on the short-term line of credit with GE Capital at December 31, 2003 was 1.3%.

(b) Long-Term Borrowings

Total long-term borrowings at December 31:

(Dollar amounts in millions)	2003	2002
1.6% Notes (Japanese Yen), due 2011	$ 529	$ 472
6.625% First Colony Life Insurance Company Senior Note, due 2003	—	175
Less current portion of long-term borrowings	—	(175)
Total	$ 529	$ 472

In June 2001, GEFAHI issued ¥60.0 billion of notes through a public offering at a price of ¥59.9 billion. ¥3.0 billion of the notes were purchased by GE Edison following the original issuance. These notes were subsequently purchased by GEFAHI and were held by GEFAHI as of December 31, 2003. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of $491 million and bearing interest at a rate of 4.84% per annum. The notes are unsecured and mature at par in 2011.

There are no scheduled maturities in the years 2004-2008.

(c) Liquidity

Our liquidity requirements are principally met through dividends from our insurance subsidiaries, the Commercial Paper program and the credit line with GE Capital. At December 31, 2003, we have an unused credit capacity within our line of credit with GE Capital of $1.95 billion.

(d) Interest Rate Risk

A variety of instruments, including interest rate and currency swaps and currency forwards (for further information relating to interest rate swaps, see *cash flow hedges* in note 19), are employed to achieve management's interest rate objectives. As of December 31, 2003 and 2002, we had long-term interest rate swaps with a notional value of $1.1 billion that effectively converted the floating rate nature of short-term borrowings into fixed-rate borrowings. These swaps have interest rates ranging from 5.9% to 7.3% and maturities ranging from 2007 to 2017.

(14) Non-recourse Funding Obligations

On July 28, 2003 and December 16, 2003, River Lake Insurance Company, a wholly owned captive reinsurance subsidiary of our company, issued $300 million and $300 million, respectively, of non-recourse funding obligations, which bear a floating rate of interest and mature in 2033. As of December 31, 2003, $600 million of obligations were outstanding. The weighted average yield at December 31, 2003 is 1.2%.

(15) Income Taxes

The total provision (benefit) for income taxes for the years ended December 31:

(Dollar amounts in millions)	2003	2002	2001
Current federal income taxes	$ 444	$ 441	$ 233
Deferred federal income taxes	(103)	(76)	323
Total federal income taxes	341	365	556
Current state income taxes	(16)	(26)	(12)
Deferred state income taxes	(11)	21	3
Total state income taxes	(27)	(5)	(9)
Current foreign income taxes	48	51	62
Deferred foreign income taxes	51	—	(19)
Total foreign income taxes	99	51	43
Total provision for income taxes	$ 413	$ 411	$ 590

The reconciliation of the federal statutory tax rate to the effective income tax rate is as follows:

	2003	2002	2001
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:			
State income tax, net of federal income tax effect	(0.6)	(0.3)	(0.5)
Non-deductible goodwill amortization	—	—	1.0
IRS settlement[(a)]	—	(8.5)	—
Tax exempt income	(2.8)	(2.7)	(2.8)
Other, net	(1.7)	(0.6)	(0.3)
Effective rate	29.9%	22.9%	32.4%

(a) In 2002, we reached a favorable settlement with the Internal Revenue Service regarding the treatment of certain reserves for obligations to policyholders on life insurance contracts resulting in a benefit of $152 million. The benefits associated with the settlement are non-recurring.

The components of the net deferred income tax liability at December 31, are as follows:

(Dollar amounts in millions)	2003	2002
Assets:		
Investments	$ 129	$ —
Future annuity and contract benefits	1,394	1,028
Net unrealized losses on derivatives	33	18
Other	126	8
Total deferred income tax assets	1,682	1,054
Liabilities:		
Net unrealized gains on investment securities	815	372
Investments	—	63
Present value of future profits	526	501
Deferred acquisition costs	1,631	928
Statutory contingency reserve	—	248
Other	115	30
Total deferred income tax liabilities	3,087	2,142
Net deferred income tax liability	$ 1,405	$ 1,088

Based on an analysis of our tax position, management believes it is more likely than not that the results of future operations and implementation of tax planning strategies will generate sufficient taxable income to enable us to realize all of our deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established.

Federal income tax law allows mortgage guaranty insurance companies to deduct from current taxable income amounts added to statutory contingency loss reserves required by state law or regulation, subject to certain limitations. This federal tax deduction is permitted only to the extent that U.S. Mortgage Guaranty Insurance Company Tax and Loss Bonds ("Tax and Loss Bonds") are purchased in the amount of the tax benefit attributable to the deduction. Tax and Loss Bonds are non-interest bearing and mature ten years from the designated issue date. Unrecaptured amounts previously deducted for statutory contingency loss reserves must be included in federal taxable income in the tenth subsequent tax year or earlier voluntary redemption. Tax and Loss Bond redemptions in December 2003 reduced the deferred tax liability for statutory contingency reserves by $248 million.

Our current income tax liability was $222 million and $507 million, at December 31, 2003 and 2002, respectively.

(16) Supplemental Cash Flow Information

Net taxes paid were $798 million, $291 million and $20 million and interest paid was $95 million, $73 million and $151 million for the years ended December 31, 2003, 2002 and 2001, respectively. At the date we acquired Saison Life in 2002, its assets included $2.4 billion of cash which is not included in our Combined Statement of Cash Flows because this amount is presented with assets associated with discontinued operations.

(17) Stock Compensation

Certain Company employees have been granted GE stock options and restricted stock units ("RSUs") under GE's 1990 Long-Term Incentive Plan. RSUs give the recipients the right to receive shares of GE stock upon the lapse of their related restrictions. In the past, restrictions on most RSUs lapsed for 25% of the total shares awarded after three years, 25% after seven years, and 50% at retirement. Beginning in 2002, GE changed the vesting schedule for RSUs granted so that 25% of the restrictions lapse after three, five and ten years, with the final 25% lapsing at retirement. At December 31, 2003, our employees had 1,170,972 RSUs outstanding. Each RSU is convertible into one share of GE stock. We have recorded stock based compensation expense in the amount of $9 million, $6 million and $4 million for 2003, 2002 and 2001, respectively, related to the cost of the RSUs and stock options.

Stock options expire 10 years from the date they are granted. Options vest over service periods that range from one to five years.

GE employees have routinely transferred employment between various GE subsidiaries, including to/from Genworth and our subsidiaries. GE stock options held by these employees have been reflected as transfers in and out in the following table. Our combined financial statements include compensation expense related to these awards, if any, for the portion of an employee's vesting period that accrued during Genworth employment. After our reorganization, employment transfers will no longer occur between Genworth and other GE subsidiaries.

After our reorganization, we will establish, adopt and maintain plans for selected employees, which will provide for stock options, stock awards, restricted stock or other equity-related awards. Under these plans, unvested GE stock options, vested stock options held by our Chairman, President and Chief Executive Officer, GE stock appreciation rights and GE restricted stock units will be canceled and converted into awards of our company.

The following table summarizes stock option activity related to our employees for the three years ended December 31, 2003:

		Average per Share	
(Shares in thousands)	**Shares Subject to Option**	**Exercise Price**	**Market Price**
Balance at December 31, 2000	7,270	$ 23.89	$ 47.94
Options granted	2,266	41.01	41.01
Options transferred in	726	26.78	—
Options exercised	(524)	9.21	44.03
Options transferred out	(251)	26.69	—
Options terminated	(194)	39.22	—
Balance at December 31, 2001	9,293	28.71	40.08
Options granted	1,774	27.08	27.08
Options transferred in	426	27.85	—
Options exercised	(618)	9.41	32.17
Options transferred out	(787)	25.67	—
Options terminated	(252)	38.13	—
Balance at December 31, 2002	9,836	29.47	24.35
Options granted	258	31.53	31.53
Options transferred in	331	26.89	—
Options exercised	(906)	9.50	27.84

Options transferred out	(1,249)	31.02	—
Options terminated	(341)	37.69	—
Balance at December 31, 2003	7,929	$ 31.13	$ 30.98

Outstanding options expire on various dates through 2013.

The following table summarizes information about stock options related to our employees outstanding at December 31, 2003:

	Outstanding			Exercisable	
Exercise price range	**Shares in thousands**	**Average life[(a)]**	**Average exercise price**	**Shares in thousands**	**Average exercise price**
$8.16 — 14.73	1,479	1.7	$ 11.20	1,479	$ 11.20
22.08 — 26.42	877	4.2	24.58	877	24.57
27.05 — 30.45	1,512	8.6	27.08	323	27.20
31.53 — 40.19	1,830	6.8	36.24	729	37.20
42.33 — 57.31	2,231	7.0	45.45	1,203	45.31
Total	7,929	6.0	$ 31.13	4,611	$ 27.88

(a) Average contractual life remaining in years.

At year-end 2002, options with an average exercise price of $21.14 were exercisable on 4,579 thousand shares; at year-end 2001, options with an average exercise price of $15.66 were exercisable on 4,323 thousand shares.

The following table contains the weighted-average grant-date fair value information for 2003, 2002 and 2001. The fair value is estimated using the Black-Scholes option pricing model.

	2003	**2002**	**2001**
Fair value per option[(a)]	$ 9.55	$ 7.68	$ 13.53
Valuation assumptions			
Expected option term (years)	6.0	6.0	6.0
Expected volatility	34.7%	33.7%	30.5%
Expected dividend yield	2.5%	2.7%	1.6%
Risk-free interest rate	3.5%	3.5%	4.9%

(a) Weighted averages of option grants during each period.

(18) Related Party Transactions

GE provides a variety of products and services to us, and we provide a variety of products and services to GE. The services we receive from GE included:

- customer service, transaction processing and a variety of functional support services provided by GE Capital International Services, or GECIS;
- employee benefit processing and payroll administration, (see notes 12 and 17);
- employee training programs, including access to GE training courses;
- insurance coverage under the GE insurance program;
- information systems, network and related services;
- leases for vehicles, equipment and facilities; and
- other financial advisory services such as tax consulting, capital markets services, research and development activities, and trademark licenses.

Our total expenses for these services were $87 million, $74 million and $52 million for the years ended December 31, 2003, 2002 and 2001, respectively. We also receive investment management and related administrative services provided by GEAM, for which we incurred expenses of $61 million, $39 million and $2 million for the years ended December 31, 2003, 2002 and 2001, respectively.

In addition, we have recorded our allocated share of GE's corporate overhead for certain services provided to us, which are not specifically billed to us, including public relations, investor relations, treasury, and internal audit services in the amount of $50 million, $49 million and $43 million for the years ended December 31, 2003, 2002 and 2001, respectively. We have also recorded expenses associated with GE stock option and restricted stock unit grants in the amount of $9 million, $6 million and $4 million for the years ended December 31, 2003, 2002 and 2001, respectively, as described in note 17. These amounts will not be paid to GE and have been recorded as a capital contribution in each year.

We have entered into certain insurance transactions with affiliates of GE. During each of 2003, 2002 and 2001 we collected $24 million, $20 million and $20 million, respectively, of premiums from various GE affiliates for long-term care insurance provided to employees of such affiliates. We have also reinsured some of the risks of our insurance policies with affiliates, and paid premiums of $56 million, $60 million and $58 million to ERC Life Reinsurance Company (an affiliate until December 2003), and $100 million, $94 million and $0 million to GE Pension Limited in 2003, 2002 and 2001, respectively.

We distribute some of our products through affiliates. We distribute our European payment protection insurance, in part, through arrangements with GE's consumer finance division and other GE entities, for which we have received gross written premiums of $293 million, $218 million and $194 million during 2003, 2002 and 2001, respectively. We have also reinsured lease obligation insurance and credit insurance marketed by GE's consumer finance division and other GE entities, for which we received premiums of $94 million, $105 million and $92 million during 2003, 2002 and 2001.

We sell to GE Mortgage Services, an affiliate of GE, properties acquired through claim settlement in our U.S. mortgage insurance business at a price equal to the product of the property's fair value and an agreed upon price factor. Under these arrangements, we received proceeds of $9 million, $13 million and $11 million for the years ended December 31, 2003, 2002 and 2001, respectively.

During 2002, we sold certain available-for-sale fixed maturities to a subsidiary of GE Capital that is not consolidated in our financial statements at fair value, which resulted in net realized investment gains of $114 million.

As of December 31, 2003 and 2002, we had several notes receivable from various GE affiliates in the amount of $209 million and $367 million, respectively. These notes mature at various dates through 2017 and bear interest at rates between 5.46% and 6.63%.

As of December 31, 2003 and 2002, we had approximately €2 million ($2 million) and £5 million ($9 million), respectively, of notes payable to various GE affiliates. These notes mature in 2011 and 2007 and bear interest at the six-month Euro Interbank Offered Rate ("EURIBOR") and 8.80%, respectively.

As of December 31, 2002, our Japanese life insurance business had ¥62.8 billion of long-term borrowings from various GE affiliates, which were carried at the translated amount of $530 million. As described in note 4, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses to American International Group, Inc. in 2003.

As of December 31, 2003 and 2002, we had certain operating receivables of $254 million and $0 million, respectively, and payables of $673 million and $763 million, respectively, with certain affiliated companies.

As of December 31, 2003, we held $47 million of commercial paper issued by GE Capital.

As of December 31, 2003 and 2002, we had a line of credit with GE that had an aggregate borrowing limit of $2.5 billion. There was an outstanding balance of $548 million as of December 31, 2003 and no outstanding balance as of December 31, 2002. Outstanding borrowings under this line of credit bear interest at the three-month U.S.$ London Interbank Offered Rate ("LIBOR") plus 25 basis points. Interest is accrued and settled quarterly, in arrears. We incurred interest expense under this line of credit of $0.5 million, $8 million and $11 million for the years ended December 31, 2003, 2002, and 2001, respectively. We also had a line of credit with an affiliate of GE Capital with an aggregate borrowing line of £10 million. There was no outstanding balance as of December 31, 2003 or 2002.

We, along with GE Capital, are participants in a revolving credit agreement that involves an international cash pooling arrangement on behalf of a number of GE subsidiaries in Europe, including some of our European subsidiaries. In these roles, either participant may make short-term loans to the other as part of the cash pooling arrangement. Each such borrowing shall be repayable upon demand, but not to exceed 364 days. This unsecured line of credit has an interest rate per annum equal to GE Capital Services' cost of funds for the currency in which such borrowing is denominated. This credit facility has an annual term, but is automatically extended for successive terms of one year each, unless terminated in accordance with the terms of the agreement. We had a net receivable of $9 million and $85 million under this credit facility as of December 31, 2003 and 2002, respectively.

GE Capital from time to time has provided guarantees and other support arrangements on our behalf, including performance guarantees and support agreements relating to securitization and comfort letters provided to government agencies. We have not incurred any charges for the provision of these guarantees and other support arrangements.

(19) Fair Value of Financial Instruments

Assets and liabilities that are reflected in the accompanying combined financial statements at fair value are not included in the following disclosure of fair value; such items include cash and cash equivalents, investment securities, separate accounts and derivative financial instruments. Other financial assets and liabilities—those not carried at fair value—are discussed below. Apart from certain of our borrowings and certain marketable securities, few of the instruments discussed below are actively traded and their fair values must often be determined using models. The fair value estimates are made at a specific point in time, based upon available market information and judgments about the financial instruments, including estimates of the timing and amount of expected future cash flows and the credit standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time our entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the financial instrument.

The bases on which we estimate fair values are as follows:

Mortgage loans. Based on quoted market prices, recent transactions and/or discounted future cash flows, using rates at which similar loans would have been made to similar borrowers.

Other financial instruments. Based on comparable market transactions, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations.

Borrowings. Based on market quotes or comparables.

Investment contract benefits. Based on expected future cash flows, discounted at currently offered discount rates for immediate annuity contracts or cash surrender values for single premium deferred annuities.

Insurance—credit life. Based on future cash flows, considering expected renewal premiums, claims, refunds and servicing costs, discounted at a current market rate.

Insurance—mortgage. Based on carrying value which approximates fair value.

The following represents the fair value of financial assets and liabilities at December 31:

	2003			2002		
(Dollar amounts in millions)	**Notional amount**	**Carrying amount**	**Estimated fair value**	**Notional amount**	**Carrying amount**	**Estimated fair value**
Assets:						
Mortgage loans	$ (a)	$ 6,114	$ 6,414	$ (a)	$ 5,302	$ 5,684
Other financial instruments	(a)	34	34	(a)	44	44
Liabilities:						
Borrowing and related instruments:						
Borrowings (b) (c)	(a)	2,768	2,754	(a)	2,322	2,322
Investment contract benefits	(a)	31,206	31,013	(a)	30,962	32,238
Insurance — credit life	11,321	2,249	2,249	12,365	2,070	2,070
Performance guarantees, principally letters of credit	119	—	—	119	—	—
Insurance — mortgage	70,300	1,556	1,556	55,300	1,077	1,077

Other firm commitments:						
Ordinary course of business lending commitments	56	—	—	163	—	—
Commitments to fund limited partnerships	41	—	—	88	—	—

(a) These financial instruments do not have notional amounts.

(b) See note 13.

(c) Includes effects of interest rate and currency swaps.

On January 1, 2001, we adopted SFAS 133,*Accounting for Derivative Instruments and Hedging Activities,* as discussed in note 2. The paragraphs that follow provide additional information about derivatives and hedging relationships in accordance with SFAS 133.

The nature of our business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates. As discussed more fully in note 2 of the combined financial statements, we use derivative financial instruments to mitigate or eliminate certain of those risks. The January 1, 2001, accounting change previously described affected only the pattern and timing of non-cash accounting recognition.

A reconciliation of current period changes for the years ended December 31, 2003 and 2002, net of applicable income taxes in the separate component of stockholder's interest labeled "derivatives qualifying as hedges", follows:

(Dollar amounts in millions)	2003	2002
Derivatives qualifying as hedges as of January 1	$ (98)	$ (168)
Current period (decreases) increases in fair value, net	37	21
Reclassification to earnings, net	20	49
Reclassification adjustment from discontinued operations, net	36	—
Balance at December 31	$ (5)	$ (98)

Derivatives and Hedging. Our business activities routinely deal with fluctuations in interest rates in currency exchange rates and other asset prices. We follow strict policies for managing each of these risks, including prohibition on derivatives market-making, speculative derivatives trading or other speculative derivatives activities. These policies require the use of derivative instruments in concert with other techniques to reduce or eliminate these risks.

Cash flow hedges. Under SFAS 133, cash flow hedges are hedges that use simple derivatives to offset the variability of expected future cash flows. Variability can appear in floating rate assets, floating rate liabilities or from certain types of forecasted transactions, and can arise from changes in interest rates or currency exchange rates. For example, we may borrow funds at a variable rate of interest. If we need these funds to make a floating rate loan, there is no exposure to interest rate changes, and no hedge is necessary. However, if a fixed rate loan is made, we may contractually commit to pay a fixed rate of interest to a counterparty who will pay us a variable rate of interest (an "interest rate swap"). This swap will then be designated as a cash flow hedge of the associated variable rate borrowing. If, as would be expected, the derivative is highly effective in offsetting variable rates in the borrowing, changes in its fair value are recorded in a separate component of accumulated nonowner changes in stockholder's interest and released to earnings contemporaneously with the earnings effects of the hedged item. Further information about hedge effectiveness is provided below.

We use currency forwards and interest rate and currency swaps, to optimize investment returns and borrowing costs. For example, currency swaps and non-functional currency borrowings together provide lower funding costs than could be achieved by issuing debt directly in a given currency.

At December 31, 2003, amounts related to derivatives qualifying as cash flow hedges resulted in an increase of stockholder's interest of $93 million, of which $8 million was expected to be transferred to earnings in 2004, along with the earnings effects of the related forecasted transactions in 2003.

Fair value hedges. Under SFAS 133, fair value hedges are hedges that eliminate the risk of changes in the fair values of assets, liabilities and certain types of firm commitments. For example, we often purchase assets which pay a fixed rate of interest. If these assets were purchased to support fixed rate liabilities, there is consistency in the interest rate exposure of both, and no hedge is necessary. However, if the assets were purchased to offset floating rate liabilities, we will contractually commit to pay a fixed rate of interest to a counterparty who will pay us a floating rate of interest (an "interest rate swap"). This swap will then be designated as a fair value hedge of the asset purchased. Changes in fair value of derivatives designated and effective as fair value hedges are recorded in earnings and are offset by corresponding changes in the fair value of the hedged item.

We use interest rate swaps, currency swaps and interest rate and currency forwards to hedge the effect of interest rate and currency exchange rate changes on local and non functional currency denominated fixed rate borrowings and certain types of fixed rate assets. Equity options are used to hedge price changes in equity indexed annuity liabilities.

Net investment hedges. The net investment hedge designation under SFAS 133 refers to the use of derivative contracts or cash instruments to hedge the foreign currency exposure of a net investment in a foreign operation. Currency exposures that result from net investments in affiliates are managed principally by funding assets denominated in local currency with liabilities denominated in that same currency.

Derivatives not designated as hedges. SFAS 133 specifies criteria that must be met in order to apply any of the three forms of hedge accounting. For example, hedge accounting is not permitted for hedged items that are marked to market through earnings. We use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting as described in the following paragraph. We will also occasionally receive derivatives in the ordinary course of business. Under SFAS 133, derivatives that do not qualify for hedge accounting are marked to market through earnings.

We use option contracts, including floors, as an economic hedge of changes in interest rates, currency exchange rates and equity prices on certain types of liabilities. Although these instruments are considered to be derivatives under SFAS 133, our economic risk is similar to, and managed on the same basis as other equity instruments we hold.

Earnings effects of derivatives. The table that follows provides additional information about the earnings effects of derivatives. In the context of hedging relationships, "effectiveness" refers to the degree to which fair value changes in the hedging instrument offset corresponding fair value changes in the hedged item. Certain elements of hedge positions cannot qualify for hedge accounting under SFAS 133 whether effective or not, and must therefore be marked to market through earnings. Time value of purchased options is the most common example of such elements in instruments we use. Pre-tax earnings effects of such items for the year ended December 31, 2003 are shown in the following table as "Amounts excluded from the measure of effectiveness."

(Dollar amounts in millions)	Cash flow hedges	Fair value hedges
Ineffectiveness	$ 1	$ 5
Amounts excluded from the measure of effectiveness	—	—

At December 31, 2003, the fair value of derivatives in a gain position and recorded in Other assets was $252 million and the fair value of derivatives in a loss position and recorded in Other liabilities was $281 million.

Counterparty credit risk. The risk that counterparties to derivative contracts will be financially unable to make payments to us according to the terms of the agreements is counterparty credit risk. We manage counterparty credit risk on an individual counterparty basis, which means that we net gains and losses for each counterparty to determine the amount at risk. When a counterparty exceeds credit exposure limits in terms of amounts they owe us, typically as a result of changes in market conditions (see table below), no additional transactions are permitted to be executed until the exposure with that counterparty is reduced to an amount that is within the established limit. All swaps are required to be executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-. If the downgrade provisions had been triggered at December 31, 2003, we could have been required to disburse up to $190 million and could have claimed $161 million from counterparties—the net fair value losses and gains. At December 31, 2003 and 2002, gross fair value gains were $252 million and $278 million, respectively. At December 31, 2003 and 2002, gross fair value losses were $281 million and $275 million, respectively.

Except for such positions, all other swaps, purchased options and forwards with contractual maturities longer than one year are conducted within the credit policy constraints provided in the table below. We may, however, enter into derivative transactions for durations of five years or longer with lower rated counterparties (Moody's Aa3 and S&P's AA-) if the agreements governing such transactions require both us and the counterparties to provide collateral in certain circumstances. Foreign exchange forwards with contractual maturities shorter than one year must be executed with counterparties having an A-1/ P-1 credit rating and the credit limit for these transactions is $150 million.

Counterparty credit criteria

	Credit Rating	
	Moody's	Standard & Poor's
Term of transaction		
Up to five years	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limit		
Up to $50 million	Aa3	AA-
Up to $75 million	Aaa	AAA

(20) Non-Controlled Entities

One of the most common forms of off-balance sheet arrangements is asset securitization. We use GE Capital-sponsored and third party entities to facilitate asset securitizations. As part of this strategy, management considers the relative risks and returns of our alternatives and predominately uses GE Capital-sponsored entities. Management believes these transactions could be readily executed through third party entities at insignificant incremental cost.

The following table summarizes the current balance of assets sold to Qualified Special Purposes Entities (QSPE's) at December 31:

(Dollar amounts in millions)	2003	2002
Assets—collateralized by:		
Commercial mortgage loans	$ 816	$ 428
Fixed maturities	—	679
Other receivables	800	825
Total assets	$ 1,616	$ 1,932

We evaluate the economic, liquidity and credit risk related to the above QSPEs and believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations, or liquidity. Financial support for certain SPE's is provided under credit support agreements, in which we provide limited recourse for a maximum of $119 million of credit losses in qualifying entities. Assets with credit support are funded by demand notes that are further enhanced with support provided by GE Capital. We record liabilities for such guarantees based on our best estimate of probable losses. To date, we have not been required to make any payments under any of the credit support agreements. These agreements will remain in place throughout the life of the related entities.

Sales of securitized assets to SPEs result in a gain or loss amounting to the net of sales proceeds, the carrying amount of net assets sold, the fair value of servicing rights and retained interests and an allowance for losses. Amounts recognized in our combined financial statements related to sales to sponsored or supported SPEs at December 31 are as follows:

(Dollar amounts in millions)	2003 Cost	2003 Fair value	2002 Cost	2002 Fair value
Retained interests—assets	$ 143	$ 171	$ 76	$ 103
Servicing asset	—	—	—	—
Recourse liability	—	—	—	—
Total	$ 143	$ 171	$ 76	$ 103

Retained interests. In certain securitization transactions, we retain an interest in transferred assets. Those interests take various forms and may be subject to credit prepayment and interest rate risks.

Servicing assets. Following a securitization transaction, we retain the responsibility for servicing the receivables, and, as such, are entitled to receive an ongoing fee based on the outstanding principal balances of the receivables. There are no servicing assets nor liabilities recorded as the benefits of servicing the assets are adequate to compensate an independent servicer for its servicing responsibilities.

Recourse liability. As described previously, under credit support agreements we provide recourse for credit losses in special purpose entities. We provide for expected credit losses under these agreements and such amounts approximate fair value.

(21) Restrictions on Dividends

Our insurance companies are restricted by state and foreign insurance departments as to the aggregate amount of dividends they may pay to their parent without regulatory approval, the purpose of which is to protect affected insurance policyholders, depositors or investors. Dividends in excess of regulatory prescribed limits are deemed "extraordinary" and require formal insurance department approval. Based on statutory results as of December 31, 2003, our subsidiaries could pay dividends of $1,121 million to us in 2004 without obtaining regulatory approval.

We received from our insurance subsidiaries dividends of $1,472 ($1,400 million of which were deemed "extraordinary") million, $840 million ($375 million of which were deemed "extraordinary") and $410 million, during 2003, 2002 and 2001, respectively. During 2003, we also received dividends from insurance subsidiaries related to discontinued operations of $495 million. We declared and paid dividends of $3,168 to our parent during 2003. We declared dividends of $171 million during 2002 of which $107 million was paid in 2002 and $64 million was paid in 2003. We declared dividends of $31 million in 2001 of which $6 million was paid in 2001 and $25 million was paid in 2002.

(22) Supplementary Financial Data

Our U.S. domiciled insurance subsidiaries file financial statements with state insurance regulatory authorities and the "NAIC" that are prepared on an accounting basis prescribed or permitted by such authorities (statutory basis). Statutory accounting practices differ from U.S. GAAP in several respects, causing differences in reported net earnings and stockholder's interest. Permitted statutory accounting practices encompass all accounting practices not so prescribed but that have been specifically allowed by state insurance authorities. Our insurance subsidiaries have no significant permitted accounting practices.

Combined statutory net income for our U.S. domiciled insurance subsidiaries for the years ended December 31, 2003, 2002 and 2001 was $389 million, $26 million and $648 million, respectively. The combined statutory capital and surplus as of December 31, 2003 and 2002 was 7.0 billion and 7.2 billion, respectively.

The NAIC has adopted Risk-Based Capital (RBC) requirements to evaluate the adequacy of statutory capital and surplus in relation to risks associated with: (i) asset risk, (ii) insurance risk, (iii) interest rate risk, and (iv) business risk. The RBC formula is designated as an early warning tool for the states to identify possible undercapitalized companies for the purpose of initiating regulatory action. In the course of operations, we periodically monitor the RBC level of each of our insurance subsidiaries. At December 31, 2002 and 2001, each of our insurance subsidiaries exceeded the minimum required RBC levels.

For statutory purposes, our mortgage insurance subsidiaries are required to maintain a statutory contingency reserve. Annual additions to the statutory contingency reserve equal 50% of earned premiums and are maintained for ten years.

(23) Operating and Geographic Segments

(a) Operating Segment Information

We conduct our operations through five business segments: (1) Protection, which includes our life insurance, long-term care insurance, group life and health insurance and European payment protection insurance; (2) Retirement Income and Investments, which includes our fixed, variable and income annuities, variable life insurance, asset management and specialized products, including GICs, funding agreements and structured settlements; (3) Mortgage Insurance, which includes our mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages; (4) Affinity, which includes life and health insurance and other financial products and services offered directly to consumers through affinity marketing arrangements with a variety of organizations, an institutional asset management business and several other small businesses that are not part of our core ongoing business; and (5) Corporate and Other, which includes net realized investment gains (losses), interest and other debt financing expenses and unallocated corporate income and expenses, as well as the results of several small, non-core businesses that are managed outside our operating segments.

The following is a summary of segment activity for 2003, 2002 and 2001:

2003—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
(Dollar amounts in millions)						
Premiums	$ 4,588	$ 1,045	$ 716	$ 244	$ 110	$ 6,703
Net investment income	1,199	2,511	218	62	25	4,015
Net realized investment gains	—	—	—	—	10	10
Policy fees and other income	366	225	48	260	44	943
Total revenues	6,153	3,781	982	566	189	11,671
Benefits and other changes in policy reserves	2,997	1,871	115	196	53	5,232
Interest credited	365	1,259	—	—	—	1,624
Underwriting acquisition and insurance expenses, net of deferrals	1,029	232	299	239	143	1,942
Amortization of deferred acquisition costs and intangibles	1,001	190	37	110	13	1,351
Interest expense	3	—	—	—	137	140
Total benefits and expenses	5,395	3,552	451	545	346	10,289
Earnings (loss) from continuing operations before income taxes	758	229	531	21	(157)	1,382
Provision (benefit) for income taxes	271	78	162	5	(103)	413
Net earnings (loss) from continuing operations	$ 487	$ 151	$ 369	$ 16	$ (54)	$ 969
Total assets	$ 29,254	$ 55,614	$ 6,110	$ 2,315	$ 10,138	$ 103,431

2002—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
(Dollar amounts in millions)						
Premiums	$ 4,088	$ 991	$ 677	$ 247	$ 104	$ 6,107
Net investment income	1,136	2,522	231	70	20	3,979
Net realized investment gains	—	—	—	—	204	204
Policy fees and other income	381	243	38	271	6	939
Total revenues	5,605	3,756	946	588	334	11,229
Benefits and other changes in policy reserves	2,630	1,769	46	180	15	4,640
Interest credited	362	1,283	—	—	—	1,645
Underwriting acquisition and insurance expenses, net of deferrals	930	221	233	312	112	1,808
Amortization of deferred acquisition costs and intangibles	846	210	39	116	10	1,221
Interest expense	—	—	—	—	124	124
Total benefits and expenses	4,768	3,483	318	608	261	9,438
Earnings (loss) from continuing operations before income taxes	837	273	628	(20)	73	1,791
Provision (benefit) for income taxes	283	87	177	(17)	(119)	411
Net earnings (loss) from continuing operations	$ 554	$ 186	$ 451	$ (3)	$ 192	$ 1,380
Total assets	$ 27,104	$ 53,624	$ 6,066	$ 2,317	$ 28,246	$ 117,357

2001—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
(Dollar amounts in millions)						
Premiums	$ 3,915	$ 1,023	$ 698	$ 286	$ 90	$ 6,012
Net investment income (losses)	1,119	2,482	227	74	(7)	3,895
Net realized investment gains	—	—	—	—	201	201
Policy fees and other income	409	216	40	327	1	993
Total revenues	5,443	3,721	965	687	285	11,101
Benefits and other changes in policy reserves	2,380	1,736	150	188	20	4,474
Interest credited	342	1,278	—	—	—	1,620
Underwriting acquisition and insurance expenses, net of deferrals	1,043	187	180	320	93	1,823
Amortization of deferred acquisition costs and intangibles	839	181	51	156	10	1,237
Interest expense	—	—	—	—	126	126
Total benefits and expenses	4,604	3,382	381	664	249	9,280
Earnings from continuing operations before income taxes	839	339	584	23	36	1,821
Provision (benefit) for income taxes	301	124	156	(1)	10	590
Net earnings from continuing operations	$ 538	$ 215	$ 428	$ 24	$ 26	$ 1,231
Total assets	$ 24,647	$ 50,512	$ 5,830	$ 2,211	$ 20,798	$ 103,998

(b) Revenues of Major Product Groups

(Dollar amounts in millions)	2003	2002	2001
Long-term care insurance	$ 2,417	$ 2,087	$ 1,921
European payment protection insurance	1,615	1,372	1,303
Life insurance	1,444	1,432	1,511
Group life and health insurance	677	714	708
Total Protection segment revenues	6,153	5,605	5,443
Spread-based products	3,457	3,447	3,456
Fee-based products	324	309	265
Total Retirement Income and Investments segment revenues	3,781	3,756	3,721
U.S. mortgage insurance	665	750	812
International mortgage insurance	317	196	153
Total Mortgage Insurance segment revenues	982	946	965
Affinity segment revenues	566	588	687
Corporate and Other segment revenues	189	334	285
Total revenues	$ 11,671	$ 11,229	$ 11,101

(c) Geographic Segment Information

We conduct our operations in two geographic regions: (1) United States and (2) International.

The following is a summary of geographic region activity as of and for the years ended December 31, 2003, 2002 and 2001.

2003	United States	International	Combined
(Dollar amounts in millions)			
Total revenues	$ 9,620	$ 2,051	$ 11,671
Net earnings from continuing operations	$ 717	$ 252	$ 969
Total assets	$ 96,452	$ 6,979	$ 103,431
2002			
Total revenues	$ 9,622	$ 1,607	$ 11,229
Net earnings from continuing operations	$ 1,217	$ 163	$ 1,380
Total assets	$ 111,739	$ 5,618	$ 117,357
2001			
Total revenues	$ 9,577	$ 1,524	$ 11,101
Net earnings from continuing operations	$ 1,094	$ 137	$ 1,231
Total assets	$ 98,569	$ 5,429	$ 103,998

(24) Litigation

We are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we are operating. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in some of our matters could have a material adverse effect on our combined financial condition or results of operations.

One of our insurance subsidiaries is named as a defendant in a lawsuit in Georgia (*McBride v. Life Insurance Co. of Virginia dba GE Life and Annuity Assurance Co.("GE Life")*) related to the sale of universal life insurance policies. The complaint was filed on November 1, 2000 as a class action on behalf of all persons who purchased certain universal life insurance policies from that subsidiary and alleges improper practices in connection with the sale and administration of universal life policies. We have vigorously denied liability with respect to the plaintiff's allegations. Nevertheless, to avoid the risks and costs associated with protracted litigation and to resolve its differences with policyholders, GE Life agreed in principle on October 8, 2003, to settle the case on a nationwide class action basis. The settlement documents have not been finalized, nor has any proposed settlement been submitted to the proposed class and the U.S. District Court for approval, and a final settlement is not certain. In the third quarter of 2003, we accrued $50 million in reserves relating to this litigation, which represents our best estimate of bringing this matter to conclusion. The precise amount of payments in this matter cannot be estimated because they are dependent upon court approval of the class and related settlement, the number of individuals who ultimately will seek relief in the claim form process of any approved class settlement, the identity of such claimants and whether they are entitled to relief under the settlement terms and the nature of the relief to which they are entitled.

One of our mortgage insurance subsidiaries is named as a defendant in two lawsuits filed in the U.S. District Court for the Northern District of Illinois, *William Portis et al. v. GE Mortgage Insurance Corp.* and *Karwo v. Citimortgage, Inc. and General Electric Mortgage Insurance Corporation.* The *Portis* complaint was filed on January 15, 2004, and the *Karwo* complaint was filed on March 15, 2004. Each action seeks certification of a nationwide class of consumers who allegedly were required to pay for our private mortgage insurance at a rate higher than our "best available rate," based upon credit information we obtained. Each action alleges that the Federal Fair Credit Reporting Act (the "FCRA") requires an "adverse action" notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs in *Portis* allege in the complaint that they are entitled to "actual damages" and "damages within the Court's discretion of not more than $1,000 for each separate violation" of the FCRA. The plaintiffs in *Karwo* allege that they are entitled to "appropriate actual, punitive and statutory damages" and "such other or further relief as the Court deems proper." Similar cases are pending against six other mortgage insurers. We intend to vigorously defend against these actions, but we cannot predict their outcome.

Independent Auditors' Report

The Board of Directors
Genworth Financial inc.:

We have audited the accompanying statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial position is free of material misstatement. An audit of a statement of financial position includes examining, on a test basis, evidence supporting the amounts and disclosures in that statement. An audit of a statement of financial position also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit of the statement of financial position provides a reasonable basis for our opinion.

In our opinion, the statement of financial position referred to above presents fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
Richmond, Virginia
February 6, 2004

Genworth Financial, Inc.

Statement of Financial Position

December 31, 2003

Assets		
Cash	$	1,000
Total Assets	$	1,000
Stockholder's Interest		
Common stock, $0.01 par value; 1,000 shares authorized, issued and outstanding	$	10
Capital in excess of par value		990
Total Stockholder's Interest	$	1,000

Note to Statement of Financial Position

1. Organization and Purpose

Genworth Financial, Inc. ("Genworth") was incorporated in Delaware on October 23, 2003. In connection with its formation, Genworth issued 1,000 shares of common stock for $1,000 to GE Financial Assurance Holdings, Inc. ("GEFAHI"), an indirect subsidiary of General Electric Company ("GE").

Genworth was formed in preparation for the corporate reorganization of certain insurance and related subsidiaries of GE and an initial public offering of Genworth common stock. Genworth will acquire substantially all of the assets and liabilities of GEFAHI, a holding company for a group of companies that provide annuities and other investment products, life insurance, long-term care insurance, group life and health insurance and mortgage insurance. Genworth will also acquire certain other insurance businesses currently owned by other GE subsidiaries and enter into several significant reinsurance transactions with an affiliate of GE.

Other than the receipt and deposit of its initial capital and the filing of a Registration Statement with the Securities and Exchange Commission in connection with the planned initial public offering of its common stock, Genworth has not undertaken commercial activities.

Glossary of Selected Insurance Terms

The following Glossary includes definitions of certain insurance, reinsurance, investment and other terms.

A.M. Best	A.M. Best Company, a rating agency.
Account value	The amount of investment products held for the benefit of a policyholder or contract holder. For mutual funds, account value is equal to fair market value.
Accumulation period	The period during which an individual makes regular contributions to a deferred annuity or retirement plan. The period ends when the income payments begin.
Annualized first-year premiums	Premium payments related only to new sales and calculated as if they were consistently paid for the full year of the sale even if they were actually paid for only a portion of the year of the sale.
Annuity	A contract that provides for periodic payments to an annuitant for a specified period, often until the annuitant's death.
Assets under management	Assets we manage directly in our proprietary products, such as our mutual funds and variable annuities, in our separate accounts and in our general account, and assets invested in investment options included in our products that are managed by third-party sub-managers.
Bulk insurance	Primary mortgage insurance whereby a portfolio of loans is insured in a single, bulk transaction.
Captive reinsurance	In the mortgage insurance industry, a reinsurance program in which the mortgage insurer shares portions of the mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies affiliated with these lenders.
Captive reinsurer	In the mortgage insurance industry, any reinsurance company that is wholly-owned by another organization (generally the lender or an affiliate of the lender), the main purpose of which is to insure the risks of the parent organization.
Cash value	The amount of cash available to a policyholder on the surrender of or withdrawal from a life insurance policy or annuity contract.
Cede	Reinsuring with another insurance company all or a portion of the risk we insure.
Credit ratings	The opinions of rating agencies regarding an entity's ability to repay its indebtedness.

	The purpose of Moody's credit ratings is to provide investors with a simple system of gradation by which relative creditworthiness of securities may be noted. Moody's long-term obligation ratings currently range from "Aaa" (highest quality) to "C" (lowest rated). Moody's long-term obligation ratings grade debt according to its investment quality. Moody's considers "Aa2" and "A3" rated long-term obligations to be upper-medium grade obligations and subject to low risk. Moody's short-term credit ratings range from "P-1" (superior) to "NP" (not prime).
	S&P's credit ratings range from "AAA" (highest rating) to "D" (payment default). S&P publications indicate that an "A+" rated issue is somewhat more susceptible to the adverse effects of changes in circumstances and economic condition than obligations in higher rated categories; however, the obligor's capacity to meet its financial commitment to the obligation is still strong. S&P short-term ratings range from "A-1" (highest category) to "D" (payment default). Within the A-1 category some obligations are designated with a plus sign (+) indicating that the obligor's capacity to meet its financial commitment on the obligation is extremely strong.
Crediting rate	The interest rate credited on a life insurance policy or annuity contract, which may be a guaranteed fixed rate, a variable rate or some combination of both.
Deferred acquisition costs (DAC)	Commissions and other selling and issuance expenses which vary with and are primarily related to the sale and issuance of our insurance policies and investment contracts that are deferred and amortized over the estimated life of the related insurance policies in conformity with U.S. GAAP. These costs include commissions in excess of ultimate renewal commissions, direct mail and printing costs, sales material and some support costs, such as underwriting and policy and contract issuance expenses.
Deferred annuities	Annuity contracts that delay income payments until the holder chooses to receive them.
Defined benefit pension plan	A pension plan that promises to pay a specified amount to each eligible plan member who retires.
Defined contribution plan	A plan established under Section 401(a), 401(k), 403(b) or 457(b) of the Internal Revenue Code, under which the benefits to a participant depend on contributions made to, and the investment return on, the participant's account.
Earned premium	The portion of written premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.
Financial strength ratings	The opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under its insurance policies.

	A.M. Best's financial strength ratings for insurance companies currently range from "A++" (superior) to "F" (in liquidation). A.M. Best's ratings reflect its opinion of an insurance company's financial strength, operating performance and ability to meet its obligations to policyholders. A.M. Best considers "A" and "A-" rated companies to have an excellent ability to meet their ongoing obligations to policyholders and "B++" companies to have a good ability to meet their ongoing obligations to policyholders.
	Fitch's financial strength ratings currently range from "AAA" (exceptionally strong) to "D" (distressed). These ratings provide an assessment of the financial strength of an insurance organization and its capacity to meet senior obligations to policyholders and contract holders on a timely basis. According to Fitch's publications, "AA" (very strong) rated insurance companies are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small. The symbol (+) or (-) may be appended to a rating to indicate the relative position of a credit within a rating category. Such suffixes are not added to ratings in the "AAA" category or to ratings below the "CCC" category.
	Moody's financial strength ratings currently range from "Aaa" (exceptional) to "C" (lowest rated). Moody's ratings reflect the ability of insurance companies to repay punctually senior policy-holder claims and obligations. Moody's indicates that "A1" rated insurance companies offer good financial security, but elements may be present which suggest a susceptibility to impairment sometime in the future. The symbol "1" following "A" shows a company's relative standing within the "A" rating category.
	S&P's financial strength ratings currently range from "AAA" (extremely strong) to "R" (regulatory action). These ratings reflect S&P's opinion of an operating insurance company's financial capacity to meet the obligations of its insurance policies and contracts in accordance with their terms. According to S&P's publications, "A+" rated insurance companies have strong financial security characteristics, but are somewhat more likely to be affected by adverse business conditions than insurers with higher ratings. The symbol (+) following "A" shows a company's relative standing within the "A" rating category.
First-year premiums	The amount of premiums received during the first year on insurance policies sold plus the amount of deposits on variable and universal life policies sold or additional premiums or deposits from conversions received over the specified period. This figure does not reflect policies that lapse in their first year.

Fitch	Fitch Ratings Ltd. and its subsidiaries, a rating agency.
Fixed annuities	An annuity under which the interest rate credited on the annuity during the accumulation phase is a fixed rate, which may change periodically, until it matures.
Flow insurance	Primary mortgage insurance placed on an individual loan when the loan is originated.
Funding agreements	A contract that guarantees a minimum rate of return, which may be fixed or floating, on the amount invested.
General account	All of the assets of our insurance companies recognized for statutory accounting purposes other than those specifically allocated to a separate account. We bear the risk of our investments held in our general account.
Gross written premiums	Total premiums for insurance written and reinsurance assumed during a given period.
Group insurance	Insurance which is issued to a group, such as an employer, credit union, or trade association, and which provides coverage for individuals and sometimes their dependents.
Guaranteed investment contract (GIC)	A contract, usually purchased by ERISA qualified plans, that guarantees a minimum rate of return, which may be fixed or floating, on the amount invested.
Immediate annuities	Annuity contracts under which the benefits payable to the annuitant begin to be paid within one year of contract issuance.
Income annuities	Annuity contracts that provide for a single premium at the time of issue and guarantee a series of payments beginning within one year of the issue date and continuing over a period of years.
In-force	Policies and contracts reflected on our applicable records that have not expired or been terminated as of a given date.
Insurance in force	The value of mortgage insurance policies, based on the original principal amount of mortgages covered by mortgage insurance policies that remain in effect.
LIMRA International	Life Insurance Marketing and Research Association, an association of life insurance and other financial services companies.
Loan-to-value	The ratio of the original principal balance of a mortgage loan to the property's fair market value or appraised value at the time of the loan.
Long-term care insurance	Insurance that protects the insured from certain costs of care at home or in an outside facility.
Loss adjustment expense	The expense involved in settling a loss, excluding the actual value of the loss.

Medical stop loss insurance	Insurance that provides protection against catastrophic or unpredictable losses. It is purchased by employers who have decided to self-fund their employee benefit plans, but do not want to assume 100% of the liability for losses arising from the plans. Under a medical stop loss policy, the insurance company becomes liable for losses that exceed certain limits called deductibles.
Medicare supplement insurance	Insurance that provides coverage for Medicare-qualified expenses that are not covered by Medicare because of applicable deductibles or maximum limits.
Moody's	Moody's Investors Service, Inc., a rating agency.
Morbidity	The incidence of disease or disability in a specific population over a specific period of time.
Mortality	The number of deaths in a specific population over a specific period of time.
New insurance written	The original principal balance of mortgages covered by newly issued primary mortgage insurance.
New risk written	The original principal balance of mortgage loans covered by newly issued primary mortgage insurance, multiplied by the applicable coverage percentage.
Non-admitted assets	Certain assets or portions thereof that are not permitted to be reported as admitted assets in an insurer's statutory financial statement. As a result, certain assets which normally would be accorded value in the financial statements of non-insurance corporations are accorded no value and thus reduce the reported statutory policyholder surplus of the insurer.
Payment protection insurance	Insurance that helps consumers meet their payment obligations on outstanding financial commitments, such as mortgage, personal loans or credit cards, in the event of a misfortune, such as accident, illness, involuntary unemployment, temporary incapacity, permanent disability or death.
Persistency	Measurement by premiums of the percentage of insurance policies or annuity contracts remaining in force between specified measurement dates.
Policy loans	Loans from an insurer secured by the cash surrender value of a life insurance policy.
Pool insurance	In the U.S., mortgage insurance coverage on portfolios of loans, typically with an aggregate coverage limit, which is used as a credit enhancement in connection with the securitization of the related portfolio.
Portfolio credit enhancement	In our international mortgage insurance businesses, a form of primary mortgage insurance purchased by lenders on loans in a portfolio to reduce capital requirements or as a credit enhancement in anticipation of securitization.

Premiums	Payments and other consideration received on insurance policies issued or reinsured by an insurance company, which are earned in accordance with U.S. GAAP over the terms of the related insurance policies or in proportion to expected claims or expiration of risk, depending on the nature of the policy. Under U.S. GAAP, premiums on investment-type contracts are not accounted for as revenues.
Present value of future profits (PVFP)	An intangible asset that represents the actuarially estimated present value of future cash flows from an acquired block of insurance policies or investment contracts and that is amortized over the estimated life of the related insurance policies or contracts in conformity with U.S. GAAP.
Primary mortgage insurance	Mortgage insurance, including flow and bulk but excluding pool, that protects mortgage lenders and investors from default-related losses on mortgage loans.
Primary mortgage insurance in force	Primary mortgage insurance, as determined by the value of mortgage insurance policies that remain in effect, based on the original principal amount of mortgages covered by such policies.
Private mortgage insurance	Mortgage insurance provided by nongovernmental insurers that protects a lender or investor against loss if the borrower defaults.
Qualified insurer	A mortgage guaranty insurer that is approved by each of Fannie Mae and Freddie Mac, pursuant to their respective charters, as meeting their requirements for insuring against credit losses on high loan-to-value loans.
Reinsurance	The ceding by one insurance company to another company of all or a portion of a risk for a premium. The ceding of risk, other than in the case of assumption reinsurance, does not relieve the original insurer of its liability to the insured.
Reserves	Liabilities established by insurers and reinsurers to reflect the estimated costs of claim payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance it has written. Reserves are established losses, future benefits, claims, loss expenses and unearned premiums. With respect to mortgage insurance, a statutory contingency reserve is also required to be established by applicable law to protect against catastrophic losses.
Risk in force	The original principal amount of mortgage loans, multiplied by the coverage percentage under the mortgage insurance policies that remain in effect.
S&P	Standard & Poor's Ratings Group, a rating agency.

Separate accounts	Assets of our insurance companies allocated under certain policies and contracts that are segregated from the general account and other separate accounts. The policyholder or contractholder bears the risk of investments held in a separate account.
Statutory accounting principles (SAP)	Accounting practices prescribed or permitted by an insurer's domiciliary state insurance regulator for purposes of financial reporting to regulators.
Statutory reserves	Monetary amounts established by state insurance law that an insurer must have available to provide for future obligations with respect to all policies. Statutory reserves are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting practices.
Statutory surplus	The excess of admitted assets over statutory liabilities as shown on an insurer's statutory financial statements.
Structured settlements	Customized annuities used to provide to a claimant ongoing periodic payments instead of a lump-sum payment. Structured settlements provide an alternative to a lump-sum settlement generally in a personal injury lawsuit and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant with benefits scheduled to be paid throughout a fixed period or for the life of the claimant.
Surrender charge	An amount specified in an insurance policy or annuity contract that is charged to a policyholder or contractholder for early cancellations of, or withdrawal under, that policy or contract.
Surrenders and withdrawals	Amounts taken from life insurance policies and annuity contracts representing the full or partial values of these policies or contracts.
Term life insurance	Life insurance written for a specified period and under which no cash value is generally available on surrender.
Traditional flow mortgage insurance	Primary mortgage insurance placed on individual loans at or shortly after loan origination. Coverage is generally limited to 50% or less of the original loan balance.
Underwriting	The process of examining, accepting or rejecting insurance risks and classifying those risks that are accepted, in order to charge policyholders an appropriate premium.
Unearned premiums	The portion of a premium, net of any amount ceded, that represents coverage that has not yet been provided or that will belong to the insurer based on the part of the policy period to elapse in the future.
Universal life insurance	Interest sensitive life insurance under which separately identified interest, and mortality and expense charges are made to the policy fund, typically with flexible premiums.
U.S. GAAP	Generally accepted accounting principles in the U.S.

Variable annuity	An annuity contract under which values during the accumulation phase fluctuate according to the investment performance of a separate account or accounts supporting such contract that are designated by the contractholder.
Variable life insurance	A life insurance policy under which the benefits payable to the beneficiary upon the death of the insured or the surrender of the policy will vary to reflect the investment performance of a separate account or accounts supporting such policy that are designated by the contractholder.
Whole life insurance	A life insurance policy for an insured's entire life that offers the beneficiary benefits in the event of the insured's death, provided premiums have been paid when due; it also allows for the buildup of cash value but has no investment feature.
Written premium	The premium entered on an insurer's books for a policy issued during a given period of time, whether coverage is provided only during that period of time or also during subsequent periods.

24,000,000 Equity Units

Genworth Financial

Built on GE Heritage

% Equity Units

Prospectus

, 2004

Through and including , 2004 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The expenses, other than underwriting commissions, expected to be incurred in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

Securities and Exchange Commission Registration Fee	$	152,040
National Association of Securities Dealers, Inc. Filing Fee		30,500
New York Stock Exchange Listing Fee		*
Printing and Engraving		*
Legal Fees and Expenses		*
Accounting Fees and Expenses		*
Miscellaneous		*
Total	$	

* To be completed by amendment

All offering expenses will be payable by the selling stockholder.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent of such corporation. The Delaware General Corporation Law provides that Section 145 is not excluding other rights to which those seeking indemnification may be entitled under any certificate of incorporation, bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transactions from which the director derived an improper personal benefit.

The amended and restated certificate of incorporation of Genworth Financial, Inc. (the "Registrant") provides that the Registrant will indemnify its directors and officers to the fullest extent permitted by law and that no director shall be liable for monetary damages to the Registrant or its stockholders for any breach of fiduciary duty, except to the extent provided by applicable law.

The General Electric Company (the ultimate parent of the Registrant) maintains liability insurance for its directors and officers and for the directors and officers of its majority-owned subsidiaries, including the Registrant. This insurance provides for coverage against loss from claims made against directors and officers in their capacity as such, including, subject to certain exceptions, liabilities under the federal securities laws. Prior to the completion of this offering, the Registrant intends to obtain additional liability insurance for its directors and officers to reduce the deductible payable under the policy maintained by the General Electric Company.

Item 15. Recent Sales of Unregistered Securities

The Registrant was incorporated on October 23, 2003 under the laws of the State of Delaware. In connection with its formation, the Registrant issued 1,000 shares of common stock for $1,000 to GE Financial Assurance Holdings, Inc., an indirect subsidiary of the General Electric Company, pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Number	Description
1.1*	Form of Underwriting Agreement
3.1**	Amended and Restated Certificate of Incorporation of Genworth Financial, Inc.
3.2**	Amended and Restated Bylaws of Genworth Financial, Inc.
3.3*	Form of Certificate of Designations for Series A Cumulative Preferred Stock
4.1**	Specimen Class A Common Stock certificate
4.2**	Indenture, dated as of June 26, 2001, between GE Financial Assurance Holdings, Inc. and The Chase Manhattan Bank, as Trustee
4.3**	First Supplemental Indenture, dated as of June 26, 2001, among GE Financial Assurance Holdings, Inc., The Chase Manhattan Bank, as Trustee, Paying Agent and Exchange Rate Agent, and The Chase Manhattan Bank, Luxembourg, S.A., as Paying Agent
4.4*	Form of Second Supplemental Indenture among Genworth Financial, Inc. and The Chase Manhattan Bank, as Trustee
4.5**	ISDA Master Agreement, dated as of March 2, 2000, between Morgan Stanley Derivative Products Inc. and GE Financial Assurance Holdings, Inc.
4.6**	Confirmation Letter, dated as of September 29, 2003, from Morgan Stanley Derivative Products Inc. to GE Financial Assurance Holdings, Inc.
4.7***	Form of Indenture between Genworth Financial, Inc. and The Bank of New York, as Trustee
4.8***	Form of Supplemental Indenture between Genworth Financial, Inc. and The Bank of New York, as Trustee
4.9***	Form of Purchase Contract and Pledge Agreement between Genworth Financial, Inc. and The Bank of New York, as Purchase Contract Agent, Collateral Agent, Custodial Agent and Securities Intermediary
4.10*	Form of Remarketing Agreement among Genworth Financial, Inc., The Bank of New York, as Purchase Contract Agent, and Morgan Stanley & Co. Incorporated, as Remarketing Agent
4.11***	Form of Senior Note (included in Exhibit 4.8)
4.12***	Form of Corporate Unit (included in Exhibit 4.9)
4.13***	Form of Treasury Unit (included in Exhibit 4.9)
5.1*	Opinion of Weil, Gotshal & Manges LLP
10.1*	Form of Master Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc.
10.2*	Form of Registration Rights Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.

10.3*	Form of Transition Services Agreement among General Electric Company, General Electric Capital Corporation, GEI Inc., GE Financial Assurance Holdings, Inc., GNA Corporation, GE Asset Management Incorporated, General Electric Mortgage Holdings LLC and Genworth Financial, Inc.
10.4*	Form of Liability and Portfolio Management Agreement between Trinity Funding Company, LLC and Genworth Financial Asset Management, LLC
10.5*	Form of Liability and Portfolio Management Agreement among FGIC Capital Market Services, Inc., Genworth Financial Asset Management, LLC and General Electric Capital Corporation
10.6*†	Form of Outsourcing Services Separation Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation and GE Capital International Services, Inc.
10.7*	Form of Tax Matters Agreement by and among General Electric Company, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc., GEI, Inc. and Genworth Financial, Inc.
10.8*	Form of Employee Matters Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc.
10.9*	Form of Transitional Trademark License Agreement between GE Capital Registry, Inc. and Genworth Financial, Inc.
10.10*	Form of Intellectual Property Cross-License between Genworth Financial, Inc. and General Electric Company
10.11**	Coinsurance Agreement, dated as of April 15, 2004, by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company
10.12**	Coinsurance Agreement, dated as of April 15, 2004, by and between Federal Home Life Insurance Company and Union Fidelity Life Insurance Company
10.13**	Coinsurance Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
10.14**	Coinsurance Agreement, dated as of April 15, 2004, by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company
10.15**	Coinsurance Agreement, dated as of April 15, 2004, by and between American Mayflower Life Insurance Company of New York and Union Fidelity Life Insurance Company
10.16**	Retrocession Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
10.17**	Retrocession Agreement, dated as of April 15, 2004 by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company
10.18**	Reinsurance Agreement, dated as of April 15, 2004, by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company
10.19**	Reinsurance Agreement, dated as of April 15, 2004, by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company

10.20**	Coinsurance Agreement, dated as of April 15, 2004, by and between Union Fidelity Life Insurance Company and Federal Home Life Insurance Company
10.21**	Capital Maintenance Agreement, dated as of January 1, 2004, by and between Union Fidelity Life Insurance Company and General Electric Capital Corporation
10.22*	Form of Reinsurance Agreement by and between Financial Insurance Company Limited and Viking Insurance Company, Limited
10.23*	Form of Reinsurance Agreement by and between Financial Assurance Company Limited and Viking Insurance Company, Limited
10.24*	Form of Reinsurance Agreement by and between Vie Plus S.A. and RD Plus S.A.
10.25*	Form of Mortgage Services Agreement by and among GE Mortgage Services, LLC, General Electric Mortgage Holdings LLC, GE Mortgage Contract Services Inc. and Genworth Financial, Inc.
10.26*†	Form of Framework Agreement between GEFA International Holdings, Inc. and GE Capital Corporation
10.27*†	Form of Business Services Agreement between GNA Corporation and Union Fidelity Life Insurance Company
10.28*	Form of Derivatives Management Services Agreement among GE Life and Annuity Assurance Company, Federal Home Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company, and Genworth Financial, Inc. and GNA Corporation and General Electric Capital Corporation
10.29*	Form of Agreement Regarding Continued Reinsurance of Insurance Products by and between General Electric Capital Company and Viking Insurance Company Ltd.
10.30*	Form of Transitional Services Agreement between Financial Insurance Group Services Limited and GE Life Services Limited
10.31*†	Form of Amended and Restated Investment Management and Services Agreement between General Electric Capital Assurance Company and GE Asset Management Incorporated
10.32*†	Form of Investment Management Agreement between Financial Assurance Company Limited and GE Asset Management Limited
10.33**	Asset Management Services Agreement, dated as of January 1, 2004, by and among Genworth Financial, Inc., General Electric Financial Assurance Holdings, Inc. and GE Asset Management Incorporated
10.34*†	Form of Amended and Restated Master Outsourcing Agreement by and between General Electric Capital Assurance Company and GE Capital International Services
10.35*†	Form of Amended and Restated Master Outsourcing Agreement by and between First Colony Life Insurance Company and GE Capital International Services
10.36*†	Form of Amended and Restated Master Outsourcing Agreement by and between GE Life and Annuity Assurance Company and GE Capital International Services
10.37**	Life Reinsurance Agreement between Financial Assurance Company Limited and GE Pensions Limited

10.38*	Form of 180-Day Bridge Credit Agreement among Genworth Financial, Inc., as borrower, and the Lenders Named therein
10.39*	Form of 364-Day Credit Agreement among Genworth Financial, Inc., as borrower, the Lenders Named therein, and JPMorgan Chase Bank and Bank of America, N.A., as Co-Administrative Agents
10.40*	Form of Five-Year Credit Agreement among Genworth Financial, Inc., as borrower, the Lenders Named therein, and JPMorgan Chase Bank and Bank of America, N.A., as Co-Administrative Agents
10.41*	Form of Scheme for the Transfer to Financial New Life Company Limited of the Insurance Business of Financial Assurance Company Limited (pursuant to Part VII of the Financial Services and Markets Act 2000)
10.42*	Form of Agreement for the Sale and Purchase of shares in Financial Assurance Company Limited between GE Insurance Holdings Limited as seller and GEFA UK Holdings Limited as buyer
10.43*	Form of Agreement on Transfer of a Portfolio of Insurance Contracts between Vie Plus and Financial New Life Company Limited
10.44*	Form of Business Transfer Agreement between Vie Plus S.A. and Financial New Life Company Limited
10.45*	Form of Administrative Services Agreement by and between GE Group Life Assurance Company and Union Fidelity Life Insurance Company
10.46*	Form of Subordinated Contingent Promissory Note between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.
10.47**	Canadian Tax Matters Agreement among General Electric Company, General Electric Capital Corporation, GECMIC Holdings Inc., GE Capital Mortgage Insurance Company (Canada) and Genworth Financial, Inc.
10.48**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, General Electric Capital Assurance Company and The Bank of New York
10.49**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Insurance Company, American Mayflower Life Insurance Company of New York and The Bank of New York
10.50**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Life and Annuity Assurance Company and The Bank of New York
10.51**	Trust Agreement, dated as of April 15, 2004, among Federal Home Life Insurance Company and The Bank of New York
10.52**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Capital Life Assurance Company of New York and The Bank of New York
10.53**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, First Colony Life Insurance Company and The Bank of New York
10.54**	Coinsurance Agreement, dated as of April 15, 2004, between First Colony Life Insurance Company and Union Fidelity Life Insurance Company
10.55*	Form of Liability and Portfolio Management Agreement between Trinity Plus Funding Company, LLC and Genworth Financial Asset Management, LLC

10.56*	Form of 2004 Genworth Financial, Inc. Omnibus Incentive Plan
10.57*	Form of European Tax Matters Agreement among General Electric Company, General Electric Capital Corporation, Financial Assurance Company Limited, Financial Insurance Group Services Limited, GEFA International Holdings Inc., Genworth Financial, Inc., GEFA UK Holdings Limited and other parties thereto
10.58*	Form of Australian Tax Matters Agreement between Genworth Financial, Inc. and General Electric Capital Corporation
12.1***	Statement of Ratio of Earnings to Fixed Charges
21.1**	Subsidiaries of the registrant
23.1***	Consent of KPMG LLP
23.2*	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
24.1***	Powers of Attorney (see signature page)
25.1***	Statement of Eligibility of Trustee on Form T-1
99.1***	Consent of Frank J. Borelli
99.2***	Consent of J. Robert Kerrey
99.3***	Consent of Thomas B. Wheeler

* To be filed by amendment.

** Incorporated by reference from the exhibit of the same number contained in the registrant's Registration Statement on Form S-1 (File No. 333-112009) as filed with the Commission.

*** Filed herewith.

† The registrant has applied for Confidential Treatment with respect to portions of this Exhibit. An unredacted version of this Exhibit has been filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedule

Number	Description
Schedule III	Supplementary Insurance Information

Item 17. Undertakings

The undersigned hereby undertakes as follows:

(a) To provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Richmond, Virginia, on this 29th day of April, 2004.

GENWORTH FINANCIAL, INC.

By: /s/ MICHAEL D. FRAIZER

Name:	Michael D. Fraizer
Title:	Chairman of the Board of Directors, President and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned directors and officers of Genworth Financial, Inc. (the "Company"), hereby severally constitute and appoint Michael D. Fraizer and Richard P. McKenney, and each of them individually, with full powers of substitution and resubstitution, our true and lawful attorneys, with full powers to them and each of them to sign for us, in our names and in the capacities indicated below, the Registration Statement on Form S-1 filed with the Securities and Exchange Commission, and any and all amendments to said Registration Statement (including post-effective amendments), and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of securities of the Company, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this Registration Statement has been signed by the following persons in the capacities indicated on the 29th day of April, 2004.

Signature	Title
/s/ MICHAEL D. FRAIZER Michael D. Fraizer	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
/s/ RICHARD P. MCKENNEY Richard P. McKenney	Senior Vice President—Chief Financial Officer (Principal Financial Officer)
/s/ JAMIE S. MILLER Jamie S. Miller	Vice President and Controller (Principal Accounting Officer)
/s/ ELIZABETH J. COMSTOCK Elizabeth J. Comstock	Director
/s/ PAMELA DALEY Pamela Daley	Director
/s/ DENNIS D. DAMMERMAN Dennis D. Dammerman	Director
/s/ DAVID R. NISSEN David R. Nissen	Director
/s/ JAMES A. PARKE James A. Parke	Director

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 TO THE AUDITED COMBINED FINANCIAL STATEMENTS ON PAGE F-7 HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

/s/ KPMG LLP

Independent Auditors' Report

The Board of Directors
Genworth Financial, Inc.:

Under date of February 6, 2004, except as to note 1 which is as of , 2004, we reported on the combined statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003 and 2002, and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003, which are included in the prospectus. In connection with our audits of the aforementioned combined financial statements, we also audited the related combined financial statement schedule in the registration statement. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 2 to the combined financial statements, the Company changed its method of accounting for variable interest entities in 2003, its method of accounting for goodwill and other intangible assets in 2002, and its method of accounting for derivative instruments and hedging activities in 2001.

Richmond, Virginia
February 6, 2004, except as to
note 1 of the combined financial statements,
which is as of , 2004

Schedule III

Genworth Financial, Inc.

Supplemental Insurance Information

(Dollar amounts in millions)

Segment	Deferred Acquisition Costs	Future Annuity and Contract Benefits & Liability for Policy and Contract Claims	Unearned Premiums	Other Policyholder Liabilities	Premium Revenue
December 31, 2003					
Protection	$ 4,155	$ 17,871	$ 2,314	$ 63	$ 4,588
Retirement Income and Investments	1,249	43,744	—	351	1,045
Mortgage Insurance	89	340	1,216	44	716
Affinity	198	493	19	7	244
Corporate and Other	97	16	67	—	110
Total	$ 5,788	$ 62,464	$ 3,616	$ 465	$ 6,703
December 31, 2002					
Protection	$ 3,677	$ 16,274	$ 2,203	$ 31	$ 4,088
Retirement Income and Investments	1,373	42,473	—	561	991
Mortgage Insurance	68	345	732	40	677
Affinity	208	450	34	5	247
Corporate and Other	6	10	38	(1)	104
Total	$ 5,332	$ 59,552	$ 3,007	$ 636	$ 6,107
December 31, 2001					
Protection					$ 3,915
Retirement Income and Investments					1,023
Mortgage Insurance					698
Affinity					286
Corporate and Other					90
Total					$ 6,012

Segment	Net Investment Income	Interest Credited & Benefits and Other Changes in Policy Reserves	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Premiums Written
December 31, 2003					
Protection	$ 1,199	$ 3,362	$ 889	$ 1,144	$ 4,454
Retirement Income and Investments	2,511	3,130	166	256	1,046
Mortgage Insurance	218	115	33	303	950
Affinity	62	196	89	260	236
Corporate and Other	25	53	5	288	124
Total	$ 4,015	$ 6,856	$ 1,182	$ 2,251	$ 6,810
December 31, 2002					
Protection	$ 1,136	$ 2,992	$ 769	$ 1,007	$ 4,397
Retirement Income and Investments	2,522	3,052	168	263	989
Mortgage Insurance	231	46	37	235	840
Affinity	70	180	84	344	226
Corporate and Other	20	15	2	244	40
Total	$ 3,979	$ 6,285	$ 1,060	$ 2,093	$ 6,492
December 31, 2001					
Protection	$ 1,119	$ 2,722	$ 682	$ 1,200	$ 4,073
Retirement Income and Investments	2,482	3,014	121	247	1,023
Mortgage Insurance	227	150	45	186	797
Affinity	74	188	82	394	248
Corporate and Other	(7)	20	3	226	46

Total	$ 3,895	$ 6,094	$ 933	$ 2,253	$ 6,187

INDEX TO EXHIBITS

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10.48**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, General Electric Capital Assurance Company and The Bank of New York
10.49**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Insurance Company, American Mayflower Life Insurance Company of New York and The Bank of New York
10.50**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Life and Annuity Assurance Company and The Bank of New York
10.51**	Trust Agreement, dated as of April 15, 2004, among Federal Home Life Insurance Company and The Bank of New York
10.52**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Capital Life Assurance Company of New York and The Bank of New York
10.53**	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, First Colony Life Insurance Company and The Bank of New York
10.54**	Coinsurance Agreement, dated as of April 15, 2004, between First Colony Life Insurance Company and Union Fidelity Life Insurance Company
10.55*	Form of Liability and Portfolio Management Agreement between Trinity Plus Funding Company, LLC and Genworth Financial Asset Management, LLC
10.56*	Form of 2004 Genworth Financial, Inc. Omnibus Incentive Plan
10.57*	Form of European Tax Matters Agreement among General Electric Company, General Electric Capital Corporation, Financial Assurance Company Limited, Financial Insurance Group Services Limited, GEFA International Holdings Inc., Genworth Financial, Inc., GEFA UK Holdings Limited and other parties thereto
10.58*	Form of Australian Tax Matters Agreement between Genworth Financial, Inc. and General Electric Capital Corporation
12.1***	Statement of Ratio of Earnings to Fixed Charges
21.1**	Subsidiaries of the registrant
23.1***	Consent of KPMG LLP

23.2*	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
24.1***	Powers of Attorney (see signature page)
25.1***	Statement of Eligibility of Trustee on Form T-1
99.1***	Consent of Frank J. Borelli
99.2***	Consent of J. Robert Kerrey
99.3***	Consent of Thomas B. Wheeler

* To be filed by amendment.

** Incorporated by reference from the exhibit of the same number contained in the registrant's Registration Statement on Form S-1 (File No. 333-112009) as filed with the Commission.

*** Filed herewith.

† The registrant has applied for Confidential Treatment with respect to portions of this Exhibit. An unredacted version of this Exhibit has been filed separately with the Securities and Exchange Commission.

QuickLinks

Exhibit 4.7

GENWORTH FINANCIAL, INC.

THE BANK OF NEW YORK, Trustee

Indenture

Dated as of , 2004

TABLE OF CONTENTS

ARTICLE 7
CONCERNING THE TRUSTEE

ARTICLE 8
CONCERNING THE SECURITYHOLDERS

ARTICLE 9
SECURITYHOLDERS' MEETINGS

ARTICLE 10
SUPPLEMENTAL INDENTURES

ARTICLE 11
CONSOLIDATION, MERGER, SALE OR CONVEYANCE

ARTICLE 12
SATISFACTION AND DISCHARGE OF INDENTURE

ARTICLE 13
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

ARTICLE 14
MISCELLANEOUS PROVISIONS

THIS INDENTURE, dated as of , 2004 between Genworth Financial, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a banking corporation duly organized and existing under the laws of the State of New York (the "Trustee"),

WITNESSETH:

WHEREAS, the Company has duly authorized the issue from time to time of its unsecured debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture and to provide, among other things, for the authentication, delivery and administration thereof, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid indenture and agreement according to its terms have been done;

NOW, THEREFORE:

In consideration of the premises and the purchases of the Securities by the holders thereof, the Company and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Securities as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended, or which are by reference therein defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Authenticating Agent:

The term "Authenticating Agent" shall mean any Person authorized by the Trustee pursuant to Section 7.14 to act on behalf of the Trustee to authenticate Securities.

Beneficial Owner:

The term "Beneficial Owner" shall mean a Person who is the beneficial owner of an interest in a Global Security as reflected on the books of the Depositary or on the books of a Person maintaining an account with such Depositary (directly as a Depositary participant or as an indirect participant, in each case in accordance with the rules of such Depositary).

Board of Directors:

The term "Board of Directors" shall mean the Board of Directors of the Company or any Committee of such Board or specified officers and employees of the Company to which the powers of such Board have been lawfully delegated.

Company:

The term "Company" shall mean Genworth Financial, Inc., a Delaware corporation, until any successor corporation or limited liability company shall have become such pursuant to the provisions of Article Eleven, and thereafter "Company" shall mean such successor, except as otherwise provided in Section 11.02.

Depositary:

The term "Depositary" shall mean, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Securities Exchange Act of 1934, as amended, that is designated to act as Depositary for such Securities as contemplated by Section 2.02.

Dollar:

The term "Dollar" shall mean the coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Event of Default:

The term "Event of Default" shall have the meaning specified in Section 6.01.

Global Security:

The term "Global Security" shall mean a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 2.11 (or such legend as may be specified as contemplated by Section 2.02 for such Securities).

Indenture:

The term “Indenture” shall mean this instrument as originally executed or as it may be amended or supplemented from time to time as herein provided, and shall include the form and terms of particular series of Securities established as contemplated hereunder.

Interest:

The term “interest,” when used with respect to a non-interest bearing Security, means interest payable after the principal thereof has become due and payable whether at maturity, by declaration of acceleration, by call for redemption, pursuant to a sinking fund, or otherwise.

Officers’ Certificate:

The term “Officers’ Certificate” shall mean a certificate signed by the President, the Chairman or any Vice Chairman of the Board or any Vice President and by the Treasurer or any Assistant Treasurer, the Comptroller or the Secretary or any Assistant Secretary of the Company and delivered to the Trustee. Each such certificate shall comply with Section 314 of the Trust Indenture Act of 1939 and include the statements provided for in Section 14.05 if and to the extent required by the provisions of such Section.

Opinion of Counsel:

The term “Opinion of Counsel” shall mean an opinion in writing signed by legal counsel, who may be an employee of or of counsel to the Company, or may be other counsel, in any case, satisfactory to the Trustee. Each such opinion shall comply with Section 314 of the Trust Indenture Act of 1939 and include the statements provided for in Section 14.05 if and to the extent required by the provisions of such Sections.

Original Issue Discount Security:

The term “Original Issue Discount Security” shall mean any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

Overdue Rate:

The term “Overdue Rate” with respect to each series of Securities shall mean the rate of interest designated as such in the resolution of the Board of Directors or the supplemental indenture, as the case may be, relating to such series as contemplated by Section 2.02, or if no such rate is specified, the rate at which such Securities shall bear interest.

Person:

The term “Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Office of the Trustee:

The term “principal office of the Trustee,” or other similar term, shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered.

Responsible Officer:

The term “Responsible Officer” when used with respect to the Trustee shall mean any officer of the Trustee within the Corporate Trust Division-Corporate Finance Unit (or any successor unit or department) of the Trustee located at the address designated by reference in or pursuant to Section 14.03 hereof who has direct responsibility for administration of the Indenture and, for purposes of Sections 6.08 and 7.01 hereof, also includes any officer or assistant officer of the Trustee customarily performing similar functions to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

Security or Securities; Outstanding:

The terms “Security” or “Securities” shall mean any Security or Securities, as the case may be, authenticated and delivered under this Indenture.

The term “Outstanding,” when used with reference to Securities, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent), provided that if such Securities are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed as in Article Three provided, or provision satisfactory to the Trustee shall have been made for mailing such notice;

(c) Securities as to which defeasance has been effected pursuant to Section 12.02; and

(d) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.07, unless proof satisfactory to the Trustee is presented that any such Securities are held by persons in whose hands any of such Securities is a valid, binding and legal obligation of the Company.

In determining whether the holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

Securityholder:

The term “Securityholder,” “holder of Securities,” or other similar terms, shall mean any person in whose name at the time a particular Security is registered on the books of the Company kept for that purpose in accordance with the terms hereof.

Significant Subsidiary:

The term “Significant Subsidiary” shall have the same meaning as the definition of that term set forth in Rule 1-02 of Regulation S-X as promulgated by the Securities and Exchange Commission.

Specified Currency:

The term “Specified Currency” shall mean the currency in which a Security is denominated, which may include Dollars, any foreign currency or any composite of two or more currencies.

Trust Indenture Act of 1939:

The term “Trust Indenture Act of 1939” shall mean the Trust Indenture Act of 1939 as it was in force at the date of execution of this Indenture, except as provided in Section 10.03.

Trustee:

The term “Trustee” shall mean the corporation or association named as Trustee in this Indenture and, subject to the provisions of Article Seven hereof,

shall also include its successors and assigns as Trustee hereunder. If pursuant to the provisions of this Indenture there shall be at any time more than one Trustee hereunder, the term “Trustee” as used with respect to Securities of any series shall mean the Trustee with respect to Securities of that series.

U.S. Government Obligations:

The term “U.S. Government Obligations” shall have the meaning specified in Section 12.02.

ARTICLE 2
DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES

Section 2.01. *Forms.* (a) The Securities of each series shall be in substantially such form as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such legends or endorsements placed thereon as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities of such series may be listed, or to conform to usage.

(b) The resolutions adopted by the Board of Directors establishing the form and terms of the Securities of any series pursuant to Sections 2.01 and 2.02, respectively, of this Indenture, may provide for issuance of Global Securities. If Securities of a series are so authorized to be issued as Global Securities, any such Global Security may provide that it shall represent that aggregate amount of Securities from time to time endorsed thereon and may also provide that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Global Security to reflect the amount, or any increase or decrease in the amount or changes in the rights of holders of Securities represented thereby, shall be made in such manner and by such person or persons as shall be specified therein.

(c) The Trustee’s Certificate of Authentication on all Securities shall be in substantially the following form:

“This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: ______________________________
Authorized Officer

Section 2.02. *Amount Unlimited; Issuable in Series.* The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a resolution of the Board of Directors or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Sections 2.06, 2.07, 2.08, 3.03, 3.06 or 10.04);

(3) the date or dates on which the principal and premium, if any, of the Securities of the series is payable;

(4) the rate or rates, or the method of determination thereof, at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and, if other than as set forth in Section 2.04, the record dates for the determination of holders to whom interest is payable;

(5) in addition to the office or agency of the Company in the Borough of Manhattan, The City of New York required to be maintained pursuant to Section 4.02, any other place or places where the principal of, and premium, if any, and any interest on Securities of the series shall be payable;

(6) the Specified Currency of the Securities of the series;

(7) the currency or currencies in which payments on the Securities of the series are payable, if other than the Specified Currency;

(8) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, pursuant to any sinking fund or otherwise;

(9) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof and the price at which or process by which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(10) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(11) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.01;

(12) if the principal of or interest on the Securities of the series are to be payable, at the election of the Company or a holder thereof, in a coin or currency other than the Specified Currency, the period or periods within which, and the terms and conditions upon which, such election may be made;

(13) if the amount of payments of principal of and interest on the Securities of the series may be determined with reference to an index based on a coin or currency other than the Specified Currency, the manner in which such amounts shall be determined;

(14) any Events of Default with respect to the Securities of the series, if not set forth herein;

(15) if other than the rate of interest stated in the title of the Securities of the series, the applicable Overdue Rate;

(16) in the case of any series of non-interest bearing Securities, the applicable dates for purposes of clause (a) of Section 5.01;

(17) if other than The Bank of New York is to act as Trustee for the Securities of the series, the name and Principal Office of such Trustee;

(18) if either or both of Sections 12.02 and 12.03 do not apply to any Securities of the series;

(19) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the name of the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section

2.11 and any circumstances in addition to or in lieu of those set forth in clause (2) of Section 2.06 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(20) any addition to the covenants set forth in Article Four which applies to Securities of the series and whether any such covenant shall be subject to covenant defeasance under Section 12.03; and

(21) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

Section 2.03. *Authentication.* At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication. Except as otherwise provided in this Article Two, the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Company, signed by its President, its Chairman or any Vice Chairman of the Board or one of its Vice Presidents and by its Treasurer, its Controller or its Secretary. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon:

(1) a copy of any resolution or resolutions of the Board of Directors relating thereto and, if applicable, an appropriate record of any action taken pursuant to such resolution, in each case certified by the Secretary or an Assistant Secretary of the Company;

(2) an executed supplemental indenture, if any, relating thereto;

(3) an Officers' Certificate prepared in accordance with Section 14.05 which shall also state to the best knowledge of the signers of such Certificate that no Event of Default with respect to any series of Securities shall have occurred and be continuing; and

(4) an Opinion of Counsel prepared in accordance with Section 14.05 to the effect

(a) that the form of such Securities has been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.01 in conformity with the provisions of this Indenture;

(b) that the terms of such Securities have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.02 in conformity with the provisions of this Indenture;

(c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(d) that the Company has the corporate power to issue such Securities, and has duly taken all necessary corporate action with respect to such issuance;

(e) that the issuance of such Securities will not contravene the organizational certificate or by-laws of the Company or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Company or any of its Subsidiaries is bound; and

(f) that all laws and requirements in respect of the execution and delivery by the Company of such Securities and the related supplemental indenture, if any, have been complied with and that authentication and delivery of such Securities and the execution and delivery of the related supplemental indenture, if any, by the Trustee will not violate the terms of this Indenture.

The Trustee shall have the right to decline to authenticate and deliver or cause to be authenticated and delivered any Securities under this Section 2.03 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or vice presidents shall determine that such action would expose the Trustee to personal liability to existing Securityholders.

Section 2.04. *Date and Denomination of Securities.* The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 2.02. In the absence of any such specification with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any multiple of $1,000. Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the

officers of the Company executing the same may determine with the approval of the Trustee.

Every Security shall be dated the date of its authentication.

The person in whose name any Security of a particular series is registered at the close of business on any record date (as hereinafter defined) with respect to any interest payment date for such series shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Security upon any registration of transfer or exchange subsequent to the record date and prior to such interest payment date; *provided, however*, that if and to the extent that the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names Outstanding Securities of such series are registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of such Securities not less than 15 days preceding such subsequent record date, such record date to be not less than five days preceding the date of payment of such defaulted interest. Except as otherwise specified as contemplated by Section 2.02 for Securities of a particular series, the term “record date” as used in this Section 2.04 with respect to any regular interest payment date, shall mean, the last day of the calendar month preceding such interest payment date if such interest payment date is the fifteenth day of such calendar month, and shall mean the fifteenth day of the calendar month preceding such interest payment date if such interest payment date is the first day of a calendar month, whether or not such day shall be a day on which banking institutions in The City of New York are authorized or required by law or executive order to close or remain closed.

Interest on the Securities may at the option of the Company be paid by check mailed to the persons entitled thereto at their respective addresses as such appear on the registry books of the Company.

Section 2.05. *Execution of Securities.* The Securities shall be signed in the name and on behalf of the Company by the manual or facsimile signature of its President, its Chairman of the Board or Chief Financial Officer and its Treasurer or Assistant Treasurer, its Secretary or Assistant Secretary, under its corporate seal (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise). Only such Securities as shall bear thereon a certificate of authentication substantially in the form herein recited, executed by the Trustee by the manual signature of an authorized officer, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Company who shall have signed any of the Securities shall cease to be such officer before the Securities so signed shall have

been authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered or disposed of as though the person who signed such Securities had not ceased to be such officer of the Company; and any Security may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Security, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

Section 2.06. *Exchange and Registration of Transfer of Securities.* Securities of any series may be exchanged for a like aggregate principal amount of Securities of the same series of other authorized denominations. Securities to be exchanged shall be surrendered, at the option of the holders thereof, either at the office or agency designated and maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, in accordance with the provisions of Section 4.02 or at any of such other offices or agencies as may be designated and maintained by the Company for such purpose in accordance with the provisions of Section 4.02, and the Company shall execute and register and the Trustee shall authenticate and deliver in exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive. Each person designated by the Company pursuant to the provisions of Section 4.02 as a person authorized to register and register transfer of the Securities is sometimes herein referred to as a “Security registrar”.

The Company shall keep, at each such office or agency, a register for each series of Securities issued hereunder (the registers of all Security registrars being herein sometimes collectively referred to as the “Security register” or the “registry books of the Company”) in which, subject to such reasonable regulations as it may prescribe, the Company shall register Securities and shall register the transfer of Securities as in this Article Two provided. The Security register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times the Security registrar shall be open for inspection by the Trustee and any Security registrar other than the Trustee. Upon due presentment for registration or registration of transfer of any Security of any series at any designated office or agency, the Company shall execute and register and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series for an equal aggregate principal amount. Registration or registration of transfer of any Security by any Security registrar in the registry books of the Company maintained by such Security registrar, and delivery of such Security, duly authenticated, shall be deemed to complete the registration or registration of transfer of such Security.

No person shall at any time be designated as or act as a Security registrar unless such person is at such time empowered under applicable law to act as such under and to the extent required by applicable law and regulations.

All Securities presented for registration of transfer or for exchange, redemption or payment shall (if so required by the Company or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Company and the Trustee duly executed by, the holder or his attorney duly authorized in writing.

No service charge shall be made for any exchange or registration of transfer of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Company shall not be required to exchange or register a transfer of (a) any Securities of any series for the period of 15 days next preceding the selection of Securities of that series to be redeemed and thereafter until the date of the mailing of a notice of redemption of Securities of that series selected for redemption, or (b) any Securities selected, called or being called for redemption in whole or in part except, in the case of any Security to be redeemed in part, the portion thereof not so to be redeemed.

The provisions of clauses (1), (2), (3), (4), (5), (6) and (7) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes under this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Company that it is unwilling or unable to continue its services as Depositary for such Global Security and no successor Depositary has been appointed within 90 days after such notice or (ii) ceases to be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934 when the Depositary is required to be so registered to act as the Depositary and so notifies the Company, and no successor Depositary has been appointed within 90 days after such notice, (B) to the extent permitted by the Depositary, the Company determines that the Global Securities shall be exchangeable for definitive Securities or (C) a Beneficial Owner requests to exchange such Beneficial Owner's interest in the Global Securities for definitive Securities.

(3) Subject to clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all

Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(5) Subject to the provisions of clause (7) below, the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below in clause (7)) and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(6) In the event of the occurrence of any of the events specified in clause (2) above, the Company will promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form, without interest coupons.

(7) Neither any members of, or participants in, the Depositary (collectively, the "Agent Members") nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of the Depositary or any nominee thereof, or under any such Global Security, and the Depositary or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company or the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.07. *Mutilated, Destroyed, Lost or Stolen Securities.* In case any temporary or definitive Security shall become mutilated or be destroyed, lost or stolen, the Company in the case of a mutilated Security shall, and in the case of a lost, stolen or destroyed Security may in its discretion, execute and, upon the written request or authorization of any officer of the Company, the Trustee shall authenticate and deliver, a new Security of the same series, bearing a number not contemporaneously Outstanding, in exchange and substitution for the mutilated

Security, or in lieu of and in substitution for the Security so destroyed, lost or stolen. In every case the applicant for a substituted Security shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and the ownership thereof.

Upon the issuance of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Security which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substituted Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless and, in case of destruction, loss or theft, evidence satisfactory to the Company and the Trustee of the destruction, loss or theft of such Security and the ownership thereof.

Every substituted Security issued pursuant to the provisions of this Section 2.07 by virtue of the fact that any Security is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series duly issued hereunder. All Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities and shall preclude (to the extent lawful) any and all other rights or remedies with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.08. *Temporary Securities.* Pending the preparation of definitive Securities of any series the Company may execute and the Trustee shall authenticate and deliver temporary Securities (printed, lithographed or typewritten). Temporary Securities shall be issuable in any authorized denomination and substantially in the form of the definitive Securities in lieu of which they are issued, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company. Every such temporary Security shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Securities in lieu of which they are issued. Without unreasonable delay the Company will execute and deliver to the Trustee definitive Securities of such series and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor, at the option of the holders thereof, either at the office or agency to be designated and maintained by the

Company for such purpose in the Borough of Manhattan, The City of New York, in accordance with the provisions of Section 4.02 or at any of such other offices or agencies as may be designated and maintained by the Company for such purpose in accordance with the provisions of Section 4.02, and the Trustee shall authenticate and deliver in exchange for such temporary Securities an equal aggregate principal amount of definitive Securities of the same series. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series authenticated and delivered hereunder.

Section 2.09. *Cancellation of Securities Paid, etc.* All Securities surrendered for the purpose of payment, redemption, repayment, exchange or registration of transfer or for credit against any sinking fund shall, if surrendered to the Company, any Security registrar, any paying agent or any other agent of the Company or of the Trustee, be delivered to the Trustee and promptly cancelled by it, or, if surrendered to the Trustee, shall be promptly cancelled by it, and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee may dispose of cancelled Securities in accordance with its customary procedures and deliver a certificate of such disposition to the Company or, at the written request of the Company, shall deliver cancelled Securities to the Company. If the Company shall acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

Section 2.10. *Computation of Interest.* Except as otherwise specified as contemplated by Section 2.02 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 2.11. *Form of Legend for Global Securities.* Unless otherwise specified as contemplated by Section 2.02 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form (or such other form as a securities exchange or Depositary may request or require):

THIS SENIOR NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY OR A NOMINEE OF THE DEPOSITORY TRUST COMPANY. THIS SENIOR NOTE IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY TO A

NOMINEE OF THE DEPOSITORY TRUST COMPANY OR BY A NOMINEE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITORY TRUST COMPANY OR ANOTHER NOMINEE OF THE DEPOSITORY TRUST COMPANY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ARTICLE 3
REDEMPTION OF SECURITIES; SINKING FUNDS

Section 3.01. *Applicability of Article.* The provisions of this Article shall be applicable, as the case may be, (i) to the Securities of any series which are redeemable before their maturity and (ii) to any sinking fund for the retirement of Securities of any series, in either case except as otherwise specified as contemplated by Section 2.02 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment".

Section 3.02. *Notice of Redemption; Selection of Securities.* In case the Company shall desire to exercise any right to redeem all, or, as the case may be, any part of, the Securities of any series in accordance with their terms, it shall fix a date for redemption and shall mail a notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to the holders of Securities of such series so to be redeemed as a whole or in part at their last addresses as the same appear on the registry books of the Company and to the Trustee, except as the resolutions adopted by the Board of Directors to establish the terms of any series of Securities may otherwise provide. Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect

in the notice to the holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

Each such notice of redemption shall specify the date fixed for redemption, the redemption price at which the Securities of such series are to be redeemed (or if not then ascertainable, the manner of calculation thereof), the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that any interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date any interest thereon or on the portions thereof to be redeemed will cease to accrue. Where the redemption price is not ascertainable at the time the notice of redemption is given as aforesaid, the Company shall notify the Trustee of said redemption price promptly after the calculation thereof. If less than all the Securities of a series are to be redeemed the notice of redemption shall specify the number or numbers of the Securities of that series to be redeemed. In case any Security of a series is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of that series in principal amount equal to the unredeemed portion thereof will be issued.

Prior to the redemption date specified in the notice of redemption given as provided in this Section 3.02, the Company will deposit with the Trustee or with one or more paying agents (or if the Company is acting as its own paying agent will segregate and hold in trust as provided in Section 4.04) an amount of money sufficient to redeem on the redemption date all the Securities or portions thereof so called for redemption, together with accrued interest to the date fixed for redemption. If less than all the Securities of a series are to be redeemed the Company will give the Trustee notice not less than 60 days (or such shorter period as may be acceptable to the Trustee) prior to the redemption date as to the aggregate principal amount of Securities of such series to be redeemed and the Trustee shall select or cause to be selected, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities of that series or portions thereof to be redeemed. Securities of a series may be redeemed in part only in multiples of the smallest authorized denomination of that series.

Section 3.03. *Payment of Securities Called for Redemption.* If notice of redemption has been given as provided in Section 3.02 or Section 3.05, the Securities or portions of Securities of the series with respect to which such notice has been given shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price, together with any interest accrued to the date fixed for redemption, and on and after said date (unless the Company shall default in the payment of such Securities or portions of such Securities, together with any interest accrued to said date) any interest on the Securities of such series or portions of Securities of such series so called for

redemption shall cease to accrue. On presentation and surrender of such Securities at a place of payment in said notice specified, the said Securities or the specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with any interest accrued thereon to the date fixed for redemption; *provided, however*, that any regularly scheduled installment of interest becoming due on or prior to the date fixed for redemption shall be payable to holders of such Securities registered as such on the relevant record date according to their terms.

Upon presentation of any Security redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Security or Securities of the same series, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Security so presented.

Section 3.04. *Satisfaction of Mandatory Sinking Fund Payments with Securities.* In lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (a) deliver to the Trustee Securities of that series theretofore purchased or otherwise acquired by the Company, or (b) receive credit for the principal amount of Securities of that series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities; *provided* that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

Section 3.05. *Redemption of Securities for Sinking Fund.* Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee a certificate signed by the Treasurer or any Assistant Treasurer of the Company specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash (which cash may be deposited with the Trustee or with one or more paying agents, or if the Company is acting as its own paying agent segregated and held in trust as provided in Section 4.04) and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 3.04 (which Securities, if not theretofore delivered, will accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate shall also state that no Event of Default has occurred and is continuing with respect to such series. Such certificate shall be irrevocable and upon its delivery the Company shall be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. In

the case of the failure of the Company to deliver such certificate (or to deliver the Securities specified in this paragraph), the sinking fund payment due on the next succeeding sinking fund payment date for that series shall be paid entirely in cash and shall be sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 3.04 and without the right to make any optional sinking fund payment, if any, with respect to such series.

Any sinking fund payment or payments (mandatory or optional) made in cash plus any unused balance of any preceding sinking fund payments made in cash which shall equal or exceed $100,000 or the equivalent amount in the Specified Currency (if other than Dollars) (or a lesser sum if the Company shall so request or determine) with respect to the Securities of any particular series shall be applied by the Trustee (or by the Company if the Company is acting as its own paying agent) on the sinking fund payment date on which such payment is made (or, if such payment is made before a sinking fund payment date, on the next sinking fund payment date following the date of such payment) to the redemption of such Securities at the redemption price specified in such Securities for operation of the sinking fund together with accrued interest, if any, to the date fixed for redemption. Any sinking fund moneys not so applied or allocated by the Trustee (or by the Company if the Company is acting as its own paying agent) to the redemption of Securities shall be added to the next cash sinking fund payment received by the Trustee (or if the Company is acting as its own paying agent, segregated and held in trust as provided in Section 4.04) for such series and, together with such payment (or such amount so segregated), shall be applied in accordance with the provisions of this Section 3.05. Any and all sinking fund moneys with respect to the Securities of any particular series held by the Trustee (or if the Company is acting as its own paying agent, segregated and held in trust as provided in Section 4.04) on the last sinking fund payment date with respect to Securities of such series and not held for the payment or redemption of particular Securities of such series shall be applied by the Trustee (or by the Company if the Company is acting as its own paying agent), together with other moneys, if necessary, to be deposited (or segregated) sufficient for the purpose, to the payment of the principal of the Securities of that series at maturity.

The Trustee shall select or cause to be selected the Securities to be redeemed upon such sinking fund payment date in the manner specified in the last paragraph of Section 3.02 and the Company shall cause notice of the redemption thereof to be given in the manner provided in Section 3.02 except that the notice of redemption shall also state that the Securities are being redeemed by operation of the sinking fund. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Section 3.03.

On or before each sinking fund payment date, the Company shall pay to the Trustee in cash (or if the Company is acting as its own paying agent will segregate and hold in trust as provided in Section 4.04) a sum equal to any interest

accrued to the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section.

Neither the Trustee nor the Company shall redeem any Securities of a series with sinking fund moneys or mail any notice of redemption of such Securities by operation of the sinking fund for such series during the continuance of a default in payment of interest, if any, on such Securities or of any Event of Default (other than an Event of Default occurring as a consequence of this paragraph) with respect to such Securities, except that if the notice of redemption of any such Securities shall theretofore have been mailed in accordance with the provisions hereof, the Trustee (or the Company if the Company is acting as its own paying agent) shall redeem such Securities if cash sufficient for that purpose shall be deposited with the Trustee (or segregated by the Company) for that purpose in accordance with the terms of this Article. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur and any moneys thereafter paid into such sinking fund shall, during the continuance of such default or Event of Default, be held as security for the payment of such Securities; *provided, however*, that in case such default or Event of Default shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next sinking fund payment date for such Securities on which such moneys may be applied pursuant to the provisions of this Section.

Section 3.06. *Repayment at the Option of the Holder.* Any series of Securities may be made, by provision contained in or established pursuant to a supplemental indenture or a resolution of the Board of Directors pursuant to Section 2.02 hereof, subject to repayment, in whole or in part, at the option of the holder on a date or dates specified prior to maturity, at a price equal to 100% of the principal amount thereof, together with accrued interest to the date of repayment, on such notice as may be required, provided, however, that the holder of a Security may only elect partial repayment in an amount that will result in the portion of such Security that will remain Outstanding after such repayment constituting an authorized denomination, or combination thereof, of such Securities.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01. *Payment of Principal, Premium and Interest.* The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest, if any, on each of the Securities of that series at the places, at the respective times and in the manner provided in such Securities.

Section 4.02. *Offices for Notices and Payments, etc.* As long as any of the Securities of a series remain Outstanding, the Company will designate and maintain in the Borough of Manhattan, The City of New York, an office or agency where the Securities of that series may be presented for payment, an office or agency where the Securities of that series may be presented for registration of transfer and for exchange as in this Indenture provided and an office or agency where notices and demands to or upon the Company in respect of the Securities of that series or of this Indenture may be served. In addition to such office or offices or agency or agencies, the Company may from time to time designate and maintain one or more additional offices or agencies within or outside the Borough of Manhattan, The City of New York, where the Securities of that series may be presented for registration of transfer or for exchange, and the Company may from time to time rescind such designation, as it may deem desirable or expedient. The Company will give to the Trustee written notice of the location of each such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such office or agency in the Borough of Manhattan, The City of New York, or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the principal office of the Trustee.

The Company hereby initially designates the office of the Trustee located at 101 Barclay Street, 8W, New York, New York 10286 as the office or agency of the Company in the Borough of Manhattan, The City of New York, where the Securities of each series may be presented for payment, for registration of transfer and for exchange as in this Indenture provided and where notices and demands to or upon the Company in respect of the Securities of each series or of this Indenture may be served.

Section 4.03. *Appointment to Fill Vacancies in Trustee's Office.* The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.10, a successor trustee, so that there shall at all times be a Trustee with respect to each series of Securities hereunder.

Section 4.04. *Provision as to Paying Agent.* (a) If the Company shall appoint a paying agent other than the Trustee with respect to the Securities of any series, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(1) that it will hold all sums held by it as such agent for the payment of the principal of, premium, if any, or interest, if any, on the Securities of such series (whether such sums have been paid to it by the Company or by any other obligor on the Securities of such series) in trust for the benefit of the holders of the Securities of such series;

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(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Securities of such series) to make any payment of the principal of, premium, if any, or interest, if any, on the Securities of such series when the same shall be due and payable; and

(3) that at any time during the continuance of any failure by the Company (or by any other obligor on the Securities of such series) specified in the preceding paragraph (2), such payment agent will, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by it.

(b) If the Company shall act as its own paying agent with respect to the Securities of any series, it will, on or before each due date of the principal of, premium, if any, or interest, if any, on the Securities of such series, set aside, segregate and hold in trust for the benefit of the holders of such Securities a sum sufficient to pay such principal, premium, if any, or interest, if any, so becoming due and will promptly notify the Trustee of any failure to take such action and of any failure by the Company (or by any other obligor on the Securities of such series) to make any payment of the principal of, premium, if any, or interest, if any, on the Securities of such series when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it, or any paying agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section 4.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.04 is subject to Sections 12.05 and 12.06.

(e) Whenever the Company shall have one or more paying agents with respect to the Securities of any series, it will, prior to each due date of the principal of, premium, if any, or interest, if any, on the Securities of such series, deposit with a designated paying agent a sum sufficient to pay the principal, premium, if any, and interest, if any, so becoming due, such sum to be held in trust for the benefit of the persons entitled to such principal, premium, if any, or interest, if any, and (unless such paying agent is the Trustee) the Company will promptly notify the Trustee of any failure so to act.

Section 4.05. *Statement as to Compliance.* The Company will furnish to the Trustee on or before June 1, in each year (beginning with the first June 1 following the first date of issuance of any Securities under this Indenture) the brief certificate (which need not comply with Section 14.05) from the principal executive, financial or accounting officer of the Company required by Section 314(a)(4) of the Trust Indenture Act of 1939.

Section 4.06. *Additional Amounts.* If the Securities of a series provide for the payment of additional amounts, at least 10 days prior to the first interest payment date with respect to that series of Securities and at least 10 days prior to each date of payment of principal of, premium, if any, or interest on the Securities of that series if there has been a change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company shall furnish to the Trustee and the principal paying agent, if other than the Trustee, an Officers' Certificate instructing the Trustee and such paying agent whether such payment of principal of or interest on the Securities of that series shall be made to holders of the Securities of that series without withholding or deduction for or on account of any tax, assessment or other governmental charge described in the Securities of that series. If any such withholding or deduction shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld or deducted on such payments to such holders and shall certify the fact that additional amounts will be payable and the amounts so payable to each holder, and the Company shall pay to the Trustee or such paying agent the additional amounts required to be paid by this Section. The Company covenants to indemnify the Trustee and any paying agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

Whenever in this Indenture there is mentioned, in any context, the payment of the principal of or any premium, interest or any other amounts on, or in respect of, any Security of any series, such mention shall be deemed to include mention of the payment of additional amounts provided by the terms of such series established hereby or pursuant hereto to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to such terms, and express mention of the payment of additional amounts (if applicable) in any provision hereof shall not be construed as excluding the payment of additional amounts in those provisions hereof where such express mention is not made.

ARTICLE 5
SECURITYHOLDER LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Securityholder Lists.* If and so long as the Trustee shall not be the Security registrar for the Securities of any series, the Company and any other obligor on the Securities will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the holders of the Securities of such series pursuant to Section 312 of the Trust Indenture Act of 1939 (a) semi-annually not more than 15 days after each record date for the payment of interest on such Securities, as hereinabove specified, as of such record date, and on dates to be determined pursuant to

Section 2.02 for non-interest bearing Securities in each year, and (b) at such other times as the Trustee may request in writing, within thirty days after receipt by the Company of any such request as of a date not more than 15 days prior to the time such information is furnished.

Section 5.02. *Reports by the Company.* The Company covenants to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports that the Company may be required to file with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 or pursuant to Section 314 of the Trust Indenture Act of 1939.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein, including the Company’s compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers’ Certificates).

Section 5.03. *Reports by the Trustee.* Any Trustee’s report required under Section 313(a) of the Trust Indenture Act of 1939 shall be transmitted on or before March 15 in each year beginning March 15, 2005, as provided in Section 313(c) of the Trust Indenture Act of 1939, so long as any Securities are Outstanding hereunder, and shall be dated as of a date convenient to the Trustee no more than 60 days prior thereto.

ARTICLE 6
REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

Section 6.01. *Events of Default.* The term “Event of Default” whenever used herein with respect to Securities of any series means any one of the following events and such other events as may be established with respect to the Securities of such series as contemplated by Section 2.02 hereof, continued for the period of time, if any, and after the giving of notice, if any, designated in this Indenture or as may be established with respect to such Securities as contemplated by Section 2.02 hereof, as the case may be, unless it is either inapplicable or is specifically deleted or modified in the applicable resolution of the Board of Directors or in the supplemental indenture under which such series of Securities is issued, as the case may be, as contemplated by Section 2.02:

(a) default in the payment of any installment of interest upon any Security of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of the principal of, or premium, if any, on any Security of such series as and when the same shall become due and payable whether at maturity, upon redemption, by declaration, repayment or otherwise; or

(c) default in the making or satisfaction of any sinking fund payment or analogous obligation as and when the same shall become due and payable by the terms of the Securities of such series; or

(d) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company in respect of the Securities of such series contained in this Indenture (other than a covenant or agreement in respect of the Securities of such series a default in whose observance or performance is elsewhere in this Section 6.01 specifically dealt with) continued for a period of 60 days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee by registered mail, or to the Company and the Trustee by the holders of at least twenty-five percent in aggregate principal amount of the Securities of such series at the time Outstanding; or

(e) an event of default with respect to any other series of Securities issued or hereafter issued pursuant to this Indenture or as defined in any indenture or instrument evidencing or under which the Company has at the date of this Indenture or shall hereafter have outstanding any indebtedness for borrowed money shall happen and be continuing and such other series of Securities or such indebtedness, as the case may be, shall have been accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, and the aggregate principal amount of any indebtedness with respect to which such acceleration has occurred exceeds $100,000,000, and such acceleration shall not be rescinded or annulled within ten days after written notice thereof shall have been given to the Company by the Trustee or to the Company and the Trustee by the holders of at least twenty-five percent in aggregate principal amount of the Securities of such series at the time Outstanding; *provided, however*, that if such event of default with respect to such other series of Securities or under such indenture or instrument, as the case may be, shall be remedied or cured by the Company, or waived by the holders of such other series of Securities or of such indebtedness, as the case may be, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the Securityholders of such series; and *provided further* that, subject to the provisions of Sections 6.08 and 7.01, the Trustee shall not be charged with knowledge of any such event of default or any remedy, cure or waiver thereof or any such acceleration unless written notice thereof shall have been given to the Trustee by the Company, by a holder or an agent of a holder of any Securities of such other series or of any such indebtedness, as the case may be, or by the Trustee then acting under this Indenture with respect to such other series of Securities or under any other indenture or instrument, as the case may be,

under which such event of default shall have occurred, or by the holders of at least twenty-five percent in aggregate principal amount of the Securities of such series at the time Outstanding; or

(f) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company or any of its Significant Subsidiaries bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company or any of its Significant Subsidiaries under the Federal Bankruptcy Code or any other similar applicable Federal or State law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee (or other similar official) in bankruptcy or insolvency of the Company or any of its Significant Subsidiaries or of all or substantially all of the property of the Company or any of its Significant Subsidiaries, or for the winding up or liquidation of the affairs of the Company or any of its Significant Subsidiaries, shall have been entered, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or

(g) the Company or any of its Significant Subsidiaries shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against the Company or such Significant Subsidiary, or shall file a petition or answer or consent seeking reorganization under the Federal Bankruptcy Code or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee (or other similar official) in bankruptcy or insolvency of it or of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing the inability of the Company or such Significant Subsidiary to pay its debts generally as they become due; or

(h) any other Event of Default provided in the applicable resolution of the Board of Directors or in the supplemental indenture under which such series of Securities is issued, as the case may be, as contemplated by Section 2.02.

If an Event of Default as contemplated by Sections 6.01(f) or 6.01(g) occurs, the principal amount (or, if the Securities of such series are Original Issue Discount Securities, such portions of the principal amount as may be specified in the terms of such series) with respect to Securities of any series at the time Outstanding will become due and payable immediately. If any other Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the holders of not less than twenty-five percent in aggregate principal amount of the Securities of such series then Outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Securityholders of such series), may declare the principal amount (or, if the Securities of such series are

Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) of all the Securities of such series to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Securities of such series contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal amount (or, if the Securities of such series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) of the Securities of any series shall have been so declared or otherwise become due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest, if any, upon all of the Securities of such series and the principal of, and premium, if any, on any and all Securities of such series which shall have become due otherwise than by acceleration (with interest on overdue installments of interest (to the extent that payment of such interest is enforceable under applicable law) and on such principal at the Overdue Rate applicable to such series, to the date of such payment or deposit) and all amounts payable to the Trustee pursuant to the provisions of Section 7.06, and any and all defaults under this Indenture with respect to such series of Securities, other than the nonpayment of principal of and accrued interest on Securities of such series which shall have become due solely by acceleration, shall have been remedied or cured or waived or provision shall have been made therefor to the satisfaction of the Trustee - then and in every such case the holders of a majority in aggregate principal amount of the Securities of such series then Outstanding, by written notice to the Company and to the Trustee, may waive all defaults with respect to such series and rescind and annul such declaration or acceleration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceeding shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceeding had been taken.

Section 6.02. *Payment of Securities on Default; Suit Therefor.* The Company covenants that (a) in case default shall be made in the payment of any installment of interest upon any Security of any series as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, (b) in case default shall be made in the payment of the principal of, or premium, if any, on any Security of any series as and when the same shall become due and payable, whether at maturity of the Securities of that series or upon

redemption or by declaration, repayment or otherwise or (c) in case of default in the making or satisfaction of any sinking fund payment or analogous obligation when the same becomes due by the terms of the Securities of any series - then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holder of any such Security (or holders of any series of Securities in the case of clause (c) above) the whole amount that then shall have become due and payable on any such Security (or Securities of any such series in the case of clause (c) above) for principal, premium, if any, and interest, if any, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest, if any, at the Overdue Rate applicable to any such Security (or Securities of any such series in the case of clause (c) above); and, in addition thereto, such further amount as shall be sufficient to cover costs and expenses of collection, and any further amounts payable to the Trustee pursuant to the provisions of Section 7.06.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of any express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor upon such Securities and collect in the manner provided by law out of the property of the Company or any other obligor on such Securities wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy, for the insolvency or for the reorganization of the Company or any other obligor on the Securities of any series under the Federal Bankruptcy Code or any other similar applicable Federal or State law, or in case a receiver or trustee (or other similar official) shall have been appointed for the property of the Company or such other obligor, or in the case of any other similar judicial proceedings relative to the Company or other obligor on the Securities of any series, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal (or, if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be due and payable with respect to such series pursuant to a declaration in accordance with Section 6.01), premium, if any, and interest, if any, owing and unpaid in respect of the Securities of any series and, in case of any judicial

proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Securityholders of any series allowed in such judicial proceedings relative to the Company or any other obligor on the Securities of any series, its or their creditors, or its or their property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of costs and expenses of collection, and any further amounts payable to the Trustee pursuant to the provisions of Section 7.06 and incurred by it up to the date of such distribution; and any receiver, assignee or trustee (or other similar official) in bankruptcy or reorganization is hereby authorized by each of the Securityholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee costs and expenses of collection and any further amounts payable to the Trustee pursuant to the provisions of Section 7.06 and incurred by it up to the date of such distribution.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting any of the Securities of any series or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under the Securities of any series, may be enforced by the Trustee without the possession of any of the Securities of such series or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Securities in respect of which such action was taken. In any proceedings brought by the Trustee (and also any proceedings in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities to which such proceedings relate, and it shall not be necessary to make any holders of such Securities parties to any such proceedings.

Section 6.03. *Application of Moneys Collected by Trustee.* Any moneys collected by the Trustee pursuant to this Article and, after an Event of Default has occurred, any money or other property distributable in respect of the Company's obligations under the Indenture shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the several Securities in respect of which moneys have been collected, and the notation thereon of the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee (including any predecessor Trustee) pursuant to the provisions of Section 7.06;

SECOND: In case the principal of the Outstanding Securities in respect of which such moneys have been collected shall not have become due (at maturity, upon redemption, by declaration, repayment or otherwise) and be unpaid, to the payment of interest, if any, on such Securities, in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the Overdue Rate applicable to such Securities, such payments to be made ratably to the person entitled thereto;

THIRD: In case the principal of the Outstanding Securities in respect of which such moneys have been collected shall have become due (at maturity, upon redemption, by declaration, repayment or otherwise), to the payment of the whole amount then owing and unpaid upon such Securities for principal, premium, if any, and interest, if any, with interest on the overdue principal, and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest, if any, at the Overdue Rate applicable to such Securities; and in case such moneys shall be insufficient to pay in full the whole amounts so due and unpaid upon such Securities, then to the payment of such principal, premium, if any, and interest, if any, without preference or priority of principal, and premium, if any, over interest, if any, or of interest, if any, over principal, and premium, if any, or of any installment of interest, if any, over any other installment of interest, if any, or of any such Security over any other such Security, ratably to the aggregate of such principal, premium, if any, and accrued and unpaid interest, if any; and

FOURTH: To the payment of the remainder, if any, to the Company, it successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Section 6.04. *Proceedings by Securityholders.* No holder of any Security of any series shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee (or other similar official), or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default with respect to Securities of such series and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than twenty-five percent in aggregate principal amount of the Securities of such series then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after

its receipt of such notice, request and offer of indemnity, shall not have received from the holders of a majority in principal amount of the Securities of such series then Outstanding a direction inconsistent with that request, and shall have neglected or refused to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the taker and holder of every Security with every other taker and holder and the Trustee, that no one or more holders of Securities of such series shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Securities of such series, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the matter herein provided and for the equal, ratable and common benefit of all holders of Securities of such series.

Notwithstanding any other provisions in this Indenture, however, the right of any holder of any Security to receive payment of the principal of, premium, if any, and interest, if any, on such Security, on or after the respective due dates expressed in such Security, or upon redemption, by declaration, repayment or otherwise, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, and no provision of the Securities of any series or of this Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest, if any, on the Securities of such series at the respective places, at the respective times, at the respective rates and in the coin or currency, therein and herein prescribed.

Section 6.05. *Proceedings by Trustee.* In case of an Event of Default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.06. *Remedies Cumulative and Continuing.* All powers and remedies given by this Article Six to the Trustee or to the Securityholders of any series shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of such Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any such Securities to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 6.04, every power and remedy given by this Article Six or by law to the Trustee or to the Securityholders of any series may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders of such series.

Section 6.07. *Direction of Proceedings and Waiver of Defaults by Securityholders.* (a) The holders of a majority in aggregate principal amount of the Securities of any series at the time Outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; *provided, however*, that (subject to the provisions of Section 7.01) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or Responsible Officers shall determine that the action or proceeding so directed would involve the Trustee in personal liability.

(b) Prior to any acceleration or declaration accelerating the maturity of the Securities of any series, the holders of a majority in aggregate principal amount of the Securities of such series at the time Outstanding may on behalf of the holders of all of the Securities of such series waive any past default or Event of Default with respect to such series and its consequences except a default in the payment of interest, if any, on, or the principal of or premium, if any, on any Security of such series, or in the payment of any sinking fund installment or analogous obligation with respect to Securities of such series, or in respect of a covenant or provision hereof which under Section 10.02 cannot be modified or amended without the consent of the holder of each Security affected. Upon any such waiver the Company, the Trustee and the holders of the Securities of that series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 6.07(b), said default or Event of Default shall for all purposes of the Securities of such series and this Indenture be deemed to have been cured and to be not continuing.

Section 6.08. *Notice of Defaults.* The Trustee shall, within 90 days after the occurrence of a default with respect to the Securities of any series, mail to all holders of Securities of such series, as the names and addresses of such holders appear upon the registry books of the Company, notice of all defaults with respect to such series known to the Trustee, unless such defaults shall have been cured or waived before the giving of such notice (the term "defaults" for the purpose of this Section 6.08 being hereby defined to be the events specified in Section 6.01 or established with respect to such Securities as contemplated by Section 2.02, not

including the periods of grace, if any, provided for therein or established with respect to such Securities as contemplated by Section 2.02 and irrespective of the giving of the notices specified in clauses (d) and (e) of Section 6.01 or established with respect to such Securities as contemplated by Section 2.02); *provided, however*, that except in the case of default in the payment of the principal of, premium, if any, or interest, if any, on any of the Securities of such series or in the making of any sinking fund installment or analogous obligation with respect to such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the holders of Securities of such series.

Section 6.09. *Undertaking to Pay Costs.* All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, omitted or suffered by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any holder of Securities of any series or group of such holders, holding in the aggregate more than ten percent in principal amount of the Outstanding Securities of such series or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of, premium, if any, or interest, if any, on any Security on or after the due date expressed in such Security, on or after the date fixed for redemption or repayment or after such Security shall have become due by declaration.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee.* (a) With respect to the holders of any series of Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to the Securities of such series and after the curing or waiving of all Events of Default which may have occurred with respect to such series,

(1) undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) In case an Event of Default with respect to the Securities of a series has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such series, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) prior to the occurrence of an Event of Default with respect to the Securities of a series and after the curing or waiving of all Events of Default with respect to such series which may have occurred:

(i) the duties and obligations of the Trustee with respect to the Securities of a series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(2) the Trustee shall not be liable with respect to any action taken, omitted or suffered to be taken by it in good faith in accordance with the direction of the holders of Securities of any series pursuant to Section 6.07 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to Securities of such series; and

(3) This subsection shall not be construed to limit the effect of subsection (d) of this Section.

(d) None of the provisions of this Indenture shall be construed as requiring the Trustee to expend or risk its own funds or otherwise to incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) The provisions of this Section 7.01 are in furtherance of and subject to Section 315 of the Trust Indenture Act of 1939. Whether or not expressly provided, every provision of this Indenture relating to or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 7.02. *Reliance on Documents, Opinions, etc.* In furtherance of and subject to the Trust Indenture Act of 1939, and subject to the provisions of Section 7.01:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by its President, its Chairman of the Board or any Vice President and its Treasurer or its Comptroller (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the Company may be evidenced to the Trustee by a copy thereof certified by the Secretary, an Assistant Secretary or an Attesting Secretary of the Company;

(c) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, omitted or suffered to be taken by it hereunder in good faith and in reliance thereon;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken, omitted or suffered by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) the Trustee shall not be bound to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document unless requested in writing so to do by the holders of a majority in aggregate principal amount of the Securities of any series affected then Outstanding; *provided, however*, that if the payment within a reasonable time to the Trustee of the costs and expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security conferred upon it by the terms of this Indenture, the Trustee may require reasonable indemnity against such costs, expenses or liabilities as a condition to so proceeding; and the reasonable expense of such investigation shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company upon demand; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 7.03. *No Responsibility for Recitals, etc.* The recitals contained herein and in the Securities shall be taken as the statements of the Company (except in the Trustee's certificates of authentication), and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Securities, *provided* that the Trustee shall not be relieved of its duty to authenticate Securities only as authorized by this Indenture. The Trustee shall not be accountable for the use or application by the Company or any of the Securities or of the proceeds thereof.

Section 7.04. *Ownership of Securities.* The Trustee and any agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee or such agent.

Section 7.05. *Moneys to be Held in Trust.* Subject to the provisions of Sections 12.05 and 12.06 hereof, all moneys received by the Trustee or any paying agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Company to pay thereon. So long as no Event of Default shall have occurred and be continuing, all interest allowed

on any such moneys shall be paid from time to time upon the written order of the Company, signed by its President, Chairman or any Vice Chairman of the Board, or any Vice President, Treasurer or Comptroller.

Section 7.06. *Compensation and Expenses of Trustee.* The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and, except as otherwise expressly provided, the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Company also covenants to indemnify the Trustee (which shall be deemed to include, without limitation, agents, employees, directors and officers of the Trustee) for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust and its duties hereunder, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Company under this Section 7.06 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and, together with the lien provided for in the immediately succeeding sentence, shall survive the satisfaction and discharge of this Indenture, the resignation or removal of the Trustee and the termination of this Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities.

In addition to and without prejudice to its other rights hereunder, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Sections 6.01(f) or 6.01(g), the expenses (including reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

Section 7.07. *Officers' Certificate as Evidence.* Subject to the provisions of Sections 7.01 and 7.02, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved

or established prior to taking, omitting or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, omitted or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Indentures Not Creating Potential Conflicting Interests for the Trustee.* The following indentures are hereby specifically described for the purposes of Section 310(b)(1) of the Trust Indenture Act of 1939: this Indenture with respect to the Securities of any other series.

Section 7.09. *Eligibility of Trustee.* The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any state, which (a) is authorized under such laws to exercise corporate trust powers and (b) is subject to supervision or examination by Federal or State authority and (c) shall have at all times a combined capital and surplus of not less than fifty million dollars. If such corporation publishes reports of condition at least annually, pursuant to law, or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 7.09, the combined capital and surplus of such corporation at any time shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.10.

The provisions of this Section 7.09 are in furtherance of and subject to Section 310(a) of the Trust Indenture Act of 1939.

Section 7.10. *Resignation or Removal of Trustee.* (a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to any one or more or all series of Securities by giving written notice of resignation to the Company and by mailing notice thereof to the holders of the applicable series of Securities at their addresses as they shall appear on the registry books of the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed with respect to any series and have accepted appointment within 60 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six

months may, subject to the provisions of Section 6.09, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur —

(1) the Trustee shall fail to comply with the provisions of Section 310(b) of the Trust Indenture Act of 1939 with respect to any series of Securities after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.09 and Section 310(a) of the Trust Indenture Act of 1939 with respect to any series of Securities and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting with respect to any series of Securities, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation -

then, in any such case, the Company may remove the Trustee with respect to such series and appoint a successor trustee with respect to such series by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 315(e) of the Trust Indenture Act of 1939, any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee with respect to such series. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee with respect to such series.

(c) The holders of a majority in aggregate principal amount of the Securities of one or more series (each series voting as a class) or all series at the time Outstanding may at any time remove the Trustee with respect to the applicable series or all series, as the case may be, and appoint with respect to the applicable series or all series, as the case may be, a successor trustee by written notice of such action to the Company, the Trustee and the successor trustee.

(d) Any resignation or removal of the Trustee with respect to any series and any appointment of a successor trustee with respect to such series pursuant to

any of the provisions of this Section 7.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.11.

(e) No predecessor Trustee shall be liable for the acts or omissions of any successor Trustee.

Section 7.11. *Acceptance by Successor Trustee.* Any successor trustee appointed as provided in Section 7.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee with respect to any or all applicable series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment (or due provision therefor) of any amounts then due it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers with respect to such series of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing in order more fully and certainly to vest in and confirm to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 7.06.

In case of the appointment hereunder of a successor trustee with respect to the Securities of one or more (but not all) series, the Company, the predecessor trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor trustee with respect to the Securities of any series as to which the predecessor trustee is not retiring shall continue to be vested in the predecessor trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such trustee.

No successor trustee with respect to a series of Securities shall accept appointment as provided in this Section 7.11 unless at the time of such acceptance such successor trustee shall, with respect to such series, be qualified under Section 310(b) of the Trust Indenture Act of 1939 and eligible under the provisions of Section 7.09.

Upon acceptance of appointment by a successor trustee with respect to any series as provided in this Section 7.11, the Company shall mail notice of the succession of such trustee hereunder to the holders of Securities of such series at their addresses as they shall appear on the registry books of the Company. If the Company fails to mail such notice within ten days after the acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 7.12. *Succession by Merger, etc.* Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor to the Trustee hereunder, provided such corporation shall be qualified under Section 310(b) of the Trust Indenture Act of 1939 and eligible under the provisions of Section 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trust created by this Indenture with respect to one or more series of Securities, any of such Securities shall have been authenticated but not delivered, any such successor to the Trustee by merger, conversion or consolidation may adopt the certificate of authentication of any predecessor trustee, and deliver such Security so authenticated; and in case at that time any of such Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of such successor to the Trustee or, if such successor to the Trustee is a successor by merger, conversion or consolidation the name of any predecessor hereunder; and in all such cases such certificate shall have the full force which it is anywhere in such Securities or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.13. *Other Matters Concerning the Trustee.* The principal corporate trust office of the Trustee at the date of this Indenture is located at 101 Barclay Street, 8W, New York, New York 10286, Attn: Corporate Trust Division-Corporate Finance Unit.

Section 7.14. *Appointment of Authenticating Agent.* The Trustee may appoint an Authenticating Agent or Agents which shall be authorized to act on behalf of the Trustee to authenticate Securities issued upon original issue and upon exchange, registration of transfer, partial conversion or partial redemption or pursuant to Section 2.07, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee’s certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent

and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment is made pursuant to this Section, the Securities may have endorsed thereon, in addition to the Trustee’s certificate of authentication, an alternative certificate of authentication in the following form:

Dated:

This is one of the Securities described in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: ______________________________
As Authenticating Agent

By: ______________________________
Authorized Signatory

ARTICLE 8
CONCERNING THE SECURITYHOLDERS

Section 8.01. *Action of Securityholders.* Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities of any or all series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by such Securityholders in person or by agent or proxy appointed in writing, or (b) by the record of such holders of Securities voting in favor thereof at any meeting of such Securityholders duly called and held in accordance with the provisions of Article Nine, or (c) by a combination of such instrument or instruments and any such record of such a meeting of such Securityholders.

Section 8.02. *Proof of Execution by Securityholders.* Subject to the provisions of Sections 7.01, 7.02 and 9.06, proof of the execution of any instrument by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be reasonably satisfactory to the Trustee. The ownership of Securities shall be proved by the registry books of the Company.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 9.07.

The Company may set a record date for purposes of determining the identity of holders of Securities of any series entitled to vote or consent to or revoke any action referred to in Section 8.01, which record date may be set at any

time or from time to time by notice to the Trustee, for any date or dates (in the case of any adjournment or reconsideration) not more than 60 days nor less than five days prior to the proposed date of such vote or consent, and thereafter, notwithstanding any other provisions hereof, with respect to Securities of any series, only holders of Securities of such series of record on such record date shall be entitled to so vote or give such consent or revoke such vote or consent.

Section 8.03. *Who Are Deemed Absolute Owners.* The Company, the Trustee and any agent of the Company or of the Trustee may deem the person in whose name any Security shall be registered upon the books of the Company to be, and may treat him as, the owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, premium, if any, and (subject to Section 2.04) interest, if any, on such Security and for all other purposes; and neither the Company nor the Trustee nor any agent of the Company or of the Trustee shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

No Beneficial Owner in any Global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such Global Security, and such Depositary may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the owner of such Security for all purposes whatsoever. None of the Company, the Trustee or any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 8.04. *Company-Owned Securities Disregarded.* In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any demand, request, notice, direction, consent or waiver under this Indenture, Securities which are owned by the Company or any other obligor on the Securities with respect to which such determination is being made or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities with respect to which such determination is being made shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; *provided*, that for the purposes of determining whether the Trustee shall be protected in relying on any such demand, request, notice, direction, consent or waiver only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 8.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not a person directly or indirectly controlling or

controlled by or under direct or indirect common control with the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 8.05. *Revocation of Consents; Future Holders Bound.* At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities of any or all series, as the case may be, specified in this Indenture in connection with such action, any holder of a Security which is shown by the evidence to be included in the Securities the holders of which have consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders of such Security, irrespective of whether or not any notation in regard thereto is made upon such Security or any Security issued in exchange or substitution therefor.

ARTICLE 9
SECURITYHOLDERS' MEETINGS

Section 9.01. *Purposes of Meetings.* A meeting of holders of Securities of any or all series may be called at any time and from time to time pursuant to the provisions of this Article Nine for any of the following purposes:

(1) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders pursuant to any of the provisions of Article Six;

(2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article Seven;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Securities of any or all series, as the case may be, under any other provision of this Indenture or under applicable law.

Section 9.02. *Call of Meetings by Trustee.* The Trustee may at any time call a meeting of holders of Securities of any or all series to take any action specified in Section 9.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the holders of Securities of any or all series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Securities of each series affected at their addresses as they shall appear on the registry books of the Company. Such notice shall be mailed not less than 10 nor more than 90 days prior to the date fixed for the meeting.

Section 9.03. *Call of Meetings by Company or Securityholders.* In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least ten percent in aggregate principal amount of the Securities then Outstanding of any series that may be affected by the action proposed to be taken at the meeting, shall have requested the Trustee to call a meeting of the holders of Securities of all series that may be so affected, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Securityholders, in the amount specified above, may determine the time and the place in said Borough of Manhattan for such meeting and may call such meeting to take any action authorized in Section 9.01, by mailing notice thereof as provided in Section 9.02.

Section 9.04. *Qualifications for Voting.* To be entitled to vote at any meeting of Securityholders a person shall (a) be a holder of one or more Securities with respect to which such meeting is being held or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more such Securities. The only persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05. *Quorum; Adjourned Meetings.* The Persons entitled to vote a majority in aggregate principal amount of the Securities of the relevant series at the time Outstanding shall constitute a quorum for the transaction of all business specified in Section 9.01. No business shall be transacted in the absence of a quorum (determined as provided in this Section 9.05). In the absence of a quorum within 30 minutes after the time appointed for any such meeting, the meeting shall, if convened at the request of the holders of Securities (as provided in Section 9.03), be dissolved. In any other case the meeting shall be adjourned for a period of not less than ten days as determined by the chairman of the meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting shall be further adjourned for a period of not less than ten days as determined by the chairman of the meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 9.02, except that such notice must be mailed not less than five days prior to the date on which the meeting is scheduled to be reconvened.

Subject to the foregoing, at the second reconvening of any meeting adjourned for lack of a quorum, the Persons entitled to vote 25% in aggregate principal amount of the Securities of the relevant series then Outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. Notice of the reconvening of an adjourned meeting shall state expressly the percentage of the aggregate principal amount of the Securities of the relevant series then Outstanding which shall constitute a quorum.

At a meeting or any adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution and all matters (except as limited by the proviso in Section 10.02) shall be effectively passed and decided if passed or decided by the Persons entitled to vote the lesser of (a) a majority in aggregate principal amount of the Securities of the relevant series then Outstanding and (b) 75% in aggregate principal amount of the Securities represented and voting at the meeting.

Any holder of a Security who has executed in person or by proxy and delivered to the Trustee an instrument in writing complying with the provisions of Article Eight shall be deemed to be present for the purposes of determining a quorum and be deemed to have voted; provided that such holder of a Security shall be considered as present or voting only with respect to the matters covered by such instrument in writing.

Section 9.06. *Regulations.* Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holder of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders, as provided in Section 9.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

Subject to the provisions of Section 8.04, at any meeting each holder of Securities with respect to which such meeting is being held or proxy shall be entitled to vote the principal amount (in the case of Original Issue Discount Securities, such principal amount to be determined as provided in the definition of “Security or Securities; Outstanding” in Section 1.01) of such Securities held or represented by him; *provided, however*, that no vote shall be cast or counted at any meeting in respect of any such Security challenged as not Outstanding and

ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote other than by virtue of such Securities held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other such Securityholders. Any meeting of holders of Securities with respect to which a meeting was duly called pursuant to the provisions of Sections 9.02 or 9.03 may be adjourned from time to time by a majority of those present, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 9.07. *Voting.* The vote upon any resolution submitted to any meeting of holders of Securities with respect to which such meeting is being held shall be by written ballots on which shall be subscribed the signatures of such holders of Securities or of their representatives by proxy and the principal amount (in the case of Original Issue Discount Securities, such principal amount to be determined as provided in the definition of “Security or Securities; Outstanding” in Section 1.01) and number or numbers of such Securities held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 9.02. The record shall show the principal amount of the Securities (in the case of Original Issue Discount Securities, such principal amount to be determined as provided in the definition of “Security or Securities; Outstanding” in Section 1.01) voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.08. *No Delay of Rights by Meeting.* Nothing in this Article Nine contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Securityholders of any or all series or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Securityholders of any or all such series under any of the provisions of this Indenture or of the Securities.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01. *Supplemental Indentures without Consent of Securityholders.* The Company, when authorized by resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Eleven hereof;

(b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included for the benefit of such series) as the Board of Directors of the Company and the Trustee shall consider to be for the protection of the holders of such Securities, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; *provided, however*, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with the Securities of the same series issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(d) to establish the forms or terms of Securities of any series or of the Coupons appertaining to such Securities as permitted by Sections 2.01 and 2.02;

(e) to add guarantees with respect to the Securities of any series or to secure the Securities of any series;

(f) to modify or amend this Indenture to permit the qualification of this Indenture or any indentures supplemental hereto under the Trust Indenture Act of 1939, as amended;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not adversely affect the interests of the holders of any Securities; *provided*, *however*,that any amendment made solely to conform the provisions of this Indenture to the description of the Securities contained in the prospectus or other offering document pursuant to which the Securities were sold will not be deemed to adversely affect the interests of the holders of the Securities; and

(h) to evidence and provide for the acceptance of appointment hereunder by a successor or separate trustee with respect to the Securities of one or more series or to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 7.11 or pursuant to Section 2.02(17).

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time Outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02. *Supplemental Indentures with Consent of Securityholders.* With the consent (evidenced as provided in Sections 8.01 and 8.02) of the holders of a majority in the aggregate principal amount of the Securities of each series (each series voting as a class) affected by such supplemental indenture at the time Outstanding, the Company and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the holders of the Securities or each such series; *provided, however*, that no such supplemental indenture shall (i) change the stated maturity of principal of, or any installment of principal of or interest on, any Security, or reduce the rate or extend the time of payment of interest, if any, thereon, or alter the manner of calculation of interest payable on any Security, or reduce the principal amount or premium, if any, thereof, or make the principal thereof or premium, if any, or interest, if any, thereon payable in any coin or currency other

than that provided in any Security, or impair the right of any holder of a Security to institute suit for any such payment, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 6.01 or adversely affect the right of repayment, if any, at the option of the holder, or extend the time, or reduce the amount of any payment to any sinking fund or analogous obligation relating to any Security, (ii) reduce the percentage in principal amount of Securities of any series, the holders of which are required to consent to any such supplemental indenture or any waiver of any past default or Event of Default pursuant to Section 6.07(b), (iii) change any place of payment where the Securities of any series or interest thereon is payable, or (iv) modify any provision of Section 6.07(b) or 10.02 (except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Security so affected), without, in the case of each of the foregoing clauses (i), (ii), (iii) and (iv), the consent of the holder of each Security so affected. A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the holders of Securities of any other series.

Upon the request of the Company, accompanied by a copy of the resolutions of the Board of Directors authorizing the execution and delivery of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 10.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 10.03. *Compliance with Trust Indenture Act; Effect of Supplemental Indentures.* Any supplemental indenture executed pursuant to the provisions of this Article Ten shall comply with the Trust Indenture Act of 1939, as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Ten, this Indenture shall be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of the Securities shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture

shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. *Notation on Securities.* Securities authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article Ten may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee and delivered in exchange for the Securities of such series then Outstanding.

Section 10.05. *Evidence of Compliance of Supplemental Indenture to be Furnished Trustee.* The Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article Ten.

ARTICLE 11
CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 11.01. *Company May Not Consolidate, etc., Except Under Certain Conditions.*The Company covenants that it will not merge or consolidate with any other Person or sell, convey, transfer or otherwise dispose of all or substantially all of its assets to any other Person, unless (i) either the Company shall be the continuing corporation, or the successor Person (if other than the Company) shall be a corporation or a limited liability company organized and existing under the laws of the United States of America or a state thereof or the District of Columbia and such corporation or limited liability company shall expressly assume the due and punctual payment of the principal of, and premium, if any, and interest, if any, on all the Securities according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Company or such successor corporation or limited liability company, as the case may be, shall not, immediately after such merger or consolidation, or such sale, conveyance, transfer or other disposition, be in default in the performance of any such covenant or condition. In the event of any such sale, conveyance (other than by way of lease), transfer or other disposition, the predecessor company may be dissolved, wound up and liquidated at any time thereafter.

Section 11.02. *Successor Corporation or Limited Liability Company to be Substituted.* In case of any such consolidation, merger, sale, conveyance (other than by way of lease), transfer or other disposition, and upon any such assumption by the successor corporation, such successor corporation or limited liability company shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the Company, and the Company shall be relieved of any further obligation under this Indenture and under the Securities. Such successor corporation or limited liability company thereupon may cause to be signed, and may issue either in its own name or in the name of Genworth Financial, Inc., any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation or limited liability company, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Securities which such successor corporation or limited liability company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale, conveyance, transfer or other disposition, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

Section 11.03. *Documents to be Given Trustee.* The Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or other disposition, and any such assumption, comply with the provisions of this Article Eleven.

ARTICLE 12
SATISFACTION AND DISCHARGE OF INDENTURE

Section 12.01. *Discharge of Indenture.* When (a) the Company shall deliver to the Trustee for cancellation all Securities theretofore authenticated (other than any Securities which shall have been destroyed, lost or stolen or in lieu of or in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the provisions of Section 2.07 or Securities for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company as provided in Section 12.06) and not theretofore cancelled, or (b) all the Securities not theretofore cancelled or delivered to the Trustee for cancellation shall have become due and

payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company shall deposit with the Trustee, in trust, funds sufficient to pay at maturity or upon redemption all of the Securities (other than any (i) Securities which shall have been destroyed, lost or stolen and in lieu of or in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the provisions of Section 2.07 or (ii) Securities for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company as provided in Section 12.06) not theretofore cancelled or delivered to the Trustee for cancellation, including principal, premium, if any, and interest, if any, due or to become due to such date of maturity or date fixed for redemption, as the case may be, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange of Securities, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Securities, (iii) rights of holders to receive payments of principal thereof and interest thereon, and remaining rights of the holders to receive mandatory sinking fund payments, if any, (iv) the rights, obligations and immunities of the Trustee hereunder and (v) the rights of the Securityholders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture, the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Securities.

Section 12.02. *Legal Defeasance.* On the 91st day following the deposit referred to in clause (a), the Company will be deemed to have paid and will be discharged from its obligations in respect of the Securities of the series with respect to which such deposit shall have been made and the Indenture with respect to such Securities, other than (i) the rights of the Securityholders of Outstanding Securities of such series to receive, solely from the trust fund described in clause (a), payments in respect of the principal of and interest on such securities when such payments are due and (ii) its obligations in Article Two and Sections 4.02, 7.06, 7.10, 12.06; and 12.07 provided the following conditions have been satisfied:

(a) The Company has irrevocably deposited in trust with the Trustee, as trust funds solely for the benefit of the Securityholders of such series, money sufficient, or U.S. Government Obligations, the principal of and interest on which shall be sufficient, or a combination thereof sufficient, in the opinion of the Board of Directors of the Company evidenced by a resolution set forth in an Officers' Certificate delivered to the Trustee, without consideration of any reinvestment, to pay principal of, premium, if any, and interest, if any, on the Securities of such

series to maturity or redemption, as the case may be, provided that any redemption before maturity has been irrevocably provided for under arrangements satisfactory to the Trustee.

(b) The deposit will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(c) The Company has delivered to the Trustee either (x) a ruling received from the Internal Revenue Service to the effect that the holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case or (y) an Opinion of Counsel, based on a change in law after the date of the Indenture, to the same effect as the ruling described in clause (x).

(d) The Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that all conditions precedent provided for herein relating to the defeasance have been complied with.

Prior to the end of the 91-day period, none of the Company's obligations under the Indenture with respect to the Securities of such series will be discharged. Thereafter, the Trustee, upon the request and at the cost and expense of the Company, will acknowledge in writing the discharge of the Company's obligations under the Securities of such series and the Indenture with respect to such series except for the surviving obligations specified above.

As used herein, "U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which its full faith and credit is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

Section 12.03. *Covenant Defeasance.* After the 91st day following the deposit referred to in clause (a) with respect to the Securities of a series, the Company's obligations set forth in the covenant or covenants for such series of Securities established as contemplated by Section 2.02(19) will terminate, and clauses (d) (to the extent relating to such covenant or covenants), (e) and (h) of Section 6.01 will no longer constitute Events of Default with respect to the Securities of a series, provided the following conditions have been satisfied:

(a) the Company has complied with clauses (a), (b) and (d) of Section 12.02; and

(b) the Company has delivered to the Trustee an Opinion of Counsel to the effect that the holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case.

Except as specifically stated above, none of the Company's obligations under the Indenture will be discharged.

Section 12.04. *Deposited Moneys to be Held in Trust by Trustee; Miscellaneous Provisions.* All moneys and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to the provisions of, Section 12.02 or 12.03 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Securities for payment or redemption of which such moneys or U.S. Government Obligations have been deposited with the Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest, if any.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 12.01 or 12.03 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of the Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon request of the Company any money or U.S. Government Obligations held by it as provided in Section 12.02 or 12.03 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the legal defeasance or covenant defeasance, as the case may be, with respect to such Securities.

Section 12.05. *Paying Agent to Repay Moneys Held.* Upon the satisfaction and discharge of this Indenture all moneys then held by any paying

agent of the Securities (other than the Trustee) shall, upon demand of the Company, be repaid to the Company or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

Section 12.06. *Return of Unclaimed Moneys.* Any moneys deposited with or paid to the Trustee for payment of the principal of, premium, if any, or interest, if any, on Securities of any series and not applied but remaining unclaimed by the holders of Securities of that series for two years after the date upon which the principal of, premium, if any, or interest, if any, on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on written demand; and the holder of any such Securities shall thereafter look only to the Company for any payment which such holder may be entitled to collect and all liability of the

Trustee with respect to such money shall thereupon cease.

Section 12.07. *Reinstatement.* If and for so long as the Trustee is unable to apply any money or U.S. Government Obligations held in trust pursuant to Section 12.01, 12.02 or 12.03 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under the Indenture and the Securities will be reinstated as though no such deposit in trust had been made. If the Company makes any payment of principal of or interest on any Securities because of the reinstatement of its obligations, it will be subrogated to the rights of the Securityholders of such Securities to receive such payment from the money or U.S. Government Obligations held in trust.

ARTICLE 13
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 13.01. *Indenture and Securities Solely Corporate Obligations.* No recourse for the payment of the principal of, premium, if any, or interest, if any, on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE 14
MISCELLANEOUS PROVISIONS

Section 14.01. *Provisions Binding on Company's Successors.* All the covenants, stipulations, promises and agreements in this Indenture contained by the Company shall bind its successors and assigns whether so expressed or not.

Section 14.02. *Official Acts by Successor Corporation.* Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

Section 14.03. *Addresses for Notices, Notice to Holders, Waiver.* Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities on the Company may be given or served by being deposited postage prepaid by first class mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Genworth Financial, Inc., 6620 West Broad Street, Richmond, Virginia 23230. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the principal corporate trust office of the Trustee, addressed to the attention of its corporate trust office as specified in Section 7.13 hereof or to any successor office established by notice given by the Trustee to the Company pursuant to this Section 14.03.

Where this Indenture provides for notice of holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each holder affected by such event, at his address as it appears in the Security register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular holder shall affect the sufficiency of such notice with respect to other holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such

notification as shall be made with approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 14.04. *New York Contract.* This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

Section 14.05. *Evidence of Compliance with Conditions Precedent.* Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinion contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 14.06. *Legal Holidays.* In any case where the date of maturity of interest, if any, on or principal of, or premium, if any, on the Securities or the date fixed for redemption or repayment of any Security will be in The City of New York, New York, a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized or required by law or executive order to close or remain closed, then payment of such interest, if any, on or principal of or premium, if any, on the Securities need not be made on such date but may be made on the next succeeding day not in such city, a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized or required by law or executive order to close or remain closed, with the same force and effect as if made on the date of maturity or a date fixed for redemption or repayment, and no interest shall accrue for the period from and after such date.

Section 14.07. *Securities in a Specified Currency other than Dollars.* Unless otherwise specified as contemplated by Section 2.02 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the holders of a specified percentage in aggregate principal amount of Securities of all series or all series affected by a particular action at the time Outstanding and, at such time, there are Outstanding any Securities of any

series which are denominated in a Specified Currency other than Dollars then the principal amount of Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be that amount of Dollars that could be obtained for such amount of such Specified Currency at the Market Exchange Rate. For purposes of this Section 14.07, Market Exchange Rate shall mean the noon Dollar buying rate in New York City for cable transfers of the Specified Currency published by the Federal Reserve Bank of New York. If such Market Exchange Rate is not available for any reason with respect to such Specified Currency, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York or such other quotations as the Trustee shall deem appropriate. The provisions of this paragraph shall apply in determining the equivalent principal amount in respect of Securities of a series denominated in a Specified Currency other than Dollars in connection with any action taken by holders of Securities pursuant to the terms of this Indenture, including, without limitation, any determination contemplated in Section 6.01(d) or (e).

All decisions and determination of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Company and all Securityholders.

Section 14.08. *Trust Indenture Act to Control.* If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an "incorporated provision") included in this Indenture by operation of, Sections 310 to 318, inclusive, of the Trust Indenture Act of 1939, such imposed duties or incorporated provision shall control.

Section 14.09. *Table of Contents, Headings, etc.* The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 14.10. *Execution in Counterparts.* This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 14.11. *Separability; Benefits.* In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Nothing in this Indenture or in the Securities, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder,

and the holders of the Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of , 2004.

GENWORTH FINANCIAL, INC.

By ______________________________

[CORPORATE SEAL]

Attest:

By ______________________________

THE BANK OF NEW YORK

By ______________________________

[CORPORATE SEAL]

Attest:

By ______________________________

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of , 2004.

GENWORTH FINANCIAL, INC.

By ______________________________

[CORPORATE SEAL]

Attest:

By ______________________________

THE BANK OF NEW YORK

By ______________________________
Name:
Title:

[CORPORATE SEAL]

Attest:

By ______________________________
Name:
Title:

Exhibit 4.8

GENWORTH FINANCIAL, INC.

AND

THE BANK OF NEW YORK,

as Trustee

SUPPLEMENTAL INDENTURE NO. 1

Dated as of May [•], 2004

THIS SUPPLEMENTAL INDENTURE No. 1 (this "**Supplemental Indenture No. 1**"), dated as of May [•], 2004, is between GENWORTH FINANCIAL, INC., a Delaware corporation (the "**Company**"), and THE BANK OF NEW YORK, a New York banking corporation, as Trustee (the "**Trustee**").

R E C I T A L S

WHEREAS, the Company has concurrently herewith executed and delivered to the Trustee an Indenture dated as of May [•], 2004, between the Company and the Trustee (the "**Base Indenture**" and together with this Supplemental Indenture No. 1, the "**Indenture**"), providing for the issuance from time to time of one or more series of the Company's Securities;

WHEREAS, Section 10.01(d) of the Base Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Base Indenture to establish the forms or terms of Securities of any series as permitted by Section 2.01 or Section 2.02 of the Base Indenture;

WHEREAS, pursuant to Section 2.02 of the Base Indenture, the Company wishes to provide for the issuance of a new series of Securities to be known as its [•]% Senior Notes due 2009 (the "**Senior Notes**"), the form and terms of such Senior Notes and the terms, provisions and conditions thereof to be set forth as provided in this Supplemental Indenture No. 1; and

WHEREAS, the Company has requested that the Trustee execute and deliver this Supplemental Indenture No. 1, and all requirements necessary to make this Supplemental Indenture No. 1 a valid, binding and enforceable instrument in accordance with its terms, and to make the Senior Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid, binding and enforceable obligations of the Company, have been done and performed, and the execution and delivery of this Supplemental Indenture No. 1 has been duly authorized in all respects;

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Relation to Base Indenture.* This Supplemental Indenture No. 1 constitutes an integral part of the Base Indenture.

Section 1.02. *Definition Of Terms.* For all purposes of this Supplemental Indenture No. 1:

(a) Capitalized terms used herein without definition shall have the meanings set forth in the Base Indenture, or, if not defined in the Base Indenture, in the Purchase Contract and Pledge Agreement or the Remarketing Agreement;

(b) a term defined anywhere in this Supplemental Indenture No. 1 has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience of reference only and do not affect interpretation;

(e) the following terms have the meanings given to them in this Section 1.02(e):

"**Accounting Event**" means the receipt, at any time prior to the earlier of the date of a Successful Remarketing and the Purchase Contract Settlement Date, by the audit committee of the Board of Directors of a written report in accordance with Statement on Auditing Standards ("SAS") No. 97, "Amendment to SAS No. 50 — Reports on the Application of Accounting Principles", from the Company's independent auditors, provided at the request of management of the Company, to the effect that, as a result of a change in accounting rules after the date of original issuance of the Senior Notes, the Company must either (a) account for the Purchase Contracts as derivatives under SFAS 133 (or otherwise mark-to-market or measure the fair value of all or any portion of the Purchase Contracts with changes appearing in the Company's income statement) or (b) account for the Units using the if-converted method under SFAS 128, and, in each case, that such accounting treatment will cease to apply upon redemption of the Senior Notes.

"**Applicable Ownership Interest in Senior Notes**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Applicable Principal Amount**" means the aggregate principal amount of the Senior Notes underlying the Applicable Ownership Interests in Senior Notes that are components of Corporate Units on the Special Event Redemption Date.

"**Beneficial Owner**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Board of Directors**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Business Day**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Collateral Account**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Corporate Unit**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Coupon Rate**" has the meaning set forth in Section 2.05(a).

"**Depositary**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Depositary Participant**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Final Remarketing Date**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Global Senior Notes**" has the meaning set forth in Section 2.04.

"**Interest Payment Date**" means a Quarterly Interest Payment Date or a Semiannual Interest Payment Date.

"**Interest Period**" means, with respect to any Interest Payment Date, the period from and including the immediately preceding Interest Payment Date on which interest was paid or duly provided for (or if none, the Special Interest Payment Date) to, but excluding, such Interest Payment Date

"**Maturity Date**" has the meaning set forth in Section 2.02.

"**Person**" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"**Pledged Applicable Ownership Interests in Senior Notes**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Purchase Contract and Pledge Agreement**" means the Purchase Contract and Pledge Agreement, dated as of May [•], 2004, among the Company,

The Bank of New York, as Purchase Contract Agent, and attorney-in-fact for Holders of the Purchase Contract, and The Bank of New York, as Collateral Agent, Custodial Agent and Securities Intermediary, as amended from time to time.

"**Purchase Contract Settlement Date**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Put Price**" has the meaning set forth in Section 8.05(a).

"**Put Right**" has the meaning set forth in Section 8.05(a).

"**Quarterly Interest Payment Date**" has the meaning set forth in Section 2.05(b)(i).

"**Quotation Agent**" means any primary U.S. government securities dealer selected by the Company.

"**Record Date**" means, with respect to any Interest Payment Date for the Senior Notes, the first Business Day of the calendar month in which such Interest Payment Date falls.

"**Redemption Amount**" means, for each Senior Note, an amount equal to the product of the principal amount of such Senior Note and a fraction, the numerator of which is the Treasury Portfolio Purchase Price and the denominator of which is the Applicable Principal Amount; *provided* that in no event shall the Redemption Amount for any Senior Note be less than the principal amount of such Senior Note.

"**Redemption Price**" shall mean, for each Senior Note, the Redemption Amount plus any accrued and unpaid interest on such Senior Note to, but excluding, the Special Event Redemption Date.

"**Remarketed Senior Notes**" has the meaning set forth in the Remarketing Agreement.

"**Remarketing Agent**" means Morgan Stanley & Co. Incorporated, or any successor thereto or replacement Remarketing Agent appointed by the Company pursuant to the Remarketing Agreement.

"**Remarketing Agreement**" means the Remarketing Agreement, dated as of May [•], 2004, among the Company, Morgan Stanley & Co. Incorporated, as Remarketing Agent and The Bank of New York, as Purchase Contract Agent, as amended from time to time.

"**Remarketing Fee**" has the meaning set forth in the Remarketing Agreement.

"**Remarketing Price**" has the meaning set forth in the Remarketing Agreement.

"**Reset Rate**" has the meaning set forth in the Remarketing Agreement.

"**Semiannual Interest Payment Date**" has the meaning set forth in Section 2.05(b)(ii).

"**Separate Senior Notes**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Special Event**" shall mean either a Tax Event or an Accounting Event.

"**Special Event Redemption**" means the redemption of the Senior Notes pursuant to the terms of Article 3 hereof following the occurrence of a Special Event.

"**Special Event Redemption Date**" has the meaning set forth in Section 3.01.

"**Special Interest Payment Date**" has the meaning set forth in Section 2.05(d).

"**Tax Event**" means the receipt by the Company of an opinion of counsel, rendered by a law firm having a recognized national tax practice, at any time prior to the earlier of the date of a Successful Remarketing and the Purchase Contract Settlement Date, to the effect that, as a result of any amendment to, change in or announced proposed change in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative decision, pronouncement, judicial decision or action interpreting or applying such laws or regulations, which amendment or change is effective or which proposed change, pronouncement, action or decision is announced on or after the date of issuance of the Senior Notes, there is more than an insubstantial increase in the risk that interest payable by the Company on the Senior Notes is not, or within 90 days of the date of such opinion, will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

"**Termination Event**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

"**Treasury Portfolio**" means a portfolio of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to May 15, 2007 in an aggregate amount at maturity equal to the Applicable Principal Amount and with respect to each scheduled Interest Payment Date on the Senior Notes that occurs after the Special Event Redemption Date, to and including the Purchase Contract Settlement Date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the Business Day immediately preceding such scheduled Interest Payment Date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would be due on the Applicable Principal Amount of the Senior Notes on such date.

"**Treasury Portfolio Purchase Price**" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the Quotation Agent between 9:00 a.m. and 11:00 a.m., New York City time, on the third Business Day immediately preceding the Special Event Redemption Date for the purchase of the Treasury Portfolio for settlement on the Special Event Redemption Date.

"**Treasury Unit**" has the meaning set forth in the Purchase Contract and Pledge Agreement.

The terms "**Company**," "**Trustee**," "**Indenture**," "**Base Indenture**" and "**Senior Notes**" shall have the respective meanings set forth in the recitals to this Supplemental Indenture No. 1 and the paragraph preceding such recitals.

ARTICLE 2
GENERAL TERMS AND CONDITIONS OF THE SENIOR NOTES

Section 2.01. *Designation and Principal Amount.* There is hereby authorized a series of Securities designated as [•]% Senior Notes due 2009 limited in aggregate principal amount to $600,000,000. The Senior Notes may be issued from time to time upon written order of the Company for the authentication and delivery of Senior Notes pursuant to Section 2.03 of the Base Indenture.

Section 2.02. *Maturity.* Unless a Special Event Redemption occurs prior to the Maturity Date (defined below), the date upon which the Senior Notes shall become due and payable at final maturity, together with any accrued and unpaid interest, is May 16, 2009 (the "**Maturity Date**").

Section 2.03. *Form, Payment and Appointment.* Except as provided in Section 2.04, the Senior Notes shall be issued in fully registered, certificated form, bearing identical terms. Principal of and interest on the Senior Notes will be payable, the transfer of such Senior Notes will be registrable, and such Senior

Notes will be exchangeable for Senior Notes of a like aggregate principal amount bearing identical terms and provisions, at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York, which shall initially be the corporate trust office of the Trustee; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the holder at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the holder entitled to payment.

No service charge shall be made for any registration of transfer or exchange of the Senior Notes, but the Company may require payment from the holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Security Registrar and Paying Agent for the Senior Notes shall initially be the Trustee.

The Senior Notes shall be issuable in denominations of $1,000 and integral multiples of $1,000 in excess thereof;*provided*, *however*, that upon the release by the Collateral Agent of Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes (other than any release of Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes in connection with (i) the creation of Treasury Units by Collateral Substitution, (ii) a Successful Remarketing, (iii) Cash Merger Early Settlement, (iv) Early Settlement or (v) Cash Settlement, in accordance with Section 3.13, Section 5.02(b), Section 5.04, Section 5.07 or Section 5.02(a) of the Purchase Contract and Pledge Agreement, as the case may be), the Senior Notes shall be issuable in denominations of $25 and integral multiples of $25 in excess thereof, and the Company shall issue Senior Notes in any such denominations if requested by the Purchase Contract Agent on behalf of any Holder or Beneficial Owner.

Section 2.04. *Global Senior Notes.* Senior Notes corresponding to Applicable Ownership Interests in Senior Notes that are no longer a component of the Corporate Units and are released from the Collateral Account will be issued in permanent global form (a "**Global Senior Note**"), and if issued as one or more Global Senior Notes, the Depositary shall be The Depository Trust Company or such other depositary as any officer of the Company may from time to time designate. Upon the creation of Treasury Units, or the re-creation of Corporate Units, an appropriate annotation shall be made on the Schedule of Increases and Decreases on the Global Senior Notes held by the Depositary. Unless and until such Global Senior Note is exchanged for Senior Notes in certificated form, Global Senior Notes may be transferred, in whole but not in part, and any payments on the Senior Notes shall be made, only to the Depositary or a nominee

of the Depositary, or to a successor Depositary selected or approved by the Company or to a nominee of such successor Depositary.

Section 2.05. *Interest.* (a) The Senior Notes will bear interest initially at the rate of [•]% per year (the "**Coupon Rate**") from and including May [•], 2004 to, but excluding, the Maturity Date, or in the event of a Successful Remarketing, the Purchase Contract Settlement Date. In the event of a Successful Remarketing of the Senior Notes, the Coupon Rate will be reset by the Remarketing Agent to the Reset Rate with effect from the Purchase Contract Settlement Date, as set forth in Section 8.03. If the Coupon Rate is so reset, the Senior Notes will bear interest at the Reset Rate from and including the Purchase Contract Settlement Date to, but excluding, the Maturity Date. The Senior Notes shall bear interest, to the extent permitted by law, on any overdue principal and interest at the Coupon Rate, unless a Successful Remarketing shall have occurred, in which case interest on such amounts shall accrue at the Reset Rate from and after the Purchase Contract Settlement Date, in each case, compounded quarterly through the Purchase Contract Settlement Date and compounded semi-annually, thereafter.

(b) (i) Prior to and on the Purchase Contract Settlement Date, interest on the Senior Notes shall be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year (each, a "**Quarterly Interest Payment Date**"), commencing August 16, 2004, to the Person in whose name the relevant Senior Notes are registered at the close of business on the Record Date for such Interest Payment Date.

(ii) After the Purchase Contract Settlement Date, interest on the Senior Notes shall be payable semi-annually in arrears on May 16 and November 16 of each year (each, a "**Semiannual Interest Payment Date**"), commencing November 16, 2007, to the Person in whose name the relevant Senior Notes are registered at the close of business on the Record Date for such Interest Payment Date.

(c) The amount of interest payable for any full Interest Period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full Interest Period for which interest is computed will be computed on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any scheduled Interest Payment Date falls on a day that is not a Business Day, then payment of interest payable on such Interest Payment Date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay).

(d) In addition, the Company shall pay on May [•], 2004 (the "**Special Interest Payment Date**"), the interest accrued from and including May [•], 2004, to, but excluding, the Special Interest Payment Date to the Person in whose name the Senior Notes are registered at the close of business on the Business Day immediately preceding the Special Interest Payment Date. The interest payable on the Special Interest Payment Date shall be calculated based on the actual number of days elapsed divided by 360 and shall be paid by wire transfer to the account designated by the Person entitled to receive such payment by prior notice to the Company and the Trustee.

Section 2.06. *No Defeasance.* Section 12.02 and Section 12.03 of the Base Indenture shall not apply to the Senior Notes.

Section 2.07. *No Sinking Fund or Repayment at Option of the Holder.* The Senior Notes are not entitled to the benefit of any sinking fund and Section 3.06 of the Base Indenture shall not apply to the Senior Notes.

ARTICLE 3
REDEMPTION OF THE SENIOR NOTES

Section 3.01. *Special Event Redemption.* If a Special Event shall occur and be continuing, the Company may, at its option, redeem the Senior Notes in whole, but not in part, on any Interest Payment Date prior to the earlier of the date of a Successful Remarketing and the Purchase Contract Settlement Date, at a price per Senior Note equal to the Redemption Price, payable on the date of redemption (the "**Special Event Redemption Date**") to the Person in whose name the relevant Senior Notes are registered at the close of business on the Special Event Redemption Date; *provided* that if a Special Event Redemption Date falls after a Record Date, but on or prior to the corresponding Interest Payment Date, the Redemption Price shall not include any accrued and unpaid interest corresponding to such Interest Payment Date, and the full amount of interest for the relevant Interest Period will be payable to the Person in whose name the Senior Notes are registered at the close of business on the relevant Record Date.

Section 3.02. *Notice of Redemption.* If the Company so elects to redeem the Senior Notes, the Company shall appoint the Quotation Agent to assist the Company in determining the Treasury Portfolio Purchase Price. Notice of any Special Event Redemption will be mailed by the Company (with a copy to the Trustee) at least 30 days but not more than 60 days before the Special Event Redemption Date to each Person in whose name the Senior Notes are registered at its registered address. In addition, the Company shall notify the Collateral Agent

in writing that a Special Event has occurred and that the Company intends to redeem the Senior Notes on the Special Event Redemption Date.

Section 3.03. *Effect of Redemption.* Unless the Company defaults in the payment of the Redemption Price, on and after the Special Event Redemption Date, (a) interest shall cease to accrue on the Senior Notes, (b) the Senior Notes shall become due and payable at the Redemption Price, and (c) the Senior Notes shall be void and all rights of the holders in respect of the Senior Notes shall terminate and lapse (other than the right to receive the Redemption Price upon surrender of such Senior Notes but without interest on such Redemption Price). Following the notice of a Special Event Redemption, neither the Company nor the Trustee shall be required to register the transfer of or exchange the Senior Notes to be redeemed.

Section 3.04. *Redemption Procedures.* On or prior to the Special Event Redemption Date, the Company shall deposit with the Trustee immediately available funds in an amount sufficient to pay, on the Special Event Redemption Date, the aggregate Redemption Price for all outstanding Senior Notes. In exchange for any Senior Notes surrendered for redemption on or after the Special Event Redemption Date, the Trustee shall pay an amount equal to the Redemption Price (a) to the Collateral Agent, in the case of Senior Notes that underlie the Applicable Ownership Interests in Senior Notes included in Corporate Units, which amount shall be applied by the Collateral Agent in accordance with the terms of the Purchase Contract and Pledge Agreement, and (b) to the holders of the Separate Senior Notes, in the case of Separate Senior Notes.

Section 3.05. *No Other Redemption.* Except as set forth in this Article 3, the Senior Notes shall not be redeemable by the Company prior to the Maturity Date. The provisions of this Article 3 shall supersede any conflicting provisions contained in Article 3 of the Base Indenture.

ARTICLE 4
FORM OF SENIOR NOTE

Section 4.01. *Form of Senior Note.* The Senior Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit A hereto, with such changes therein as the officers of the Company executing the Senior Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

ARTICLE 5
ORIGINAL ISSUE OF SENIOR NOTES

Section 5.01. *Original Issue of Senior Notes.* Senior Notes in the aggregate principal amount of $600,000,000 may from time to time, upon execution of this Supplemental Indenture No. 1, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Senior Notes to or upon the written order of the Company pursuant to Section 2.03 of the Base Indenture without any further action by the Company (other than as required by the Base Indenture).

ARTICLE 6
SUPPLEMENTAL INDENTURES

Section 6.01. *Supplemental Indentures with Consent of holders of Senior Notes.* As set forth in Section 10.02 of the Base Indenture, with the consent of the holders of a majority in the aggregate principal amount of Senior Notes affected by such supplemental indenture at the time outstanding, the Company and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental thereto or to the Base Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Base Indenture or this Supplemental Indenture or of modifying in any manner the rights of the holders of the Senior Notes; *provided, however*, that, in addition to clauses (i) through (iv) of Section 10.02 of the Base Indenture, no such indenture or supplemental indenture shall (a) reduce the Put Price, (b) change the exercise date of the Put Right, (c) modify the terms of the Put Right or (d) modify the interest rate reset or Remarketing provisions of the Senior Notes, without, in the case of each of the foregoing clauses (a), (b), (c) and (d), the consent of the holder of each Senior Note affected.

ARTICLE 7
MISCELLANEOUS

Section 7.01. *Ratification of Indenture.* The Indenture, as supplemented by this Supplemental Indenture No. 1, is in all respects ratified and confirmed, and this Supplemental Indenture No. 1 shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 7.02. *Trustee Not Responsible for Recitals.* The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no

representation as to the validity or sufficiency of this Supplemental Indenture No. 1.

Section 7.03. *New York Law To Govern.* THIS SUPPLEMENTAL INDENTURE NO. 1 AND EACH SENIOR NOTE SHALL BE DEEMED TO BE CONTRACTS MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT A DIFFERENT LAW WOULD GOVERN AS A RESULT.

Section 7.04. *Separability.* In case any one or more of the provisions contained in this Supplemental Indenture or in the Senior Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then, to the extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provisions of this Supplemental Indenture No. 1 or of the Senior Notes, but this Supplemental Indenture No. 1 and the Senior Notes shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 7.05. *Counterparts.* This Supplemental Indenture may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

ARTICLE 8
REMARKETING

Section 8.01. *Remarketing Procedures.* (a) Unless a Special Event Redemption or a Termination Event has occurred prior to the Initial Remarketing Date, the Company shall engage the Remarketing Agent pursuant to the Remarketing Agreement for the Remarketing of the Senior Notes. The Company will request, not later than 20 Business Days prior to the Initial Remarketing Date, that the Depositary or its nominee notify the Beneficial Owners or Depositary Participants holding Separate Senior Notes, Corporate Units and Treasury Units of the procedures to be followed in the Remarketing, including, in the case of a Failed Final Remarketing, the procedures that must be followed by a holder of Separate Senior Notes if such holder wishes to exercise its Put Right or by a holder of Applicable Ownership Interests in Senior Notes if such Holder elects not to exercise its Put Right.

(b) Each holder of Separate Senior Notes may elect to have Separate Senior Notes held by such holder remarketed in any Remarketing. A holder making such an election must, pursuant to the Purchase Contract and Pledge Agreement, notify the Custodial Agent and deliver such Separate Senior Notes to the Custodial Agent prior to 5:00 p.m., New York City time, on the seventh Business Day immediately preceding the Purchase Contract Settlement Date (but no earlier than the Interest Payment Date immediately preceding the Initial Remarketing Date). Any such notice and delivery may not be conditioned upon the level at which the Reset Rate is established in the Remarketing. Any such notice and delivery may be withdrawn prior to 5:00 p.m., New York City time, on the seventh Business Day immediately preceding the Purchase Contract Settlement Date in accordance with the provisions set forth in the Purchase Contract and Pledge Agreement. Any such notice and delivery not withdrawn by such time will be irrevocable with respect to each Remarketing. Pursuant to Section 5.02 of the Purchase Contract and Pledge Agreement, promptly after 11:00 a.m., New York City time, on the Business Day immediately preceding the Initial Remarketing Date, the Custodial Agent, based on the notices and deliveries received by it prior to such time, shall notify the Remarketing Agent of the principal amount of Separate Senior Notes tendered for remarketing and shall cause such Separate Senior Notes to be presented to the Remarketing Agent. Under Section 5.02 of the Purchase Contract and Pledge Agreement, Senior Notes that underlie Applicable Ownership Interests in Senior Notes included in Corporate Units will be deemed tendered for Remarketing and will be remarketed in accordance with the terms of the Remarketing Agreement.

(c) The right of each holder of Remarketed Senior Notes to have such Senior Notes remarketed and sold on any Remarketing Date s shall be subject to the conditions that (i) the Remarketing Agent conducts a Remarketing pursuant to the terms of the Remarketing Agreement on such Remarketing Date, (ii) neither a Special Event Redemption nor a Termination Event has occurred prior to such Remarketing Date, (iii) the Remarketing Agent is able to find a purchaser or purchasers for Remarketed Senior Notes at the Remarketing Price based on the Reset Rate and (iv) the purchaser or purchasers deliver the purchase price therefor to the Remarketing Agent as and when required.

(d) Neither the Trustee, the Company nor the Remarketing Agent shall be obligated in any case to provide funds to make payment upon tender of Senior Notes for remarketing.

Section 8.02. *Remarketing.* (a) Unless a Special Event Redemption or a Termination Event has occurred prior to the Initial Remarketing Date, on the Initial Remarketing Date, the Remarketing Agent shall, pursuant and subject to the terms of the Remarketing Agreement, use its reasonable efforts to remarket the Remarketed Senior Notes at the Remarketing Price.

(b) In the case of a Failed Initial Remarketing, on the Second Remarketing Date, the Remarketing Agent shall use its reasonable efforts to remarket the Remarketed Senior Notes at the Remarketing Price. In the case of a Failed Second Remarketing, on the Final Remarketing Date, the Remarketing Agent shall use its reasonable efforts to remarket the Remarketed Senior Notes at the Remarketing Price. It is understood and agreed that Remarketing on any Remarketing Date will be considered successful and no further attempts will be made if the resulting proceeds are at least equal to the Remarketing Price.

Section 8.03. *Reset Rate.* (a) In connection with each Remarketing, the Remarketing Agent shall determine the Reset Rate (rounded to the nearest one-thousandth (0.001) of one percent per annum).

(b) Anything herein to the contrary notwithstanding, the Reset Rate shall in no event exceed the maximum rate permitted by applicable law.

(c) In the event of a Failed Remarketing or if no Applicable Ownership Interests in Senior Notes are included in Corporate Units and none of the holders of the Separate Senior Notes elect to have their Senior Notes remarketed in any Remarketing, the applicable interest rate on the Senior Notes will not be reset and will continue to be the Coupon Rate.

(d) In the event of a Successful Remarketing, the Coupon Rate shall be reset on the Purchase Contract Settlement Date to the Reset Rate as determined by the Remarketing Agent under the Remarketing Agreement, and the Company shall issue a press release containing such Reset Rate and publish such information on its website.

Section 8.04. *Failed Remarketing.* If, by 4:00 p.m., New York City time, on any Remarketing Date, the Remarketing Agent is unable to remarket all of the Remarketed Senior Notes at the Remarketing Price pursuant to the terms and conditions hereof and of the Remarketing Agreement, a Failed Remarketing shall be deemed to have occurred.

Section 8.05. *Put Right.*

(a) Subject to paragraph (b) hereof, if there has not been a Successful Remarketing on or prior to the Final Remarketing Date, holders of Senior Notes will, subject to this Section 8.05, have the right (the "**Put Right**") to require the Company to purchase such Senior Notes on the Purchase Contract Settlement Date, at a price per Senior Note to be purchased equal to the principal amount of

the applicable Senior Note, plus accrued and unpaid interest to, but excluding, the Purchase Contract Settlement Date (the '**Put Price**").

(b) The Put Right of holders of Applicable Ownership Interests in Senior Notes that are part of Corporate Units will be deemed to be automatically exercised unless such holders (1) prior to 5:00 p.m., New York City time, on the second Business Day immediately preceding the Purchase Contract Settlement Date, provide written notice to the Purchase Contract Agent of their intention to settle the related Purchase Contract with separate cash, and (2) on or prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Purchase Contract Settlement Date, deliver to the Collateral Agent $25 in cash per Purchase Contract, in each case pursuant to the Purchase Contract Agreement, and such holders shall be deemed to have elected to pay the Purchase Price for the shares of Common Stock to be issued under the related Purchase Contract from a portion of the proceeds of the Put Right of the Senior Notes underlying such Applicable Ownership Interests in Senior Notes equal to the Purchase Price in full satisfaction of such holders' obligations under the Purchase Contracts, and any remaining amount of the Put Price following satisfaction of the related Purchase Contracts will be paid to such holder.

(c) The Put Right of a holder of a Separate Senior Note shall only be exercisable upon delivery of a notice to the Trustee by such holder on or prior to the second Business Day immediately preceding the Purchase Contract Settlement Date. On or prior to the Purchase Contract Settlement Date, the Company shall deposit with the Trustee immediately available funds in an amount sufficient to pay, on the Purchase Contract Settlement Date, the aggregate Put Price of all Separate Senior Notes with respect to which a holder has exercised a Put Right. In exchange for any Separate Senior Notes surrendered pursuant to the Put Right, the Trustee shall then distribute such amount to the holders of such Separate Senior Notes.

Section 8.06. *Additional Event of Default.* In addition to the events listed as Events of Default in Section 6.01 of the Base Indenture, it shall be an additional Event of Default with respect to the Senior Notes, if the Company defaults in the payment of the Put Price with respect to any Senior Note following the exercise of the Put Right by any holder in accordance with Section 8.05.

ARTICLE 9
TAX TREATMENT

Section 9.01. *Tax Treatment.* The Company agrees, and by acceptance of a Corporate Unit or a Separate Senior Note, each holder will be deemed to have

agreed (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of an Applicable Ownership Interest in Senior Notes and the Purchase Contract constituting the Corporate Unit and (2) to treat the Applicable Ownership Interest in Senior Notes or Separate Senior Note, as the case may be, as indebtedness for United States federal, state and local income and franchise tax purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 1 to be duly executed, as of the day and year first written above.

GENWORTH FINANCIAL, INC.

By: ______________________________
Name:
Title:

By: ____________________________
Name:
Title:

[CORPORATE SEAL]

Attest:

____
Name:
Title:

THE BANK OF NEW YORK, as Trustee

By: ____________________________
Name:
Title:

[CORPORATE SEAL]

Attest:

____
Name:
Title:

____
Name:
Title:

EXHIBIT A

[IF THIS SENIOR NOTE IS TO BE A GLOBAL SECURITY, INSERT:]
THIS SENIOR NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY OR A NOMINEE OF THE DEPOSITORY TRUST COMPANY. THIS SENIOR NOTE IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY TO A NOMINEE OF THE DEPOSITORY TRUST COMPANY OR BY A NOMINEE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITORY TRUST COMPANY OR ANOTHER NOMINEE OF THE DEPOSITORY TRUST COMPANY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

GENWORTH FINANCIAL, INC.

[•]% Senior Notes due [•], 2009

CUSIP:

No. $

GENWORTH FINANCIAL, INC., a corporation organized and existing under the laws of Delaware (hereinafter called the "**Company**", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to , or registered assigns,

the principal sum as set forth in the Schedule of Increases or Decreases In Senior Note attached hereto, which amount shall not exceed $600,000,000, on May 16, 2009 (such date is hereinafter referred to as the "**Maturity Date**"), and to pay interest thereon from the Special Interest Payment Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears on February 16, May 16, August 16 and November 16 of each year (each, a "**Quarterly Interest Payment Date**"), commencing August 16, 2004 at the rate of [•]% per annum through and including the day immediately preceding the Purchase Contract Settlement Date, and thereafter semi-annually in arrears on May 16 and November 16 of each year (each, a "**Semiannual Interest Payment Date**"), commencing November 16, 2007, at the Reset Rate, or if there has not been a Successful Remarketing prior to the Purchase Contract Settlement Date, at the Coupon Rate, on the basis of a 360-day year consisting of twelve 30-day months, until the principal hereof is paid or duly provided for or made available for payment. The Senior Notes shall bear interest, to the extent permitted by law, on any overdue principal and interest at the Coupon Rate, unless a Successful Remarketing shall have occurred, in which case interest on such amounts shall accrue at the Reset Rate from and after the Purchase Contract Settlement Date, in each case, compounded quarterly through the Purchase Contract Settlement Date and compounded semi-annually thereafter. The Reset Rate, if any, shall be established pursuant to the terms of the Indenture and the Remarketing Agreement. The amount of interest payable for any period shorter than a full Interest Period for which interest is computed will be computed on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Senior Note (or one or more predecessor Senior Notes) is registered at the close of business on the Record Date for such Interest Payment Date.

In addition, the Company shall pay on May [•], 2004 (the "**Special Interest Payment Date**"), the interest accrued from and including May [•], 2004, to, but excluding, the Special Interest Payment Date to the Person in whose name the Senior Notes are registered at the close of business on the Business Day immediately preceding the Special Interest Payment Date. The interest payable on the Special Interest Payment Date shall be calculated based on the actual number of days elapsed divided by 360 and shall be paid by wire transfer to the account designated by the Person entitled to receive such payment by prior notice to the Company and the Trustee.

Payment of the principal of and interest on this Senior Note will be made at the office or agency of the Company maintained for that purpose in The Borough of Manhattan, The City of New York, which shall initially be the corporate trust office of the Trustee, in such coin or currency of the United States

of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the holder at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the holder entitled to payment.

Reference is hereby made to the further provisions of this Senior Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Senior Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

GENWORTH FINANCIAL, INC.

By: ____________________________
Name:
Title:

By: ____________________________
Name:
Title:

[CORPORATE SEAL]

Attest:

By: ____________________________
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the within mentioned Indenture.

Dated: __________________

THE BANK OF NEW YORK,
as Trustee

By: ____________________________
Authorized Signatory

REVERSE OF SENIOR NOTE

This Senior Note is one of a duly authorized issue of securities of the Company (herein called the "**Senior Notes**"), issued and to be issued in one or more series under an Indenture (the "**Base Indenture**"), dated as of May [•], 2004, between the Company and The Bank of New York, as Trustee (herein called the "**Trustee**", which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of May [•], 2004, between the Company and the Trustee (the "**Supplemental Indenture No. 1**" and together with the Base Indenture, the "**Indenture**"), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the holders of the Senior Notes and of the terms upon which the Senior Notes are, and are to be, authenticated and delivered. This Senior Note is one of the series designated on the face hereof, limited in aggregate principal amount to $600,000,000.

All terms used in this Senior Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

If a Special Event shall occur and be continuing, the Company may, at its option, redeem the Senior Notes of this series in whole, but not in part, on any Interest Payment Date prior to the earlier of the date of a Successful Remarketing or the Purchase Contract Settlement Date, at a price per Senior Note equal to the Redemption Price as set forth in the Indenture. Except as set forth in the preceding sentence and in Article 3 of the Supplemental Indenture No. 1, the Company may not redeem the Senior Notes at its option prior to the Maturity Date.

Pursuant to Section 8.05 of the Supplemental Indenture No. 1, if there has not been a Successful Remarketing on or prior to the Final Remarketing Date, holders of Senior Notes will have the right (the "**Put Right**") to require the Company to purchase such Senior Notes on the Purchase Contract Settlement Date, in the case of Separate Senior Notes upon a notice to the Trustee on or prior to the second Business Day prior to the Purchase Contract Settlement Date, at a price per Senior Note to be purchased equal to the principal amount of the applicable Senior Note, plus accrued and unpaid interest to, but excluding, the Purchase Contract Settlement Date (the "**Put Price**").

The Senior Notes are not entitled to the benefit of any sinking fund and will not be subject to defeasance or covenant defeasance.

If an Event of Default with respect to Senior Notes of this series shall occur and be continuing, the principal of the Senior Notes of this series may be

declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Senior Notes at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Senior Notes at the time outstanding. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Senior Notes at the time outstanding, on behalf of the holders of all Senior Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Senior Note shall be conclusive and binding upon such holder and upon all future holders of this Senior Note and of any Senior Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Senior Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Senior Note is registrable in the security register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Senior Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Senior Notes of this series are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof, except as provided for in Section 2.03 of Supplemental Indenture No. 1. As provided in the Indenture and subject to certain limitations therein set forth, Senior Notes of this series are exchangeable for a like aggregate principal amount of Senior Notes of this series of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Senior Note is registered as the owner hereof for all

purposes, whether or not this Senior Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Company agrees, and by acceptance of a Corporate Unit or a Separate Senior Note, each holder will be deemed to have agreed (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of an Applicable Ownership Interest in Senior Notes and the Purchase Contract constituting the Corporate Unit and (2) to treat the Applicable Ownership Interest in Senior Notes or Separate Senior Note, as the case may be, as indebtedness for United States federal, state and local income and franchise tax purposes.

THIS SENIOR NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT A DIFFERENT LAW WOULD GOVERN AS A RESULT.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this Senior Note to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints

agent to transfer this Senior Note on the books of the Company. The agent may substitute another to act for him or her.

Date: ______________

Signature: ______________

Signature Guarantee: ______________

(Sign exactly as your name appears on the other side of this Senior Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

By: ________________________
Name
Title:

____
as Trustee

By: ________________________
Name
Title:

Attest:

By: ________________________
Name
Title:

SCHEDULE OF INCREASES OR DECREASES IN SENIOR NOTE

The initial principal amount of this Senior Note is $600,000,000. The following increases or decreases in a part of this Senior Note have been made:

Date	Amount of decrease in principal amount of this Senior Note	Amount of increase in principal amount of this Senior Note	Principal amount of this Senior Note following such decrease (or increase)	Signature of authorized officer of Trustee

Exhibit 4.9

GENWORTH FINANCIAL, INC.

and

The Bank of New York,

as Purchase Contract Agent,

and

The Bank of New York,

as Collateral Agent, Custodial Agent and Securities Intermediary

PURCHASE CONTRACT AND PLEDGE AGREEMENT

Dated as of May [•], 2004

TABLE OF CONTENTS

EXHIBITS

PURCHASE CONTRACT AND PLEDGE AGREEMENT, dated as of May [•], 2004, among Genworth Financial, Inc., a Delaware corporation (the "**Company**"), The Bank of New York, a New York banking corporation, acting as purchase contract agent for, and as attorney-in-fact of, the Holders from time to time of the Units (in such capacities, together with its successors and assigns in such capacities, the "**Purchase Contract Agent**"), and The Bank of New York, as collateral agent hereunder for the benefit of the Company (in such capacity, together with its successors in such capacity, the "**Collateral Agent**"), as custodial agent (in such capacity, together with its successors in such capacity, the "**Custodial Agent**"), and as securities intermediary (as defined in Section 8-102(a)(14) of the UCC) with respect to the Collateral Account (in such capacity, together with its successors in such capacity, the "**Securities Intermediary**").

RECITALS

WHEREAS, the Company has duly authorized the execution and delivery of this Agreement and the Certificates evidencing the Units;

WHEREAS, all things necessary to make the Purchase Contracts, when the Certificates are executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent, as provided in this Agreement, the valid obligations of the Company, and to constitute these presents a valid agreement of the Company, in accordance with its terms, have been done;

WHEREAS, pursuant to the terms of this Agreement and the Purchase Contracts, the Holders of the Units have irrevocably authorized the Purchase Contract Agent, as attorney-in-fact of such Holders, among other things, to execute and deliver this Agreement on behalf of such Holders and to grant the Pledge provided herein of the Collateral to secure the Obligations.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. *Definitions.* For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and nouns and pronouns of the masculine gender include the feminine and neuter genders;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States;

(c) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision;

(d) the following terms which are defined in the UCC shall have the meanings set forth therein: "**certificated security**," "**control**," "**financial asset**," "**entitlement order**," "**securities account**" and "**security entitlement**"; and

(e) the following terms have the meanings given to them in this Section 1.01(e):

"**Accounting Event**" has the meaning set forth in the Supplemental Indenture.

"**Act**" has the meaning, with respect to any Holder, set forth in Section 1.04.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreement**" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

"**Applicable Market Value**" has the meaning set forth in Section 5.01(a).

"**Applicable Ownership Interest in the Treasury Portfolio**" shall mean, with respect to a Corporate Unit and the Treasury Portfolio, (i) a 2.5% undivided beneficial ownership interest in $1,000 face amount of U.S. treasury securities (or principal or interest strips thereof) included in such Treasury Portfolio that matures on or prior to May 15, 2007, and (ii) for each scheduled Payment Date on the Senior Notes that occurs after the Special Event Redemption Date to and including the Purchase Contract Settlement Date, a [•]% undivided beneficial ownership interest in $1,000 face amount of U.S. treasury securities (or principal or interest strips thereof) included in such Treasury Portfolio that mature on or prior to the Business Day immediately preceding such scheduled Payment Date.

"**Applicable Ownership Interest in Senior Notes**" means, a 2.5% undivided beneficial ownership interest in $1,000 principal amount of Senior Notes that is a component of a Corporate Unit, and "**Applicable Ownership Interests in Senior Notes**" means the aggregate of each Applicable Ownership Interest in Senior Notes that is a component of each Corporate Unit then Outstanding.

"**Applicants**" has the meaning set forth in Section 7.12(b).

"**Bankruptcy Code**" means Title 11 of the United States Code, or any other law of the United States that from time to time provides a uniform system of bankruptcy laws.

"**Beneficial Owner**" means, with respect to a Book-Entry Interest, a Person who is the beneficial owner of such Book-Entry Interest as reflected on the books of the Depositary or on the books of a Person maintaining an account with such Depositary

(directly as a Depositary Participant or as an indirect participant, in each case in accordance with the rules of such Depositary).

"**Board of Directors**" means the board of directors of the Company or a duly authorized committee of that board.

"**Board Resolution**" means one or more resolutions of the Board of Directors, a copy of which has been certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification and delivered to the Purchase Contract Agent.

"**Book-Entry Interest**" means a beneficial interest in a Global Certificate, registered in the name of a Depositary or a nominee thereof, ownership and transfers of which shall be maintained and made through book entries by such Depositary as described in Section 3.06.

"**Business Day**" means any day other than a Saturday or Sunday or any other day on which banking institutions in New York City, New York are authorized or required by law or executive order to remain closed; provided that for purposes of the second paragraph of Section 1.12 only, the term "Business Day" shall also be deemed to exclude any day on which the Depositary is closed.

"**Cash**" means any coin or currency of the United States as at the time shall be legal tender for payment of public and private debts.

"**Cash Merger**" has the meaning set forth in Section 5.04(b)(ii).

"**Cash Merger Early Settlement**" has the meaning set forth in Section 5.04(b)(ii).

"**Cash Merger Early Settlement Date**" has the meaning set forth in Section 5.04(b)(ii).

"**Cash Settlement**" has the meaning set forth in Section 5.02(a)(i).

"**Certificate**" means a Corporate Units Certificate or a Treasury Units Certificate, as the case may be.

"**Closing Price**" has the meaning set forth in Section 5.01(a).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collateral**" means the collective reference to:

(i) the Collateral Account and all investment property and other financial assets from time to time credited to the Collateral Account and all security entitlements with respect thereto, including, without limitation, (A) the Applicable Ownership Interests in Senior Notes and security entitlements relating thereto (and the Senior Notes and security entitlements relating thereto delivered to the Collateral Agent in respect of such Applicable Ownership Interests in Senior

Notes), (B) the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) and security entitlements relating thereto, (C) any Treasury Securities and security entitlements relating thereto Transferred to the Securities Intermediary from time to time in connection with the creation of Treasury Units in accordance with Section 3.13 hereof and (D) payments made by Holders pursuant to Section 5.02 hereof;

(ii) all Proceeds of any of the foregoing (whether such Proceeds arise before or after the commencement of any proceeding under any applicable bankruptcy, insolvency or other similar law, by or against the pledgor or with respect to the pledgor); and

(iii) all powers and rights now owned or hereafter acquired under or with respect to the Collateral.

"**Collateral Account**" means the securities account of The Bank of New York,as Collateral Agent, maintained on the books of the Securities Intermediary and designated "The Bank of New York, as Collateral Agent of Genworth Financial, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders".

"**Collateral Agent**" means the Person named as "Collateral Agent" in the first paragraph of this Agreement until a successor Collateral Agent shall have become such pursuant to this Agreement, and thereafter "Collateral Agent" shall mean the Person who is then the Collateral Agent hereunder.

"c**ollateral event of default**" has the meaning set forth in Section 13.01(b).

"**Collateral Substitution**" means (i) with respect to the Corporate Units, (x) the substitution of the Pledged Applicable Ownership Interests in Senior Notes included in such Corporate Units with Treasury Securities in an aggregate principal amount at maturity equal to the aggregate principal amount of such Pledged Applicable Ownership Interests in Senior Notes, or (y) the substitution of the Pledged Applicable Ownership Interests in the Treasury Portfolio included in such Corporate Units with Treasury Securities in an aggregate principal amount at maturity equal to such Pledged Applicable Ownership Interests in the Treasury Portfolio, or (ii) with respect to the Treasury Units, (x) the substitution of the Pledged Treasury Securities included in such Treasury Units (if the Applicable Ownership Interests in the Treasury Portfolio have not replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units) with Senior Notes in an aggregate principal amount equal to the aggregate principal amount at stated maturity of the Pledged Treasury Securities, or (y) the substitution of the Pledged Treasury Securities included in such Treasury Units (if the Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units) with the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition thereof).

"**Common Stock**" means the Class A common stock, $0.001 par value, of the Company.

"**Company**" means the Person named as the "Company" in the first paragraph of this instrument until a successor shall have become such pursuant to the applicable provision of this Agreement, and thereafter "Company" shall mean such successor.

"**Constituent Person**" has the meaning set forth in Section 5.04(b)(i).

"**Contract Adjustment Payments**" means the payments payable by the Company on the Special Payment Date or the Payment Dates in respect of each Purchase Contract, at a rate per year of [•]% of the Stated Amount per Purchase Contract.

"**Corporate Trust Office**" means the office of the Purchase Contract Agent at which, at any particular time, its corporate trust business shall be principally administered, which office at the date hereof is located at 101 Barclay Street, 8W, New York, NY 10286 Attention: [•].

"**Corporate Unit**" means the collective rights and obligations of a Holder of a Corporate Units Certificate in respect of the Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, subject in each case (except that the Applicable Ownership Interests in the Treasury Portfolio as specified in clause (ii) of the definition of such term shall not be subject to the Pledge) to the Pledge thereof, and the related Purchase Contract.

“**Corporate Units Certificate**” means a certificate evidencing the rights and obligations of a Holder in respect of the number of Corporate Units specified on such certificate.

“**Coupon Rate**” has the meaning set forth in the Supplemental Indenture.

“**Current Market Price**” means, in respect of a share of Common Stock on any date of determination, the average of the daily Closing Prices for the 20 consecutive Trading Days ending the earlier of the day in question and the day before the “ex date” with respect to the issuance or distribution requiring such computation. For purposes of this definition, the term “ex date,” when used with respect to any issuance or distribution, shall mean the first date on which Common Stock trades regular way on such exchange or in such market without the right to receive such issuance or distribution.

“**Custodial Agent**” means the Person named as Custodial Agent in the first Paragraph of this Agreement until a successor Custodial Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “Custodial Agent” shall mean the Person who is then the Custodial Agent hereunder.

“**Depositary**” means a clearing agency registered under Section 17A of the Exchange Act that is designated to act as Depositary for the Units as contemplated by Sections 3.06 and 3.08.

“**Depositary Participant**” means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Depositary effects book entry transfers and pledges of securities deposited with the Depositary.

“**Distributed Property**” has the meaning set forth in Section 5.04(a)(iv).

“**Dividend Threshold Amount**” has the meaning set forth in Section 5.04(a)(v).

“**DTC**” means The Depository Trust Company.

“**Early Settlement**” has the meaning set forth in Section 5.07(a).

“**Early Settlement Amount**” has the meaning set forth in Section 5.07(b).

“**Early Settlement Date**” has the meaning set forth in Section 5.07(b).

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**Exchange Act**” means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

“**Exchange Property**” has the meaning set forth in Section 5.04(b)(i).

“**Ex-Dividend Date**” has the meaning set forth in Section 5.04(a)(iv).

“**Expiration Date**” has the meaning set forth in Section 1.04(e).

“**Expiration Time**” has the meaning set forth in Section 5.04(a)(vi).

“**Failed Final Remarketing**” has the meaning set forth in Section 5.02(b)(v).

“**Failed Remarketing**” has the meaning set forth in Section 5.02(b)(iii).

“**Final Remarketing Date**” means the third Business Day immediately preceding the Purchase Contract Settlement Date.

“**Fixed Settlement Rate**” means each of the Minimum Settlement Rate and the Maximum Settlement Rate.

“**Global Certificate**” means a Certificate that evidences all or part of the Units and is registered in the name of the Depositary or a nominee thereof.

“**Holder**” means, with respect to a Unit, the Person in whose name the Unit evidenced by a Certificate is registered in the Security Register.

“**Indenture**” means the Indenture, dated as of [May [ ]], 2004, between the Company and the Indenture Trustee (including any provisions of the TIA that are deemed incorporated therein), as amended and supplemented by the Supplemental Indenture pursuant to which the Senior Notes will be issued.

“**Indemnitees**” has the meaning set forth in Section 7.07(c).

“**Indenture Trustee**” means The Bank of New York, a New York banking corporation, as trustee under the Indenture, or any successor thereto as described in the Indenture.

“**Initial Remarketing Date**” means the fifth Business Day immediately preceding the Purchase Contract Settlement Date.

“**Issuer Order**” or “**Issuer Request**” means a written order or request signed in the name of the Company by (i) either its Chief Executive Officer, its President or one of its Vice Presidents, and (ii) either its Corporate Secretary or one of its Assistant Corporate Secretaries or its Treasurer or one of its Assistant Treasurers, and delivered to the Purchase Contract Agent.

“**Losses**” has the meaning set forth in Section 15.08(b).

“**Maximum Settlement Rate**” has the meaning set forth in Section 5.01(a).

“**Minimum Settlement Rate**” has the meaning set forth in Section 5.01(a).

"**non-electing share**" has the meaning set forth in Section 5.04(b)(i).

"**NYSE**" has the meaning set forth in Section 5.01(a).

"**Obligations**" means, with respect to each Holder, all obligations and liabilities of such Holder under such Holder's Purchase Contract and this Agreement or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest (including, without limitation, interest accruing before and after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Holder, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Company or the Collateral Agent or the Securities Intermediary that are required to be paid by the Holder pursuant to the terms of any of the foregoing agreements).

"**Officers' Certificate**" means a certificate signed by (i) either the Company's Chief Executive Officer, its President or one of its Vice Presidents, and (ii) either the Company's Corporate Secretary or one of its Assistant Corporate Secretaries or its Treasurer or one of its Assistant Treasurers, and delivered to the Purchase Contract Agent. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Agreement (other than the Officers' Certificate provided for in Section 10.05) shall include the information set forth in Section 1.02 hereof.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel to the Company (and who may be an employee of the Company), and who shall be reasonably acceptable to the Purchase Contract Agent. An opinion of counsel may rely on certificates as to matters of fact.

"**Outstanding**" means, as of any date of determination, all Units evidenced by Certificates theretofore authenticated, executed and delivered under this Agreement, except:

(i) all Units, if a Termination Event has occurred;

(ii) Units evidenced by Certificates theretofore cancelled by the Purchase Contract Agent or delivered to the Purchase Contract Agent for cancellation or deemed cancelled pursuant to the provisions of this Agreement; and

(iii) Units evidenced by Certificates in exchange for or in lieu of which other Certificates have been authenticated, executed on behalf of the Holder and delivered pursuant to this Agreement, other than any such Certificate in respect of which there shall have been presented to the Purchase Contract Agent proof satisfactory to it that such Certificate is held by a protected purchaser in whose hands the Units evidenced by such Certificate are valid obligations of the Company;

provided, *however*, that in determining whether the Holders of the requisite number of the Units have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Units owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding Units, except that, in determining whether the Purchase Contract Agent shall be authorized and protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Units that a Responsible Officer of the Purchase Contract Agent actually knows to be so owned shall be so disregarded. Units so owned that have been pledged in good faith may be regarded as Outstanding Units if the pledgee establishes to the satisfaction of the Purchase Contract Agent the pledgee's right so to act with respect to such Units and that the pledgee is not the Company or any Affiliate of the Company.

"**Payment Date**" means each February 16, May 16, August 16 and November 16 of each year, commencing August 16, 2004.

"**Permitted Investments**" means any one of the following, in each case maturing on the Business Day following the date of acquisition:

(1) any evidence of indebtedness with an original maturity of 365 days or less issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States of America is pledged in support of the timely payment thereof or such indebtedness constitutes a general obligation of it);

(2) deposits, certificates of deposit or acceptances with an original maturity of 365 days or less of any institution which is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $500 million at the time of deposit (and which may include the Collateral Agent);

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(3) investments with an original maturity of 365 days or less of any Person that is fully and unconditionally guaranteed by a bank referred to in clause (2);

(4) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any agency thereof and backed as to timely payment by the full faith and credit of the United States of America;

(5) investments in commercial paper, other than commercial paper issued by the Company or its affiliates, of any corporation incorporated under the laws of the United States or any State thereof, which commercial paper has a rating at the time of purchase at least equal to "**A-1**" by Standard & Poor's Ratings Services ("**S&P**") or at least equal to "**P-1**" by Moody's Investors Service, Inc. ("**Moody's**"); and

(6) investments in money market funds (including, but not limited to, money market funds managed by the Collateral Agent or an affiliate of the Collateral Agent) registered under the Investment Company Act of 1940, as amended, rated in the highest applicable rating category by S&P or Moody's.

"**Person**" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"**Plan**" means an employee benefit plan that is subject to ERISA, a plan or individual retirement account that is subject to Section 4975 of the Code or any entity whose assets are considered assets of any such plan.

"**Pledge**" means the lien and security interest in the Collateral created by this Agreement.

"**Pledged Applicable Ownership Interests in Senior Notes**" means the Applicable Ownership Interests in Senior Notes and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge.

"**Pledged Applicable Ownership Interests in the Treasury Portfolio**" means the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition thereof) and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge.

"**Pledged Securities**" means the Pledged Applicable Ownership Interests in Senior Notes, the Pledged Applicable Ownership Interests in the Treasury Portfolio and the Pledged Treasury Securities, collectively.

"**Pledged Treasury Securities**" means Treasury Securities and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge.

"**Pledge Indemnitees**" has the meaning set forth in Section 15.08(b).

"**Predecessor Certificate**" means a Predecessor Corporate Units Certificate or a Predecessor Treasury Units Certificate.

"**Predecessor Corporate Units Certificate**" of any particular Corporate Units Certificate means every previous Corporate Units Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Corporate Units evidenced thereby; and, for the purposes of this definition, any Corporate Units Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Corporate Units Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Corporate Units Certificate.

"**Predecessor Treasury Units Certificate**" of any particular Treasury Units Certificate means every previous Treasury Units Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Treasury Units evidenced thereby; and, for the purposes of this definition, any Treasury Units Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Treasury Units Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Treasury Units Certificate.

"**Pro Rata**" shall mean pro rata to each Holder according to the aggregate Stated Amount of the Units held by such Holder in relation to the aggregate Stated Amount of all Units outstanding.

"**Proceeds**" has the meaning ascribed thereto in the UCC and includes, without limitation, all interest, dividends, cash, instruments, securities, financial assets and other property received, receivable or otherwise distributed upon the sale (including, without limitation, any Remarketing), exchange, collection or disposition of any financial assets from time to time credited to the Collateral Account.

"**Prospectus**" means the prospectus relating to the delivery of shares or any securities in connection with an Early Settlement pursuant to Section 5.07 or a Cash Merger Early Settlement of Purchase Contracts pursuant to Section 5.04(b)(ii), in the form in which first filed, or transmitted for filing, with the Securities and Exchange Commission after the effective date of the Registration Statement pursuant to Rule 424(b) under the Securities Act, including the documents incorporated by reference therein as of the date of such Prospectus.

"**Purchase Contract**" means, with respect to any Unit, the contract forming a part of such Unit and obligating the Company to (i) sell, and the Holder of such Unit to purchase, shares of Common Stock and (ii) pay the Holder thereof Contract Adjustment

Payments, in each case on the terms and subject to the conditions set forth in Article 5 hereof.

"**Purchase Contract Agent**" means the Person named as the "Purchase Contract Agent" in the first paragraph of this Agreement until a successor Purchase Contract Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter "Purchase Contract Agent" shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

"**Purchase Contract Settlement Date**" means May 16, 2007.

"**Purchase Contract Settlement Fund**" has the meaning set forth in Section 5.03.

"**Purchase Price**" has the meaning set forth in Section 5.01(a).

"**Purchased Shares**" has the meaning set forth in Section 5.04(a)(vi).

"**Put Right**" has the meaning set forth in Section 8.05(a) of the Supplemental Indenture.

"**Quotation Agent**" has the meaning set forth in the Supplemental Indenture.

"**Record Date**" for any distribution and any Contract Adjustment Payment payable on any Payment Date means the first day of the calendar month in which the relevant Payment Date falls.

"**Redemption Amount**" has the meaning set forth in the Supplemental Indenture.

"**Redemption Price**" has the meaning set forth in the Supplemental Indenture.

"**Reference Price**" has the meaning set forth in Section 5.01(a).

"**Registration Statement**" means a registration statement under the Securities Act prepared by the Company covering, *inter alia*, the delivery by the Company of any securities in connection with an Early Settlement on the Early Settlement Date or a Cash Merger Early Settlement of Purchase Contracts on the Cash Merger Early Settlement Date under Section 5.04(b)(ii), including all exhibits thereto and the documents incorporated by reference in the prospectus contained in such registration statement, and any post-effective amendments thereto.

"**Remarketing**" has the meaning set forth in the Remarketing Agreement.

"**Remarketing Agent**" has the meaning set forth in Section 1.01 of the Supplemental Indenture.

"**Remarketing Agreement**" has the meaning set forth in Section 1.01 of the Supplemental Indenture.

"**Remarketing Date**" means any of the Initial Remarketing Date, the Second Remarketing Date or the Final Remarketing Date.

"**Remarketing Fee**" has the meaning set forth in the Remarketing Agreement.

"**Remarketing Price**" has the meaning set forth in Section 5.02(b)(iii).

"**Reorganization Event**" has the meaning set forth in Section 5.04(b)(i).

"**Reset Rate**" has the meaning set forth in the Remarketing Agreement.

"**Responsible Officer**" means, when used with respect to the Purchase Contract Agent, any officer of the Purchase Contract Agent within the Corporate Trust Division-Corporate Finance Unit (or any successor unit, department or division of the Purchase Contract Agent) located at the Corporate Trust Office of the Purchase Contract Agent who has direct responsibility for the administration of the Agreement and for the purposes of Section 7.03(a), also means, with respect to a particular corporate trust matter, any other officer, trust officer or person performing similar functions to whom such matter is referred because of his or her knowledge of and familiarity of the particular subject.

"**Restrictive Legend**" means a legend to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

"**Rights**" has the meaning set forth in Section 5.04(a)(xi).

"**Second Remarketing Date**" means the fourth Business Day immediately preceding the Purchase Contract Settlement Date.

"**Securities Act**" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

"**Securities Intermediary**" means the Person named as Securities Intermediary in the first Paragraph of this Agreement until a successor Securities Intermediary shall have become such pursuant to the applicable provisions of this Agreement, and thereafter "Securities Intermediary" shall mean such successor or any subsequent successor.

"**Security Register**" and "**Securities Registrar**" have the respective meanings set forth in Section 3.05.

"**Senior Indebtedness**" means indebtedness of any kind of the Company unless the instrument under which such indebtedness is incurred expressly provides that it is on a

parity in right of payment with or subordinate in right of payment to the Contract Adjustment Payments.

"**Senior Notes**" means the series of notes designated the [ ]% Senior Notes due 2009 of the Company.

"**Separate Senior Notes**" means Senior Notes that have been released from the Pledge following Collateral Substitution and therefore no longer underlie Corporate Units.

"**Settlement Rate**" has the meaning set forth in Section 5.01(a).

"**Special Event**" has the meaning set forth in the Supplemental Indenture.

"**Special Event Redemption**" has the meaning set forth in the Supplemental Indenture.

"**Special Event Redemption Date**" has the meaning set forth in the Supplemental Indenture.

"**Special Payment Date**" has the meaning set forth in Section 5.10.

"**Stated Amount**" means $25.

"**Successful Remarketing**" has the meaning set forth in Section 5.02(b)(iv).

"**Supplemental Indenture**" means the Supplemental Indenture No. 1 dated as of the date hereof between the Company and the Indenture Trustee pursuant to which the Senior Notes are issued.

"**Tax Event**" has the meaning set forth in the Supplemental Indenture.

"**Termination Date**" means the date, if any, on which a Termination Event occurs.

"**Termination Event**" means the occurrence of any of the following events:

(i) at any time on or prior to the Purchase Contract Settlement Date, a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the Bankruptcy Code or any other similar applicable Federal or state law and if such judgment, decree or order shall have been entered more than 60 days prior to the Purchase Contract Settlement Date, such decree or order shall have continued undischarged and unstayed for a period of 60 days;

(ii) at any time on or prior to the Purchase Contract Settlement Date, a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee (or other similar official) in bankruptcy or insolvency of the Company or of all or substantially all of its property, or for the winding up or liquidation of its affairs, shall have been entered and if such decree or order shall have been entered more than 60 days prior to the Purchase Contract Settlement Date, such judgment, decree or order shall have continued undischarged and unstayed for a period of 60 days; or

(iii) at any time on or prior to the Purchase Contract Settlement Date, the Company shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the Bankruptcy Code or any other similar applicable Federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee (or other similar official) in bankruptcy or insolvency of it or of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

"**Threshold Appreciation Price**" has the meaning set forth in Section 5.01(a).

"**TIA**" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"**TRADES**" means the Treasury/Reserve Automated Debt Entry System maintained by the Federal Reserve Bank of New York pursuant to the TRADES Regulations.

"**TRADES Regulations**" means the regulations of the United States Department of the Treasury, published at 31 C.F.R. Part 357, as amended from time to time. Unless otherwise defined herein, all terms defined in the TRADES Regulations are used herein as therein defined.

"**Trading Day**" has the meaning set forth in Section 5.01(a).

"**Transfer**" means (i) in the case of certificated securities in registered form, delivery as provided in Section 8-301(a) of the UCC, indorsed to the transferee or in blank by an effective endorsement; (ii) in the case of Treasury Securities, registration of the transferee as the owner of such Treasury Securities on TRADES; and (iii) in the case of security entitlements, including, without limitation, security entitlements with respect to Treasury Securities, a securities intermediary indicating by book entry that such security entitlement has been credited to the transferee's securities account.

"**Treasury Portfolio**" has the meaning set forth in the Supplemental Indenture.

"**Treasury Portfolio Purchase Price**" has the meaning set forth in the Supplemental Indenture.

"**Treasury Securities**" means zero-coupon U.S. treasury securities that mature on May 15, 2007 (CUSIP No. 912828AC4).

"**Treasury Unit**" means, following the substitution of Treasury Securities for Pledged Applicable Ownership Interests in Senior Notes or Pledged Applicable Ownership Interests in the Treasury Portfolio, as the case may be, as collateral to secure a Holder's

obligations under the Purchase Contract, the collective rights and obligations of a Holder of a Treasury Units Certificate in respect of such Treasury Securities, subject to the Pledge thereof, and the related Purchase Contract.

"**Treasury Units Certificate**" means a certificate evidencing the rights and obligations of a Holder in respect of the number of Treasury Units specified on such certificate.

"**Trigger Event**" has the meaning set forth in Section 5.04(a)(iv).

"**UCC**" means the Uniform Commercial Code as in effect in the State of New York from time to time.

"**Underwriters**" means the underwriters identified in Schedule 1 to the Underwriting Agreement.

"**Underwriting Agreement**" means the Underwriting Agreement, dated May [•], 2004, among the Company, GE Financial Assurance Holdings, Inc. and Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., as representative of the Underwriters, relating to the sale of Corporate Units by GE Financial Assurance Holdings, Inc.

"**Unit**" means a Corporate Unit or a Treasury Unit, as the case may be.

"**Units Prospectus**" means the registration statement, as amended, filed with the Securities and Exchange Commission (File No. [ ]) and the prospectus contained therein dated May [·], 2004, describing, among other things, the terms of the Units.

"**Value**" means, with respect to any item of Collateral on any date, as to (1) Cash, the amount thereof, (2) Treasury Securities, the aggregate principal amount thereof at maturity, (3) Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term), the appropriate aggregate percentage of the aggregate principal amount at maturity of the Treasury Portfolio and (4) Applicable Ownership Interests in Senior Notes, the appropriate aggregate percentage of the aggregate principal amount at maturity of the underlying Senior Notes.

"**Vice President**" means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

Section 1.02. *Compliance Certificates and Opinions.* Except as otherwise expressly provided by this Agreement, upon any application or request by the Company to the Purchase Contract Agent to take any action in accordance with any provision of this Agreement, the Company shall furnish to the Purchase Contract Agent an Officers' Certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and, if requested by the Purchase Contract Agent, an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required

by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (other than the Officers' Certificate provided for in Section 10.05) shall include:

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03. *Form of Documents Delivered to Purchase Contract Agent.*

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which its certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. *Acts of Holders; Record Dates.* (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent

duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Purchase Contract Agent and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and (subject to Section 7.01) conclusive in favor of the Purchase Contract Agent and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Purchase Contract Agent deems sufficient.

(c) The ownership of Units shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Unit shall bind every future Holder of the same Unit and the Holder of every Certificate evidencing such Unit issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Purchase Contract Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Certificate.

(e) The Company may set any date as a record date for the purpose of determining the Holders of Outstanding Units entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Agreement to be given, made or taken by Holders. If any record date is set pursuant to this paragraph, the Holders of the Outstanding Corporate Units and the Outstanding Treasury Units, as the case may be, on such record date, and no other Holders, shall be entitled to take the relevant action with respect to the Corporate Units or the Treasury Units, as the case may be, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken prior to or on the applicable Expiration Date by Holders of the requisite number of Outstanding Units on such record date. Nothing contained in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and be of no effect), and nothing contained in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite number of Outstanding Units on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Purchase Contract Agent in writing and to each Holder in the manner set forth in Section 1.06.

With respect to any record date set pursuant to this Section 1.04(e), the Company may designate any date as the '**Expiration Date**" and from time to time may change the Expiration Date to any later day; *provided* that no such change shall be effective unless notice of the proposed new Expiration Date is given to the Purchase Contract Agent in writing, and to each Holder in the manner set forth in Section 1.06, prior to or on the

existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the Company shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Section 1.05. *Notices.* All notices, requests, consents and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing (including, without limitation, by telecopy) delivered to the intended recipient at the "**Address for Notices**" specified below its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to the other parties. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

The Purchase Contract Agent shall send to the Indenture Trustee at the following address a copy of any notices in the form of Exhibits C, D, E, G, I or K it sends or receives:

The Bank of New York
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]
Fax: [•]

Section 1.06. *Notice to Holders; Waiver.* Where this Agreement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Purchase Contract Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Purchase Contract Agent shall constitute a sufficient notification for every purpose hereunder.

Section 1.07. *Effect of Headings and Table of Contents.* The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.08. *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Company, the Purchase Contract Agent, the Collateral Agent, the Custodial Agent and the Securities Intermediary, and the Holders from time to time of the Units, by their acceptance of the same, shall be deemed to have agreed to be bound by the provisions hereof and to have ratified the agreements of, and the grant of the Pledge hereunder by, the Purchase Contract Agent.

Section 1.09. *Separability Clause.* In case any provision in this Agreement or in the Units shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby.

Section 1.10. *Benefits of Agreement.* Nothing contained in this Agreement or in the Units, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and, to the extent provided hereby, the Holders, any benefits or any legal or equitable right, remedy or claim under this Agreement. The Holders from time to time shall be beneficiaries of this Agreement and shall be bound by all of the terms and conditions hereof and of the Units evidenced by their Certificates by their acceptance of delivery of such Certificates.

Section 1.11. *Governing Law.* THIS AGREEMENT AND THE UNITS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT A DIFFERENT LAW WOULD GOVERN AS A RESULT. The Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Holders from time to time of the Units, acting through the Purchase Contract Agent as their attorney-in-fact, hereby submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Holders from time to time of the Units, acting through the Purchase Contract Agent as their attorney-in-fact, irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 1.12. *Legal Holidays.* In any case where any Payment Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Units), Contract Adjustment Payments or other distributions shall not be paid on such date, but Contract Adjustment Payments or such other distributions shall be paid on the next succeeding Business Day, with the same force and effect as if made on such scheduled Payment Date; *provided* that no interest shall accrue or be payable by the Company or to any Holder in respect of such delay.

In any case where the Purchase Contract Settlement Date or any Early Settlement Date or Cash Merger Early Settlement Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Units), Purchase Contracts shall not be performed and Early Settlement and Cash Merger Early Settlement shall not be effected on such date, but Purchase Contracts shall be performed or Early Settlement or Cash Merger Early Settlement shall be effected, as applicable, on the next succeeding Business Day with the same force and effect as if made on such Purchase Contract Settlement Date, Early Settlement Date or Cash Merger Early Settlement Date, as applicable.

Section 1.13. *Counterparts.* This Agreement may be executed in any number of counterparts by the parties hereto, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 1.14. *Inspection of Agreement.* A copy of this Agreement shall be available at all reasonable times during normal business hours at the Corporate Trust Office for inspection by any Holder or Beneficial Owner.

Section 1.15. *Appointment of Financial Institution as Agent for the Company.* The Company may appoint a financial institution (which may be the Collateral Agent) to act as its agent in performing its obligations and in accepting and enforcing performance of the obligations of the Purchase Contract Agent and the Holders, under this Agreement and the Purchase Contracts, by giving notice of such appointment in the manner provided in Section 1.05 hereof. Any such appointment shall not relieve the Company in any way from its obligations hereunder.

Section 1.16. *No Waiver.* No failure on the part of the Company, the Purchase Contract Agent, the Collateral Agent, the Custodial Agent, the Securities Intermediary or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary or any of their respective agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

ARTICLE 2
CERTIFICATE FORMS

Section 2.01. *Forms of Certificates Generally.* The Certificates (including the form of Purchase Contract forming part of each Unit evidenced thereby) shall be in substantially the form set forth in Exhibit A hereto (in the case of Corporate Units Certificates) or Exhibit B hereto (in the case of Treasury Units Certificates), with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Units are listed or any depositary therefor, or as may,

consistently herewith, be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

The definitive Certificates shall be produced in any manner as determined by the officers of the Company executing the Units evidenced by such Certificates, consistent with the provisions of this Agreement, as evidenced by their execution thereof.

Every Global Certificate authenticated, executed on behalf of the Holders and delivered hereunder shall bear a legend substantially in the form set forth in Exhibit A and Exhibit B for a Global Certificate.

Section 2.02. *Form of Purchase Contract Agent's Certificate of Authentication.* The form of the Purchase Contract Agent's certificate of authentication of the Units shall be in substantially the form set forth on the form of the applicable Certificates.

ARTICLE 3
THE UNITS

Section 3.01. *Amount; Form and Denominations.* The aggregate number of Units evidenced by Certificates authenticated, executed on behalf of the Holders and delivered hereunder is limited to 24,000,000, except for Certificates authenticated, executed and delivered upon registration of transfer of, in exchange for, or in lieu of, other Certificates pursuant to Section 3.04, Section 3.05, Section 3.10, Section 3.13, Section 3.14 or Section 8.05.

The Certificates shall be issuable only in registered form and only in denominations of a single Corporate Unit or Treasury Unit and any integral multiple thereof.

Section 3.02. *Rights and Obligations Evidenced by the Certificates.* Each Corporate Units Certificate shall evidence the number of Corporate Units specified therein, with each such Corporate Unit representing (1) the ownership by the Holder thereof of an Applicable Ownership Interest in Senior Notes or an Applicable Ownership Interest in the Treasury Portfolio, as the case may be, subject to the Pledge of such Applicable Ownership Interest in Senior Note or Applicable Ownership Interest in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as the case may be, by such Holder pursuant to this Agreement, and (2) the rights and obligations of the Holder thereof and the Company under one Purchase Contract. The Purchase Contract Agent is hereby authorized, as attorney-in-fact for, and on behalf of, the Holder of each Corporate Unit, to pledge, pursuant to Article 11 hereof, the Applicable Ownership Interest in Senior Notes, or the Applicable Ownership Interest in the Treasury Portfolio (as specified in clause (i) of the definition of such term) forming a part of such Corporate Unit, to the Collateral Agent for the benefit of the Company, and to grant to the Collateral Agent, for the benefit of the Company, a security interest in the right, title and interest of such Holder in such Applicable Ownership Interest in Senior Notes or Applicable Ownership Interest in the Treasury Portfolio (as specified in clause (i) of the definition of such term) to secure the obligation of the Holder under each Purchase Contract to purchase shares of Common Stock. To effect such Pledge and grant such security interest, the Purchase Contract Agent

on behalf of the Holders of Corporate Units has, on the date hereof, delivered to the Collateral Agent the Senior Notes underlying the Applicable Ownership Interests in Senior Notes.

Upon the formation of a Treasury Unit pursuant to Section 3.13, each Treasury Unit Certificate shall evidence the number of Treasury Units specified therein, with each such Treasury Unit representing (1) the ownership by the Holder thereof of a 1/40 or 2.5% undivided beneficial interest in a Treasury Security with a principal amount equal to $1,000, subject to the Pledge of such interest by such Holder pursuant to this Agreement, and (2) the rights and obligations of the Holder thereof and the Company under one Purchase Contract. The Purchase Contract Agent is hereby authorized, as attorney-in-fact for, and on behalf of, the Holder of each Treasury Unit, to pledge, pursuant to Article 11 hereof, such Holder's interest in the Treasury Security forming a part of such Treasury Unit to the Collateral Agent, for the benefit of the Company, and to grant to the Collateral Agent, for the benefit of the Company, a security interest in the right, title and interest of such Holder in such Treasury Security to secure the obligation of the Holder under each Purchase Contract to purchase shares of Common Stock.

Prior to the purchase of shares of Common Stock under each Purchase Contract, such Purchase Contracts shall not entitle the Holder of a Unit to any of the rights of a holder of shares of Common Stock, including, without limitation, the right to vote or receive any dividends or other payments or to consent or to receive notice as a shareholder in respect of the meetings of shareholders or for the election of directors of the Company or for any other matter, or any other rights whatsoever as a shareholder of the Company.

Section 3.03. *Execution, Authentication, Delivery and Dating.* Subject to the provisions of Section 3.13 and Section 3.14 hereof, upon the execution and delivery of this Agreement, and at any time and from time to time thereafter, the Company may deliver Certificates executed by the Company to the Purchase Contract Agent for authentication, execution on behalf of the Holders and delivery, together with its Issuer Order for authentication of such Certificates, and the Purchase Contract Agent in accordance with such Issuer Order shall authenticate, execute on behalf of the Holders and deliver such Certificates.

The Certificates shall be executed on behalf of the Company by its Chairman of the Board of Directors, its Chief Executive Officer, its President, its Treasurer or one of its Vice Presidents. The signature of any of these officers on the Certificates may be manual or facsimile.

Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such Certificates.

No Purchase Contract evidenced by a Certificate shall be valid until such Certificate has been executed on behalf of the Holder by the manual signature of an authorized officer of the Purchase Contract Agent, as such Holder's attorney-in-fact. Such

signature by an authorized officer of the Purchase Contract Agent shall be conclusive evidence that the Holder of such Certificate has entered into the Purchase Contracts evidenced by such Certificate.

Each Certificate shall be dated the date of its authentication.

No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by an authorized officer of the Purchase Contract Agent by manual signature, and such certificate of authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

Section 3.04. *Temporary Certificates.* Pending the preparation of definitive Certificates, the Company may execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holders, and deliver, in lieu of such definitive Certificates, temporary Certificates which are in substantially the form set forth in Exhibit A or Exhibit B hereto, as the case may be, with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Corporate Units or Treasury Units, as the case may be, are listed, or as may, consistently herewith, be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

If temporary Certificates are issued, the Company will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the Corporate Trust Office, at the expense of the Company and without charge to the Holder. Upon surrender for cancellation of any one or more temporary Certificates, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, one or more definitive Certificates of like tenor and denominations and evidencing a like number of Units as the temporary Certificate or Certificates so surrendered. Until so exchanged, the temporary Certificates shall in all respects evidence the same benefits and the same obligations with respect to the Units evidenced thereby as definitive Certificates.

Section 3.05. *Registration; Registration of Transfer and Exchange.* The Purchase Contract Agent shall keep at the Corporate Trust Office a register (the '**Security Register**") in which, subject to such reasonable regulations as it may prescribe, the Purchase Contract Agent shall provide for the registration of Certificates and of transfers of Certificates (the Purchase Contract Agent, in such capacity, the "**Security Registrar**"). The Security Registrar shall record separately the registration and transfer of the Certificates evidencing Corporate Units and Treasury Units.

Upon surrender for registration of transfer of any Certificate at the Corporate Trust Office, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the designated transferee

or transferees, and deliver, in the name of the designated transferee or transferees, one or more new Certificates of any authorized denominations, like tenor, and evidencing a like number of Corporate Units or Treasury Units, as the case may be.

At the option of the Holder, Certificates may be exchanged for other Certificates, of any authorized denominations and evidencing a like number of Corporate Units or Treasury Units, as the case may be, upon surrender of the Certificates to be exchanged at the Corporate Trust Office. Whenever any Certificates are so surrendered for exchange, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver the Certificates which the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of a Certificate shall evidence the ownership of the same number of Corporate Units or Treasury Units, as the case may be, and be entitled to the same benefits and subject to the same obligations under this Agreement as the Corporate Units or Treasury Units, as the case may be, evidenced by the Certificate surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Purchase Contract Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Purchase Contract Agent duly executed by the Holder thereof or its attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of a Certificate, but the Company and the Purchase Contract Agent may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates, other than any exchanges pursuant to Section 3.04, Section 3.06 and Section 8.05 not involving any transfer.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder and deliver any Certificate in exchange for any other Certificate presented or surrendered for registration of transfer or for exchange on or after the Business Day immediately preceding the earliest to occur of any Early Settlement Date with respect to such Certificate, any Cash Merger Early Settlement Date with respect to such Certificate, the Purchase Contract Settlement Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Purchase Contract Settlement Date (including upon any Cash Settlement) or an Early Settlement Date or a Cash Merger Early Settlement Date with respect to such other Certificate (or portion thereof) has occurred, deliver the shares of Common Stock issuable in respect of the Purchase Contracts forming a part of the Units evidenced by such other Certificate (or portion thereof); or

(ii) if a Termination Event, Early Settlement, or Cash Merger Early Settlement shall have occurred prior to the Purchase Contract Settlement Date, or a Cash Settlement shall have occurred, transfer the Senior Notes, the Treasury Securities, or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, underlying such Certificate, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article 5 hereof.

Section 3.06. *Book-entry Interests.* The Certificates, on original issuance, will be issued in definitive certificated form and will bear the Restrictive Legend. Upon the sale of the Units to the Underwriters pursuant to the Underwriting Agreement, the Restrictive Legend will be removed and Certificates will be issued in the form of one or more fully registered Global Certificates, to be delivered to the Depositary or its custodian by, or on behalf of, the Company. The Company hereby designates DTC as the initial Depositary. Such Global Certificates shall initially be registered on the Security Register in the name of Cede & Co., the nominee of the Depositary, and no Beneficial Owner will receive a definitive Certificate representing such Beneficial Owner's interest in such Global Certificate, except as provided in Section 3.09. The Purchase Contract Agent shall enter into an agreement with the Depositary if so requested by the Company. Following the issuance of such Global Certificates and unless and until definitive, and fully registered Certificates have been issued to Beneficial Owners pursuant to Section 3.09:

(i) the provisions of this Section 3.06 shall be in full force and effect;

(ii) the Company shall be entitled to deal with the Depositary for all purposes of this Agreement (including, without limitation, making Contract Adjustment Payments and receiving approvals, votes or consents hereunder) as the Holder of the Units and the sole holder of the Global Certificates and shall have no obligation to the Beneficial Owners; *provided* that a Beneficial Owner may directly enforce against the Company, without any consent, proxy, waiver or involvement of the Depositary of any kind, such Beneficial Owner's right to receive a definitive Certificate representing the Units beneficially owned by such Beneficial Owner, as set forth in Section 3.09;

(iii) to the extent that the provisions of this Section 3.06 conflict with any other provisions of this Agreement, the provisions of this Section 3.06 shall control; and

(iv) except as set forth in the proviso of clause (ii) of this Section 3.06, the rights of the Beneficial Owners shall be exercised only through the Depositary and shall be limited to those established by law and agreements between such Beneficial Owners and the Depositary or the Depositary Participants. The Depositary will make book-entry transfers among Depositary Participants and receive and transmit payments of Contract Adjustment Payments to such Depositary Participants.

Transfers of securities evidenced by Global Certificates shall be made through the facilities of the Depositary, and any cancellation of, or increase or decrease in the number of, such securities (including the creation of Treasury Units and the recreation of Corporate Units pursuant to Section 3.13 and Section 3.14 respectively) shall be accomplished by making appropriate annotations on the Schedule of Increases and Decreases set forth in such Global Certificate.

Section 3.07. *Notices to Holders.* Whenever a notice or other communication to the Holders is required to be given under this Agreement, the Company or the Company's agent shall give such notices and communications to the Holders and, with respect to any Units registered in the name of the Depositary or the nominee of the Depositary, the Company or the Company's agent shall, except as set forth herein, have no obligations to the Beneficial Owners.

Section 3.08. *Appointment of Successor Depositary.* If the Depositary elects to discontinue its services as securities depositary with respect to the Units, the Company may, in its sole discretion, appoint a successor Depositary with respect to the Units.

Section 3.09. *Definitive Certificates.*

If:

(i) the Depositary notifies the Company that it is unwilling or unable to continue its services as securities depositary with respect to the Units and no successor Depositary has been appointed pursuant to Section 3.08 within 90 days after such notice;

(ii) the Depositary ceases to be a "clearing agency" registered under Section 17A of the Exchange Act when the Depositary is required to be so registered to act as the Depositary and so notifies the Company, and no successor Depositary has been appointed pursuant to Section 3.08 within 90 days after such notice;

(iii) to the extent permitted by the Depositary, the Company determines in its discretion that the Global Certificates shall be exchangeable for definitive Certificates; or

(iv) a Beneficial Owner requests to exchange such Beneficial Owner's interest in the Global Certificates for definitive Certificates;

then (x) definitive Certificates shall be prepared by the Company with respect to such Units and delivered to the Purchase Contract Agent and (y) upon surrender of the Global Certificates representing the Units by the Depositary, accompanied by registration instructions (other than in the case of clause (iv) above), the Company shall cause definitive Certificates to be delivered to Beneficial Owners in accordance with instructions provided by the Depositary. The Company and the Purchase Contract Agent shall not be liable for any delay in delivery of such instructions and may conclusively rely on and shall be authorized and protected in relying on, such instructions. Each definitive Certificate so delivered shall evidence Units of the same kind and tenor as the Global Certificate so surrendered in respect thereof.

Section 3.10. *Mutilated, Destroyed, Lost and Stolen Certificates.* If any mutilated Certificate is surrendered to the Purchase Contract Agent, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, a new Certificate, evidencing the same number of Corporate Units or Treasury Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

If there shall be delivered to the Company and the Purchase Contract Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Certificate, and (ii) such security or indemnity as may be required by them to hold each of them and any agent of any of them harmless, then, in the absence of notice to the Company or the Purchase Contract Agent that such Certificate has been acquired by a protected purchaser, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver to the Holder, in lieu of any such destroyed, lost or stolen Certificate, a new Certificate, evidencing the same number of Corporate Units or Treasury Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder, and deliver to the Holder, a Certificate on or after the Business Day immediately preceding the earliest of any Early Settlement Date with respect to such lost or mutilated Certificate, any Cash Merger Early Settlement Date with respect to such lost or mutilated Certificate, the Purchase Contract Settlement Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Purchase Contract Settlement Date (including upon any Cash Settlement) or an Early Settlement Date or a Cash Merger Early Settlement Date with respect to such lost, stolen, destroyed or mutilated Certificate has occurred, deliver the shares of Common Stock issuable in respect of the Purchase Contracts forming a part of the Units evidenced by such Certificate; and

(ii) if a Termination Event, Cash Merger Early Settlement or an Early Settlement with respect to such lost or mutilated Certificate shall have occurred prior to the Purchase Contract Settlement Date or a Cash Settlement shall have occurred, transfer the Senior Notes, the Treasury Securities or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, underlying such Certificate, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article 5 hereof.

Upon the issuance of any new Certificate under this Section, the Company and the Purchase Contract Agent may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including, without limitation, the fees and expenses of the Purchase Contract Agent) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any destroyed, lost or stolen Certificate shall constitute an original additional contractual obligation of the Company and of the Holder in respect of the Units evidenced thereby, whether or not the destroyed, lost or stolen Certificate (and the Units evidenced thereby) shall be at any time enforceable by anyone, and shall be entitled to all the benefits and be subject to all the obligations of this Agreement equally and proportionately with any and all other Certificates delivered hereunder.

The provisions of this Section are exclusive and shall preclude, to the extent lawful, all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 3.11. *Persons Deemed Owners.* Prior to due presentment of a Certificate for registration of transfer, the Company and the Purchase Contract Agent, and any agent of the Company or the Purchase Contract Agent, may treat the Person in whose name such Certificate is registered as the owner of the Units evidenced thereby for purposes of (subject to any applicable record date) any payment or distribution with respect to the Applicable Ownership Interests in Senior Notes, or on the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition of such term), as applicable, payment of Contract Adjustment Payments and performance of the Purchase Contracts and for all other purposes whatsoever in connection with such Units, whether or not such payment, distribution, or performance shall be overdue and notwithstanding any notice to the contrary, and neither the Company nor the Purchase Contract Agent, nor any agent of the Company or the Purchase Contract Agent, shall be affected by notice to the contrary.

Notwithstanding the foregoing, with respect to any Global Certificate, nothing contained herein shall prevent the Company, the Purchase Contract Agent or any agent of the Company or the Purchase Contract Agent, from giving effect to any written certification, proxy or other authorization furnished by the Depositary (or its nominee), as a Holder, with respect to such Global Certificate, or impair, as between such Depositary and the related Beneficial Owner, the operation of customary practices governing the exercise of rights of the Depositary (or its nominee) as Holder of such Global Certificate. None of the Company, the Purchase Contract Agent or any agent of the Company or the Purchase Contract Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Certificate or maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 3.12. *Cancellation.* All Certificates surrendered for delivery of shares of Common Stock on or after the Purchase Contract Settlement Date or in connection with an Early Settlement or a Cash Merger Early Settlement or for delivery of the Senior Notes underlying the Applicable Ownership Interests in Senior Notes, the Applicable Ownership Interests in the Treasury Portfolio or Treasury Securities, as the case may be, after the occurrence of a Termination Event or pursuant to a Cash Settlement, an Early Settlement or a Cash Merger Early Settlement, a Collateral Substitution, or upon the registration of transfer or exchange of a Unit, shall, if surrendered to any Person other than the Purchase Contract Agent, be delivered to the Purchase Contract Agent along with appropriate

written instructions regarding the cancellation thereof and, if not already cancelled, shall be promptly cancelled by it. The Company may at any time deliver to the Purchase Contract Agent for cancellation any Certificates previously authenticated, executed and delivered hereunder that the Company may have acquired in any manner whatsoever, and all Certificates so delivered shall, upon an Issuer Order, be promptly cancelled by the Purchase Contract Agent. No Certificates shall be authenticated, executed on behalf of the Holder and delivered in lieu of or in exchange for any Certificates cancelled as provided in this Section 3.12, except as expressly permitted by this Agreement. All cancelled Certificates held by the Purchase Contract Agent shall be disposed of in accordance with its customary practices.

If the Company or any Affiliate of the Company shall acquire any Certificate, such acquisition shall not operate as a cancellation of such Certificate unless and until such Certificate is delivered to the Purchase Contract Agent cancelled or for cancellation.

Section 3.13. *Creation of Treasury Units by Substitution of Treasury Securities.* (a) Unless Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, and subject to the conditions set forth in this Agreement, a Holder of Corporate Units may, at any time from and after the date of this Agreement and prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, effect a Collateral Substitution and separate the Senior Notes underlying Applicable Ownership Interests in Senior Notes in respect of such Holder's Corporate Units by substituting for such Applicable Ownership Interests in Senior Notes, Treasury Securities in an aggregate principal amount at maturity equal to the aggregate principal amount of the Senior Notes underlying the Applicable Ownership Interests in Senior Notes; *provided* that Holders may make Collateral Substitutions only in integral multiples of 40 Corporate Units. To effect such substitution, the Holder must:

(1) Transfer to the Securities Intermediary, for credit to the Collateral Account, Treasury Securities or security entitlements with respect thereto having a Value equal to the aggregate principal amount of the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes for which such Collateral Substitution is made; and

(2) Transfer the related Corporate Units to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C hereto, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit G hereto.

Upon confirmation that the Treasury Securities described in clause (1) above or security entitlements with respect thereto have been credited to the Collateral Account and receipt of the instruction to the Collateral Agent described in clause (2) above, the Collateral Agent shall release such Pledged Applicable Ownership Interests in Senior Notes from the Pledge and instruct the Securities Intermediary by a notice, substantially in the form of Exhibit H hereto, to Transfer the Senior Notes underlying such Pledged Applicable

Ownership Interests in Senior Notes to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

Upon credit to the Collateral Account of Treasury Securities or security entitlements with respect thereto delivered by a Holder of Corporate Units and receipt of the related instruction from the Collateral Agent, the Securities Intermediary shall promptly Transfer the Senior Notes underlying the appropriate Pledged Applicable Ownership Interests in Senior Notes to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

Upon receipt of the Senior Notes underlying such Pledged Applicable Ownership Interests in Senior Notes, the Purchase Contract Agent shall promptly:

(i) cancel the related Corporate Units;

(ii) Transfer the Senior Notes to the Holder; and

(iii) deliver Treasury Units in book-entry form, or if applicable, authenticate, execute on behalf of such Holder and deliver Treasury Units in the form of a Treasury Units Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Purchase Contracts as were evidenced by the cancelled Corporate Units.

Holders who elect to separate the Senior Notes by substituting Treasury Securities for Applicable Ownership Interest in Senior Notes shall be responsible for any fees or expenses, (including, without limitation, fees and expenses payable to the Collateral Agent), in respect of the substitution, and neither the Company nor the Purchase Contract Agent shall be responsible for any such fees or expenses.

(b) If Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, and subject to the conditions set forth in this Agreement, a Holder of Corporate Units may, at any time from and after the date of this Agreement and prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, substitute Treasury Securities for the Pledged Applicable Ownership Interests in the Treasury Portfolio included in such Corporate Units, but only in integral multiples of [•] Corporate Units. In such an event, the Holder shall Transfer Treasury Securities having an aggregate principal amount at maturity equal to equal to the aggregate Stated Amount of the Purchase Contracts constituting a part of the Corporate Units for which Collateral Substitution is being made to the Securities Intermediary, for credit to the Collateral Account, and the Purchase Contract Agent, Collateral Agent and Securities Intermediary shall effect a Collateral Substitution for the appropriate Pledged Applicable Ownership Interests in the Treasury Portfolio in the manner set forth in clause (a) above.

(c) In the event a Holder making a Collateral Substitution pursuant to this Section 3.13 fails to effect a book-entry transfer of the Corporate Units or fails to deliver Corporate Units Certificates to the Purchase Contract Agent after depositing Treasury Securities with the Securities Intermediary, any distributions on the Senior Notes underlying the Applicable Ownership Interests in Senior Notes, or with respect to the Applicable Ownership Interests in the Treasury Portfolio, in each case constituting a part of such Corporate Units, shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until such Corporate Units are so transferred or the Corporate Units Certificate is so delivered, as the case may be, or such Holder provides evidence satisfactory to the Company and the Purchase Contract Agent that such Corporate Units Certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the Purchase Contract Agent and the Company.

(d) Except as described in Section 5.02 or in this Section 3.13 or in connection with a Cash Settlement, an Early Settlement, a Cash Merger Early Settlement or a Termination Event, for so long as the Purchase Contract underlying a Corporate Unit remains in effect, such Corporate Units shall not be separable into its constituent parts, and the rights and obligations of the Holder in respect of the Applicable Ownership Interests in Senior Notes or Applicable Ownership Interests in the Treasury Portfolio, as the case may be, and the Purchase Contract comprising such Corporate Units may be acquired, and may be transferred and exchanged, only as a Corporate Unit.

Section 3.14. *Recreation of Corporate Units.* (a) Unless Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, and subject to the conditions set forth in this Agreement, a Holder of Treasury Units may recreate Corporate Units at any time from and after the date of this Agreement and prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date; *provided* that Holders of Treasury Units may only recreate Corporate Units in integral multiples of 40 Treasury Units. To recreate Corporate Units, the Holder must:

(1) Transfer to the Securities Intermediary for credit to the Collateral Account Senior Notes or security entitlements with respect thereto having an aggregate principal amount equal to the Value of the Pledged Treasury Securities to be released; and

(2) Transfer the related Treasury Units to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C hereto, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit I hereto.

Upon confirmation that the Senior Notes described in clause (1) above or security entitlements with respect thereto has been credited to the Collateral Account and receipt of the instruction from the Purchase Contract Agent described in clause (2) above, the Collateral Agent shall release such Pledged Treasury Securities from the Pledge and shall instruct the Securities Intermediary by a notice, substantially in the form of Exhibit J hereto, to Transfer such Pledged Treasury Securities to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

Upon credit to the Collateral Account of Senior Notes or security entitlements with respect thereto delivered by a Holder of Treasury Units and receipt of the related

instruction from the Collateral Agent, the Securities Intermediary shall promptly Transfer the Pledged Treasury Securities to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

Upon receipt of such Treasury Securities, the Purchase Contract Agent shall promptly:

(i) cancel the related Treasury Units;

(ii) Transfer the Treasury Securities to the Holder; and

(iii) deliver Corporate Units in book-entry form or, if applicable, authenticate, execute on behalf of such Holder and deliver Corporate Units in the form of a Corporate Units Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Purchase Contracts as were evidenced by the cancelled Treasury Units.

Holders who elect to recreate Corporate Units shall be responsible for any fees or expenses, (including, without limitation, fees and expenses payable to the Collateral Agent), in respect of the recreation, and neither the Company nor the Purchase Contract Agent shall be responsible for any such fees or expenses.

(b) If Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units and subject to the conditions set forth in this Agreement, a Holder of Treasury Units may at any time from and after the date of this Agreement and prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date substitute the Pledged Applicable Ownership Interests in the Treasury Portfolio for Treasury Securities included in such Treasury Units, but only in multiples of [•] Treasury Units. In such an event, the Holder shall Transfer Applicable Ownership Interests in the Treasury Portfolio having a Value equal to the aggregate Value of the Treasury Securities for which substitution is being made to the Securities Intermediary, for credit to the Collateral Account, and the Purchase Contract Agent, Collateral Agent and Securities Intermediary shall effect a Collateral Substitution and release the Pledged Applicable Ownership Interests in the Treasury Portfolio from the Pledge in the manner set forth in clause (a) above.

(c) Except as provided in Section 5.02 or in this Section 3.14 or in connection with a Cash Settlement, an Early Settlement, a Cash Merger Early Settlement or a Termination Event, for so long as the Purchase Contract underlying a Treasury Unit remains in effect, such Treasury Unit shall not be separable into its constituent parts and the rights and obligations of the Holder of such Treasury Unit in respect of the interest in the Treasury Security and the Purchase Contract comprising such Treasury Unit may be acquired, and may be transferred and exchanged, only as a Treasury Unit.

Section 3.15. *Transfer of Collateral Upon Occurrence of Termination Event.* (a) Upon receipt by the Collateral Agent of written notice pursuant to Section 5.06 hereof from the Company or the Purchase Contract Agent that a Termination Event has occurred,

the Collateral Agent shall release all Collateral from the Pledge and shall promptly instruct the Securities Intermediary to Transfer:

(i) any Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or security entitlements with respect thereto or Pledged Applicable Ownership Interests in the Treasury Portfolio;

(ii) any Pledged Treasury Securities;

(iii) any payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.02 hereof; and

(iv) any Proceeds and all other payments the Collateral Agent receives in respect of the foregoing,

to the Purchase Contract Agent for the benefit of the Holders for distribution to such Holders, in accordance with their respective interests, free and clear of the Pledge created hereby; *provided*, *however*, if any Holder or Beneficial Owner shall be entitled to receive Senior Notes in an aggregate principal amount of less than $1,000, or greater than $1,000 but not in an integral multiple of $1,000, the Purchase Contract Agent shall request, on behalf of such Holder or Beneficial Owner, pursuant to Section 2.03 of the Supplemental Indenture that the Company issue Senior Notes in denominations of $25, or integral multiples thereof, in exchange for Senior Notes in denominations of $1,000 or integral multiples thereof; and *provided further*, if any Holder shall be entitled to receive less than $1,000 with respect to its Pledged Applicable Ownership Interests in the Treasury Portfolio, the Purchase Contract Agent shall have the right (but not the obligation) to dispose of such interest for cash and deliver to such Holder cash in lieu of delivering the Pledged Applicable Ownership Interests in the Treasury Portfolio.

(b) Notwithstanding anything to the contrary in clause (a) of this Section 3.15, if such Termination Event shall result from the Company's becoming a debtor under the Bankruptcy Code, and if the Collateral Agent shall for any reason fail promptly to effectuate the release and Transfer of all Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, Pledged Applicable Ownership Interests in the Treasury Portfolio, Pledged Treasury Securities and payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.02 and Proceeds and all other payments received by the Collateral Agent in respect of the foregoing, as the case may be, as provided by this Section 3.15, the Purchase Contract Agent shall use its best efforts to obtain an opinion of a nationally recognized law firm to the effect that, notwithstanding the Company's being the debtor in such a bankruptcy case, the Collateral Agent will not be prohibited from releasing or Transferring the Collateral as provided in this Section 3.15, and shall deliver or cause to be delivered such opinion to the Collateral Agent within ten days after the occurrence of such Termination Event, and if (A) the Purchase Contract Agent shall be unable to obtain such opinion within ten days after the occurrence of such Termination Event or (B) the Collateral Agent shall continue, after delivery of such opinion, to refuse to effectuate the release and Transfer of all Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, Pledged Applicable Ownership Interests in the Treasury Portfolio, Pledged Treasury Securities and the payments by

Holders (or the Permitted Investments of such payments) pursuant to Section 5.02 hereof and Proceeds and all other payments received by the Collateral Agent in respect of the foregoing, as the case may be, as provided in this Section 3.15, then the Purchase Contract Agent shall within fifteen days after the occurrence of such Termination Event commence an action or proceeding in the court having jurisdiction of the Company's case under the Bankruptcy Code seeking an order requiring the Collateral Agent to effectuate the release and transfer of all Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, Pledged Applicable Ownership Interest in the Treasury Portfolio, Pledged Treasury Securities and the payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.02 hereof and Proceeds and all other payments received by the Collateral Agent in respect of the foregoing, or as the case may be, as provided by this Section 3.15.

(c) Upon the occurrence of a Termination Event and the Transfer to the Purchase Contract Agent of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the appropriate Pledged Applicable Ownership Interests in the Treasury Portfolio or the Pledged Treasury Securities, as the case may be, pursuant to Section 3.15, the Purchase Contract Agent shall request transfer instructions with respect to such Senior Notes, Applicable Ownership Interests in the Treasury Portfolio or Pledged Treasury Securities, as the case may be, from each Holder by written request, substantially in the form of Exhibit D hereto, mailed to such Holder at its address as it appears in the Security Register.

(d) Upon book-entry transfer of the Corporate Units or the Treasury Units or delivery of a Corporate Units Certificate or Treasury Units Certificate to the Purchase Contract Agent with such transfer instructions, the Purchase Contract Agent shall transfer the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the Pledged Applicable Ownership Interests in the Treasury Portfolio or Pledged Treasury Securities, as the case may be, underlying such Corporate Units or Treasury Units, as the case may be, to such Holder by book-entry transfer, or other appropriate procedures, in accordance with such instructions and, in the case of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, in accordance with the terms of the Supplemental Indenture. In the event a Holder of Corporate Units or Treasury Units fails to effect such transfer or delivery, the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the Pledged Applicable Ownership Interests in the Treasury Portfolio or Pledged Treasury Securities, as the case may be, underlying such Corporate Units of Treasury Units, as the case may be, and any distributions thereon, shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until the earlier to occur of:

(i) the transfer of such Corporate Units or Treasury Units or surrender of the Corporate Units Certificate or Treasury Units Certificate or the receipt by the Company and the Purchase Contract Agent from such Holder of satisfactory evidence that such Corporate Units Certificate or Treasury Units Certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the Purchase Contract Agent and the Company; and

(ii) the expiration of the time period specified by the applicable law governing abandoned property in the state in which the Purchase Contract Agent holds such property.

Section 3.16. *No Consent to Assumption.* Each Holder of a Unit, by acceptance thereof, shall be deemed expressly to have withheld any consent to the assumption under Section 365 of the Bankruptcy Code or otherwise, of the Purchase Contract by the Company or its trustee, receiver, liquidator or a person or entity performing similar functions in the event that the Company becomes a debtor under the Bankruptcy Code or subject to other similar state or Federal law providing for reorganization or liquidation.

Section 3.17. *Substitutions.* Whenever a Holder has the right to substitute Treasury Securities, Senior Notes underlying Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as defined in clause (i) of the definition of such term), as the case may be, or security entitlements for any of them for financial assets held in the Collateral Account, such substitution shall not constitute a novation of the security interest created hereby.

ARTICLE 4
THE SENIOR NOTES

Section 4.01. *Interest Payments; Rights to Interest Payments Preserved.* (a) The Collateral Agent (if the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes are in the name of the Collateral Agent) shall transfer all income and distributions received by it on account of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the Pledged Applicable Ownership Interests in the Treasury Portfolio or Permitted Investments from time to time held in the Collateral Account (ABA No. [•], Global Plus A/C No. [•], Re: Genworth Financial, Inc.) to the Purchase Contract Agent for distribution to the applicable Holders as provided in this Agreement and the Purchase Contracts.

(b) Any payment on any Senior Note underlying Applicable Ownership Interests in Senior Notes or any distribution on any Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition of such term), as the case may be, which is paid on any Payment Date shall, subject to receipt thereof by the Purchase Contract Agent from the Company or from the Collateral Agent as provided in Section 4.01(a) above, be paid to the Person in whose name the Corporate Units Certificate (or one or more Predecessor Corporate Units Certificates) of which such Applicable Ownership Interest in Senior Notes or Applicable Ownership Interests in the Treasury Portfolio, as the case may be, forms a part is registered at the close of business on the Record Date for such Payment Date.

(c) Each Corporate Units Certificate evidencing Applicable Ownership Interests in Senior Notes or Applicable Ownership Interests in the Treasury Portfolio delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of any other Corporate Units Certificate shall carry the right to accrued and unpaid interest or distributions, and to accrued interest or distributions, which were carried by Applicable

Ownership Interests in Senior Notes or Applicable Ownership Interests in the Treasury Portfolio underlying such other Corporate Units Certificate.

(d) In the case of any Corporate Unit with respect to which (1) Cash Settlement of the underlying Purchase Contract is properly effected pursuant to Section 5.02(a) hereof, (2) Early Settlement of the underlying Purchase Contract is properly effected pursuant to Section 5.07 hereof, (3) Cash Merger Early Settlement of the underlying Purchase Contract is properly effected pursuant to Section 5.04(b)(ii) hereof (4) a Collateral Substitution is properly effected pursuant to Section 3.13, in each case on a date that is after any Record Date and prior to or on the next succeeding Payment Date, interest in respect of the Senior Notes underlying Applicable Ownership Interests in Senior Notes or distributions on Applicable Ownership Interests in the Treasury Portfolio, as the case may be, underlying such Corporate Unit otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Cash Settlement, Early Settlement, Cash Merger Early Settlement or Collateral Substitution, and such payment or distributions shall, subject to receipt thereof by the Purchase Contract Agent, be payable to the Person in whose name the Corporate Units Certificate (or one or more Predecessor Corporate Units Certificates) was registered at the close of business on the Record Date.

(e) Except as otherwise expressly provided in Section 4.01(d) hereof, in the case of any Corporate Unit with respect to which Cash Settlement, Early Settlement or Cash Merger Early Settlement of the component Purchase Contract is properly effected, or with respect to which a Collateral Substitution has been effected, payments attributable to the Senior Notes underlying Applicable Ownership Interests in Senior Notes or distributions on Applicable Ownership Interests in the Treasury Portfolio, as the case may be, that would otherwise be payable or made after the Purchase Contract Settlement Date, Early Settlement Date, Cash Merger Early Settlement Date or the date of the Collateral Substitution, as the case may be, shall not be payable hereunder to the Holder of such Corporate Units; *provided*, however, that to the extent that such Holder continues to hold Separate Senior Notes or Applicable Ownership Interests in the Treasury Portfolio that formerly comprised a part of such Holder's Corporate Units, such Holder shall be entitled to receive interest on such Separate Senior Notes or distributions on such Applicable Ownership Interests in the Treasury Portfolio.

Section 4.02. *Payments Prior to or on Purchase Contract Settlement Date.* (a) Subject to the provisions of Section 5.02(a), Section 5.04(b)(ii) and Section 5.07, and except as provided in Section 4.02(b) below, if no Termination Event shall have occurred, all payments received by the Securities Intermediary in respect of (1) the principal amount of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, (2) the Pledged Applicable Ownership Interests in the Treasury Portfolio and (3) the Pledged Treasury Securities, shall be credited to the Collateral Account, to be invested in Permitted Investments until the Purchase Contract Settlement Date, and transferred to the Company on the Purchase Contract Settlement Date as provided in Section 5.02 hereof. Any balance remaining in the Collateral Account shall be released from the Pledge and transferred to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests, free and clear of the Pledge created hereby. The Company shall instruct the Collateral Agent in writing as to the specific Permitted Investments in which any payments made under this Section 4.02

shall be invested, *provided*, *however*, that if the Company fails to deliver such instructions by 10:30 a.m. (New York City time) on the day such payments are received by the Securities Intermediary, the Collateral Agent shall instruct the Securities Intermediary to invest such payments in the Permitted Investments described in clause (6) of the definition of Permitted Investments. In no event shall the Collateral Agent be liable for the selection of Permitted Investments or for investment losses incurred thereon. The Collateral Agent shall have no liability in respect of losses incurred as a result of the failure of the Company to provide timely written investment direction.

(b) All payments received by the Securities Intermediary in respect of (1) the Senior Notes, (2) the Applicable Ownership Interests in the Treasury Portfolio and (3) the Treasury Securities or security entitlements with respect thereto, that, in each case, have been released from the Pledge pursuant hereto shall be transferred to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests.

Section 4.03. *Notice and Voting.* (a) Subject to Section 4.03(b) hereof, the Purchase Contract Agent may exercise, or refrain from exercising, any and all voting and other consensual rights pertaining to the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or any part thereof for any purpose not inconsistent with the terms of this Agreement; *provided* that the Purchase Contract Agent shall not exercise or shall not refrain from exercising such right, as the case may be, if, in the judgment of the Purchase Contract Agent, such action would impair or otherwise have a material adverse effect on the value of all or any of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes; and *provided further* that the Purchase Contract Agent shall give the Company and the Collateral Agent at least five Business Days' prior written notice of the manner in which it intends to exercise, or its reasons for refraining from exercising, any such right. Upon receipt of any notices and other communications in respect of any Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, including either notice of any meeting at which holders of the Senior Notes are entitled to vote or the solicitation of consents, waivers or proxies of holders of the Senior Notes, the Collateral Agent shall use reasonable efforts to send promptly to the Purchase Contract Agent such notice or communication, and as soon as reasonably practicable after receipt of a written request therefor from the Purchase Contract Agent, to execute and deliver to the Purchase Contract Agent such proxies and other instruments in respect of such Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes (in form and substance satisfactory to the Collateral Agent) as are prepared by the Company and delivered to the Purchase Contract Agent with respect to the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes.

(b) Upon receipt of notice of any meeting at which holders of Senior Notes are entitled to vote or upon any solicitation of consents, waivers or proxies of holders of Senior Notes, the Purchase Contract Agent shall, as soon as practicable thereafter, mail, first class, postage pre-paid, to the Holders of Corporate Units a notice:

(i) containing such information as is contained in the notice or solicitation;

(ii) stating that each Holder on the record date set by the Purchase Contract Agent therefor (which, to the extent possible, shall be the same date as the record date set by the Company for determining the holders of Senior Notes entitled to vote) shall be entitled to instruct the Purchase Contract Agent as to the exercise of the voting rights pertaining to the Senior Notes underlying the Applicable Ownership Interests in Senior Notes that are a component of their Corporate Units; and

(iii) stating the manner in which such instructions may be given.

Upon the written request of the Holders of Corporate Units on such record date received by the Purchase Contract Agent at least six days prior to such meeting, the Purchase Contract Agent shall endeavor insofar as practicable to vote or cause to be voted, in accordance with the instructions set forth in such requests, the maximum aggregate principal amount of Senior Notes (rounded down to the nearest integral multiple of $1,000) as to which any particular voting instructions are received. In the absence of specific instructions from the Holder of Corporate Units, the Purchase Contract Agent shall abstain from voting the Senior Notes underlying Applicable Ownership Interests in Senior Notes that are a component of such Corporate Units. The Company hereby agrees, if applicable, to solicit Holders of Corporate Units to timely instruct the Purchase Contract Agent as to the exercise of such voting rights in order to enable the Purchase Contract Agent to vote such Senior Notes.

(c) The Holders of Corporate Units and the Holders of Treasury Units shall have no voting or other rights in respect of Common Stock.

Section 4.04. *Special Event Redemption.*

(a) If the Company elects to redeem the Senior Notes following the occurrence of a Special Event as permitted by the Indenture, it shall notify the Collateral Agent in writing that a Special Event has occurred and that it intends to redeem the Senior Notes on the Special Event Redemption Date. Upon the occurrence of such Special Event Redemption while Senior Notes are still credited to the Collateral Account, the Collateral Agent shall, and is hereby authorized to, instruct the Securities Intermediary to present the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes for payment as may be required by their respective terms and to direct the Indenture Trustee to remit the Redemption Price to the Securities Intermediary for credit to the Collateral Account, on or prior to 12:30 p.m., New York City time, on such Special Event Redemption Date, by federal funds check or wire transfer of immediately available funds. Upon receipt of such funds by the Securities Intermediary and the credit thereof to the Collateral Account, the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes shall be released from the Collateral Account and promptly transferred to the Company. Upon the crediting of such funds to the Collateral Account, the Collateral Agent, at the written direction of the Company, shall instruct the Securities Intermediary to (i) apply an amount equal to the Redemption Amount of such funds to purchase the Treasury Portfolio from the Quotation Agent, (ii) credit to the Collateral Account the Applicable Ownership Interests in the Treasury Portfolio and (iii) promptly remit the

remaining portion of such funds to the Purchase Contract Agent for payment to the Holders of Corporate Units, in accordance with their respective interests.

(b) Upon the occurrence of a Special Event Redemption, (i) the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) will be substituted as Collateral for the Pledged Applicable Ownership Interests in Senior Notes and will be held by the Collateral Agent in accordance with the terms hereof to secure the Obligation of each Holder of Corporate Units, (ii) the Holders of Corporate Units and the Collateral Agent shall have such rights and obligations, and the Collateral Agent shall have such security interest, with respect to such Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) as the Holders of Corporate Units and the Collateral Agent had in respect of the Pledged Applicable Ownership Interests in Senior Notes, subject to the Pledge thereof, and (iii) any reference in this Agreement to Applicable Ownership Interests in Senior Notes shall be deemed to be a reference to such Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term). The Company may cause to be made in any Corporate Units Certificates thereafter to be issued such change in phraseology and form (but not in substance) as may be appropriate to reflect the substitution of the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) for Applicable Ownership Interests in Senior Notes as Collateral.

Section 4.05. *Payments to Purchase Contract Agent.* The Securities Intermediary shall use commercially reasonable efforts to deliver any payments required to be made by it to the Purchase Contract Agent hereunder to the account designated by the Purchase Contract Agent for such purpose not later than 12:00 p.m. (New York City time) on the Business Day such payment is received by the Securities Intermediary; *provided*, *however*, that if such payment is received on a day that is not a Business Day or after 11:00 a.m. (New York City time) on a Business Day, then the Securities Intermediary shall use commercially reasonable efforts to deliver such payment to the Purchase Contract Agent no later than 10:30 a.m. (New York City time) on the next succeeding Business Day.

Section 4.06. *Payments Held in Trust.* If the Purchase Contract Agent or any Holder shall receive any payments on account of financial assets credited to the Collateral Account (other than interest on the Senior Notes or distributions on the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition thereof)) and not released therefrom in accordance with this Agreement, the Purchase Contract Agent or such Holder shall hold such payments as trustee of an express trust for the benefit of the Company and, upon receipt of an Officers' Certificate of the Company so directing, promptly deliver such payments to the Securities Intermediary for credit to the Collateral Account or to the Company for application to the Obligations of the applicable Holder or Holders, and the Purchase Contract Agent and Holders shall acquire no right, title or interest in any such payments of principal amounts so received. The Purchase Contract Agent shall have no liability under this Section 4.06 unless and until it has been notified in writing that such payment was delivered to it erroneously and shall have no liability for any action taken, suffered or omitted to be taken prior to its receipt of such notice.

ARTICLE 5
THE PURCHASE CONTRACTS

Section 5.01. *Purchase of Shares of Common Stock.* (a) Each Purchase Contract shall obligate the Holder of the related Unit to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount (the "**Purchase Price**"), a number of newly issued shares of Common Stock (subject to Section 5.08) equal to the Settlement Rate unless an Early Settlement, a Cash Merger Early Settlement or a Termination Event with respect to the Units of which such Purchase Contract is a part shall have occurred. The "**Settlement Rate**" is equal to:

(i) If the Applicable Market Value is greater than or equal to $[•] (the "**Threshold Appreciation Price**"), [•] shares of Common Stock per Purchase Contract (the "**Minimum Settlement Rate**");

(ii) if the Applicable Market Value is less than the Threshold Appreciation Price but greater than $[•] (the "**Reference Price**"), the number of shares of Common Stock per Purchase Contract having a value (based on the Applicable Market Value) equal to the Stated Amount;

(iii) if the Applicable Market Value is less than or equal to the Reference Price, [•] shares of Common Stock per Purchase Contract (the "**Maximum Settlement Rate**");

in each case subject to adjustment as provided in Section 5.04 (and in each case rounded upward or downward to the nearest 1/10,000th of a share).

The "**Applicable Market Value**" means the average of the Closing Price per share of Common Stock on each of the 20 consecutive Trading Days ending on the third Trading Day immediately preceding the Purchase Contract Settlement Date, subject to adjustment as set forth under Section 5.04 hereof.

The "**Closing Price**" per share of Common Stock on any date of determination means:

(i) the closing sale price as of the close of the principal trading session (or, if no closing price is reported, the last reported sale price) per share on the New York Stock Exchange, Inc. (the "**NYSE**") on such date; or

(ii) if the Common Stock is not listed for trading on the NYSE on any such date, the closing sale price (or, if no closing price is reported, the last reported sale price) per share as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is so listed; or

(iii) if the Common Stock is not so listed on a United States national or regional securities exchange, the closing sale price (or, if no closing price is reported, the last reported sale price) per share as reported by The Nasdaq National Market; or

(iv) if the Common Stock is not so reported by the Nasdaq National Market, the last quoted bid price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization; or

(v) if the bid price referred to in clause (iv) above is not available, the average of the mid-point of the last bid and ask prices of the Common Stock on such date from at least three nationally recognized independent investment banking firms retained by the Company for purposes of determining the Closing Price.

A "**Trading Day**" means a day on which the Common Stock (i) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (ii) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

(b) Each Holder of a Corporate Unit or a Treasury Unit, by its acceptance of such Unit:

(i) irrevocably authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contract on its behalf as its attorney-in-fact (including, without limitation, the execution of Certificates on behalf of such Holder);

(ii) agrees to be bound by the terms and provisions of such Unit, including but not limited to the terms and provisions of the Purchase Contract;

(iii) covenants and agrees to perform its obligations under such Purchase Contract for so long as such Holder remains a Holder of a Corporate Unit or a Treasury Unit;

(iv) consents to the provisions hereof;

(v) irrevocably authorizes the Purchase Contract Agent to enter into and perform this Agreement on its behalf and in its name as its attorney-in-fact;

(vi) consents to, and agrees to be bound by, the Pledge of such Holder's right, title and interest in and to the Collateral, including the Applicable Ownership Interests in Senior Notes and the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) or the Treasury Securities pursuant to this Agreement, and the delivery of the Senior Notes underlying such Applicable Ownership Interests in Senior Notes by the Purchase Contract Agent to the Collateral Agent; and

(vii) for United States federal, state and local income and franchise tax purposes, agrees to (A) treat its acquisition of the Corporate Units as an acquisition of the Applicable Ownership Interest in Senior Notes and Purchase Contract constituting the Corporate Units, (B) treat the Applicable Ownership Interest in Senior Notes as indebtedness of the Company and (C) treat itself as the owner of

the applicable interests in the Collateral, including the Senior Notes underlying the Applicable Ownership Interests in Senior Notes, the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) or the Treasury Securities, as applicable;

provided that upon a Termination Event, the rights of the Holder of such Units under the Purchase Contract may be enforced without regard to any other rights or obligations.

(c) Each Holder of a Corporate Unit or a Treasury Unit, by its acceptance thereof, further covenants and agrees that to the extent and in the manner provided in Section 5.02 hereof, but subject to the terms thereof, on the Purchase Contract Settlement Date, Proceeds of the Pledged Applicable Ownership Interests in Senior Notes, the Pledged Applicable Ownership Interests in the Treasury Portfolio or the Pledged Treasury Securities, as applicable, equal to the Purchase Price shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Purchase Contract and such Holder shall acquire no right, title or interest in such Proceeds.

(d) Upon registration of transfer of a Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee) by the terms of this Agreement and the Purchase Contracts underlying such Certificate and the transferor shall be released from the obligations under this Agreement and the Purchase Contracts underlying the Certificate so transferred. The Company covenants and agrees, and each Holder of a Certificate, by its acceptance thereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

Section 5.02. *Cash Settlement; Remarketing; Payment of Purchase Price.*

(a) *Cash Settlement.* (i) Unless (1) a Termination Event has occurred, (2) a Holder effects an Early Settlement or a Cash Merger Early Settlement of the underlying Purchase Contract or (3) a Special Event Redemption has occurred prior to the seventh Business Day immediately preceding the Purchase Contract Settlement Date, each Holder of Corporate Units shall have the right to satisfy such Holder's Obligations on the Purchase Contract Settlement Date in cash. Each Holder of Corporate Units who intends to pay in cash to satisfy such Holder's Obligations under the Purchase Contract on the Purchase Contract Settlement Date shall notify the Purchase Contract Agent by use of a notice in substantially the form of Exhibit E hereto of his intention to pay in cash (a "**Cash Settlement**") the Purchase Price for the Common Stock to be purchased pursuant to the related Purchase Contract. Such notice shall be given prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date. Corporate Units Holders may only effect such a Cash Settlement pursuant to this Section 5.02(a) in integral multiples of 40 Corporate Units.

(ii) A Holder of a Corporate Unit who has so notified the Purchase Contract Agent of his intention to effect a Cash Settlement in accordance with Section 5.02(a)(i) above shall pay the Purchase Price to the Securities Intermediary for deposit in the Collateral Account prior to 5:00 p.m. (New York City time) on the sixth Business Day immediately preceding the Purchase Contract Settlement Date, in lawful money of the United States by certified or cashiers check or wire

transfer in immediately available funds payable to or upon the order of the Securities Intermediary.

(iii) If a Holder of a Corporate Unit fails to notify the Purchase Contract Agent of its intention to make a Cash Settlement in accordance with Section 5.02(a)(i), or does notify the Purchase Contract Agent as provided in Section 5.02(a)(i) of its intention to pay the Purchase Price in cash, but fails to make such payment as required by Section 5.02(a)(ii), such Holder shall be deemed to have consented to the disposition of the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes pursuant to each Remarketing as described in Section 5.02(b) below.

(iv) Promptly after 5:00 p.m. (New York City time) on the sixth Business Day preceding the Purchase Contract Settlement Date, the Purchase Contract Agent, based on notices received by the Purchase Contract Agent pursuant to Section 5.02(a)(i) hereof and notice from the Securities Intermediary regarding cash received by it prior to such time, shall notify the Collateral Agent of the aggregate number of Senior Notes to be remarketed in each Remarketing in a notice substantially in the form of Exhibit K hereto.

(v) Upon (1) receipt by the Collateral Agent of a notice from the Purchase Contract Agent promptly after the receipt by the Purchase Contract Agent of a notice from a Holder of Corporate Units that such Holder has elected, in accordance with Section 5.02(a)(i) to effect a Cash Settlement and (2) the payment by such Holder of the Purchase Price in accordance with Section 5.02(a)(ii) above then the Collateral Agent shall:

(A) instruct the Securities Intermediary promptly to invest any such Cash in Permitted Investments consistent with the instructions of the Company as provided for below in this Section 5.02(a)(v);

(B) release from the Pledge the Senior Notes underlying the Applicable Ownership Interest in Senior Notes related to the Corporate Units as to which such Holder has effected a Cash Settlement; and

(C) instruct the Securities Intermediary to Transfer all such Senior Notes to the Purchase Contract Agent for distribution to such Holder, in each case free and clear of the Pledge created hereby, whereupon the Purchase Contract Agent shall Transfer such Senior Notes in accordance with written instructions provided by the Holder thereof or, if no such instructions are given to the Purchase Contract Agent by the Holder, the Purchase Contract Agent shall hold such Senior Notes, and any interest payment thereon, in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder until the expiration of the time period specified in the relevant abandoned property laws of the state where such Senior Notes and interest payments thereon, if any, are held.

The Company shall instruct the Collateral Agent in writing as to the type of Permitted Investments in which any such Cash shall be invested;*provided*, however, that if the Company fails to deliver such written instructions by 10:30 a.m. (New York City time) on the day such Cash is received by the Collateral Agent or to be reinvested by the Securities Intermediary, the Collateral Agent shall instruct the Securities Intermediary to invest such Cash in the Permitted Investments described in clause (6) of the definition of Permitted Investments. In no event shall the Collateral Agent or Securities Intermediary be liable for the selection of Permitted Investments or for investment losses incurred thereon. The Collateral Agent and Securities Intermediary shall have no liability in respect of losses incurred as a result of the failure of the Company to provide timely written investment direction.

Upon maturity of the Permitted Investments on the Purchase Contract Settlement Date, the Collateral Agent shall, and is hereby authorized to, (A) instruct the Securities Intermediary to remit to the Company on the Purchase Contract Settlement Date such portion of the proceeds of such Permitted Investments as is equal to the aggregate Purchase Price under all Purchase Contracts in respect of which Cash Settlement has been affected as provided in this Section 5.02 to the Company on the Purchase Contract Settlement Date, and (B) release any amounts in excess of such amount earned from such Permitted Investments to the Purchase Contract Agent for distribution to the Holders who have effected Cash Settlement pro-rata in proportion to the amount paid by such Holders under Section 5.02(a)(ii) above.

(b) *Remarketing.* (i) Unless a Special Event Redemption or a Termination Event has occurred prior to the Initial Remarketing Date, in order to dispose of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes of any Holders of Corporate Units who have not notified the Purchase Contract Agent of their intention to effect a Cash Settlement as provided in Section 5.02(a)(i) above, or who have so notified the Purchase Contract Agent but failed to make such payment as required by Section 5.02(a)(ii) above, the Company shall engage the Remarketing Agent pursuant to the Remarketing Agreement to sell such Senior Notes. The Purchase Contract Agent, based on the notices specified pursuant to Section 5.02(a)(iv), shall notify the Remarketing Agent, promptly after 5:00 p.m. (New York City time) on the sixth Business Day immediately preceding the Purchase Contract Settlement Date, of the aggregate principal amount of Senior Notes attributable to the Pledged Applicable Ownership Interests in Senior Notes that are to be remarketed. Concurrently, the Custodial Agent, based on the notices specified in clause (ii) below of this Section 5.02(b), will present for Remarketing the Separate Senior Notes to the Remarketing Agent.

(ii) Prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, but no earlier than the Payment Date immediately preceding such date, holders of Separate Senior Notes may elect to have their Separate Senior Notes remarketed in all Remarketings under the Remarketing Agreement by delivering their Separate Senior Notes, along with a notice of such election, substantially in the form of Exhibit L attached hereto, to the Custodial Agent. After such time, such election shall become an irrevocable election to have such Separate Senior Notes remarketed in all Remarketings. The Custodial Agent shall hold the Separate

Senior Notes in an account separate from the Collateral Account in which the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes shall be held. Holders of Separate Senior Notes electing to have their Separate Senior Notes remarketed will also have the right to withdraw that election by written notice to the Custodial Agent, substantially in the form of Exhibit M hereto, on or prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, and following such notice the Custodial Agent shall return such Separate Senior notes to such holder.

(iii) Upon receipt of notice from the Purchase Contract Agent as set forth in Section 5.02(b)(i) above and receipt of the Separate Senior Notes (if any) from the Custodial Agent, the Remarketing Agent shall, on the Initial Remarketing Date, use reasonable efforts to remarket such Senior Notes and such Separate Senior Notes at a price (the "**Remarketing Price**") based on the Reset Rate equal to 100% of the aggregate principal amount of such Senior Notes and such Separate Senior Notes being remarketed, as provided in the Remarketing Agreement, for settlement on the Purchase Contract Settlement Date. If, in spite of using its reasonable efforts, the Remarketing Agent cannot remarket such Senior Notes and such Separate Senior Notes at the Remarketing Price (other than to the Company) for any reason, or the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled (in each case, a "**Failed Remarketing**") on the Initial Remarketing Date, the Remarketing Agent shall, on the Second Remarketing Date, use its reasonable efforts to remarket such Senior Notes and such Separate Senior Notes at the Remarketing Price for settlement on the Purchase Contract Settlement Date. If, in spite of the Remarketing Agent's reasonable efforts, a Failed Remarketing shall have occurred on the Second Remarketing Date, the Remarketing Agent shall, on the Final Remarketing Date, use reasonable efforts to remarket such Senior Notes and such Separate Senior Notes at the Remarketing Price for settlement on the Purchase Contract Settlement Date.

(iv) If the Remarketing Agent is able to remarket such Senior Notes and such Separate Senior Notes (if any) in any Remarketing (to parties other than the Company) in accordance with the Remarketing Agreement (a "**Successful Remarketing**"), the Collateral Agent shall:

(A) on the Purchase Contract Settlement Date, instruct the Securities Intermediary to Transfer the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes to the Remarketing Agent upon confirmation of deposit by the Remarketing Agent of the Proceeds of such Remarketing attributable to such Senior Notes in the Collateral Account; and

(B) on the Purchase Contract Settlement Date, in consultation with the Purchase Contract Agent, instruct the Securities Intermediary to remit a portion of such Proceeds equal to the aggregate principal amount of such Senior Notes to satisfy in full the Obligations of Holders of Corporate Units to pay the Purchase Price for the shares of Common Stock under the related Purchase Contracts, less the amount of any accrued and unpaid

Contract Adjustment Payments payable to such Holders, and to remit the balance of such Proceeds, if any, to the Purchase Contract Agent for distribution to Holders.

On the Purchase Contract Settlement Date, the Company shall pay the Remarketing Fee to the Remarketing Agent in accordance with the Remarketing Agreement. With respect to the remarketed Separate Senior Notes, upon a Successful Remarketing, any proceeds of the Successful Remarketing attributable to the Separate Senior Notes will be remitted to the Custodial Agent for payment on the Purchase Contract Settlement Date to the holders of Separate Senior Notes who submitted such Separate Senior Notes for remarketing pursuant hereto.

(v) Following a Failed Remarketing on the Final Remarketing Date (a "**Failed Final Remarketing**"), as of the Purchase Contract Settlement Date, each Holder of any Pledged Applicable Ownership Interests in Senior Notes, unless such Holder has delivered the Purchase Price to the Securities Intermediary for deposit in the Collateral Account prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding the Purchase Contract Settlement Date in lawful money of the United States by certified or cashiers check or wire transfer in immediately available funds payable to or upon the order of the Securities Intermediary, shall be deemed to have exercised such Holder's Put Right with respect to the Senior Notes underlying such Pledged Applicable Ownership Interests in Senior Notes and to have elected to have a portion of the Proceeds of the Put Right set-off against such Holder's obligation to pay the aggregate Purchase Price for the shares of Common Stock to be issued under the related Purchase Contracts in full satisfaction of such Holders' obligations under such Purchase Contracts. Following such set-off, each such Holder's obligations to pay the Purchase Price for the shares of Common Stock will be deemed to be satisfied in full, and the Collateral Agent shall cause the Securities Intermediary to release the Senior Notes underlying such Pledged Applicable Interests in Senior Notes from the Collateral Account and shall promptly transfer such Senior Notes to the Company. Thereafter, the Collateral Agent shall promptly remit the remaining portion of the Proceeds of the Holder's exercise of the Put Right in excess of the aggregate Purchase Price for the shares of Common Stock to be issued under such Purchase Contracts to the Purchase Contract Agent for payment to the Holder of the Corporate Units to which such Applicable Ownership Interests in Senior Notes relate.

(vi) Not later than 20 Business Days prior to the Initial Remarketing Date, the Company shall request the Depositary or its nominee to notify the Beneficial Owners or Depositary Participants holding Units and Separate Senior Notes of the procedures to be followed in each Remarketing including, in the case of a Failed Final Remarketing, the procedures that must be followed by a holder of Separate Senior Notes if such Holder wishes to exercise its Put Right or by a Holder if such Holder elects not to exercise its Put Right.

(vii) The Company agrees to use its commercially reasonable efforts to ensure that, if required by applicable law, (x) a registration statement, including a

prospectus, under the Securities Act with regard to the full amount of the Senior Notes to be remarketed in each Remarketing in each case in a form that may be used by the Remarketing Agent in connection with such Remarketing shall be effective with the Securities and Exchange Commission and (y) to make available copies of such prospectus.

(viii) The Company shall issue a press release and cause a notice of any Failed Final Remarketing to be published on its website (with a copy of such notice to be provided to the Purchase Contract Agent) before 9:00 a.m. New York City time on the Business Day immediately following such Failed Final Remarketing.

(c) In the case of a Treasury Unit or a Corporate Unit (if Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of such Corporate Unit), upon the maturity of the Pledged Treasury Securities or the appropriate Pledged Applicable Ownership Interests in the Treasury Portfolio held by the Securities Intermediary on or prior to the Business Day immediately preceding the Purchase Contract Settlement Date, the principal amount of the Treasury Securities or the appropriate Pledged Applicable Ownership Interests in the Treasury Portfolio received by the Securities Intermediary shall be invested promptly in Permitted Investments. On the Purchase Contract Settlement Date, an amount equal to the Purchase Price for all related Purchase Contracts shall be remitted to the Company as payment of such Holder's Obligations under such Purchase Contracts without receiving any instructions from the Holder. In the event the sum of the Proceeds from either the related Pledged Treasury Securities or the related Pledged Applicable Ownership Interests in the Treasury Portfolio and the Proceeds from such Permitted Investments is in excess of the aggregate Purchase Price, the Collateral Agent shall cause the Securities Intermediary to distribute such excess, when received by the Securities Intermediary, to the Purchase Contract Agent for the benefit of the Holder of the related Treasury Units or Corporate Units, as applicable.

(d) The obligations of the Holders to pay the Purchase Price are non-recourse obligations and, except to the extent satisfied by Early Settlement, Cash Merger Early Settlement or Cash Settlement or terminated upon a Termination Event, are payable solely out of the proceeds of any Collateral pledged to secure the obligations of the Holders, and in no event will Holders be liable for any deficiency between the proceeds of the disposition of Collateral and the Purchase Price.

(e) The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates thereof to the Holder of the related Units unless the Company shall have received payment for the Common Stock to be purchased thereunder in the manner herein set forth.

Section 5.03. *Issuance of Shares of Common Stock.* Unless a Termination Event, an Early Settlement or a Cash Merger Early Settlement shall have occurred, subject to Section 5.04(b), on the Purchase Contract Settlement Date upon receipt of the aggregate Purchase Price payable on all Outstanding Units in accordance with Section 5.02 above, the Company shall issue and deposit with the Purchase Contract Agent, for the benefit of the Holders of the Outstanding Units, one or more certificates representing newly issued

shares of Common Stock registered in the name of the Purchase Contract Agent (or its nominee) as custodian for the Holders (such certificates for shares of Common Stock, together with any dividends or distributions for which a record date and payment date for such dividend or distribution has occurred after the Purchase Contract Settlement Date, being hereinafter referred to as the "**Purchase Contract Settlement Fund**") to which the Holders are entitled hereunder.

Subject to the foregoing, upon surrender of a Certificate to the Purchase Contract Agent on or after the Purchase Contract Settlement Date, Early Settlement Date or Cash Merger Early Settlement Date, as the case may be, together with settlement instructions thereon duly completed and executed, the Holder of such Certificate shall be entitled to receive forthwith in exchange therefor a certificate representing that number of newly issued whole shares of Common Stock which such Holder is entitled to receive pursuant to the provisions of this Article 5 (after taking into account all Units then held by such Holder), together with cash in lieu of fractional shares as provided in Section 5.08 and any dividends or distributions with respect to such shares constituting part of the Purchase Contract Settlement Fund, but without any interest thereon, and the Certificate so surrendered shall forthwith be cancelled. Such shares shall be registered in the name of the Holder or the Holder's designee as specified in the settlement instructions provided by the Holder to the Purchase Contract Agent. If any shares of Common Stock issued in respect of a Purchase Contract are to be registered in the name of a Person other than the Person in whose name the Certificate evidencing such Purchase Contract is registered (but excluding any Depositary or nominee thereof), no such registration shall be made unless and until the Person requesting such registration has paid any transfer and other taxes (including any applicable stamp taxes) required by reason of such registration in a name other than that of the registered Holder of the Certificate evidencing such Purchase Contract or has established to the satisfaction of the Company that such tax either has been paid or is not payable.

Section 5.04. *Adjustment of each Fixed Settlement Rate.* (a) Adjustments for Dividends, Distributions, Stock Splits, Etc.

(i) In case the Company shall pay or make a dividend or other distribution on Common Stock in Common Stock, each Fixed Settlement Rate in effect at the close of business on the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be increased by multiplying each Fixed Settlement Rate by a fraction of which:

(A) the numerator shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the total number of shares constituting such dividend or other distribution; and

(B) the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase in each Fixed Settlement Rate to become effective immediately at the opening of business on the Business Day following the date fixed for such determination. For the purposes of this paragraph (i), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Company agrees that it shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(ii) In case the Company shall issue rights, warrants or options, other than pursuant to any dividend reinvestment plans or share purchase plans, to all holders of its Common Stock entitling them, for a period expiring within 45 days after the record date for the determination of shareholders entitled to receive such rights, warrants or options, to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price per share of Common Stock on the date of announcement of such issuance, each Fixed Settlement Rate in effect at the close of business on the date of such announcement shall be increased by multiplying such Fixed Settlement Rate by a fraction of which:

(A) the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date of such announcement plus the number of shares of Common Stock so offered for subscription or purchase; and

(B) the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date of such announcement plus the number of shares of Common Stock that the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase in the manner described in this Section 5.04(a)(ii) would purchase at the Current Market Price on the date of such announcement,

such increase in each Fixed Settlement Rate to become effective immediately after the opening of business on the Business Day following the date of such announcement. The Company agrees that it shall notify the Purchase Contract Agent if any issuance of such rights, warrants or options is cancelled or not completed following the announcement thereof and each Fixed Settlement Rate shall thereupon immediately be readjusted to the Fixed Settlement Rate that would then be in effect if such issuance had not been declared. For the purposes of this clause (ii), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Company agrees that it shall not issue any such rights, warrants or options in respect of shares of Common Stock held in the treasury of the Company.

(iii) In case outstanding shares of Common Stock shall be subdivided or split into a greater number of shares of Common Stock, each Fixed Settlement Rate

in effect at the close of business on the day preceding the day upon which such subdivision or split becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, each Fixed Settlement Rate in effect at the close of business on the day preceding the day upon which such combination becomes effective shall be proportionately decreased, such increase or decrease, as the case may be, to become effective immediately at the opening of business on the Business Day following the day upon which such subdivision, split or combination becomes effective.

(iv) (w) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness or assets (including shares of capital stock, securities, cash and property but excluding any rights, warrants or options referred to in Section 5.04(a)(ii) above, any dividend or distribution paid exclusively in cash and any dividend or distribution referred to in Section 5.04(a)(i) above) (any of the foregoing hereinafter in this Section 5.02(a)(iv) called the "**Distributed Property**"), each Fixed Settlement Rate in effect at the close of business on the date fixed for the determination of shareholders entitled to receive such distribution shall be adjusted by multiplying each Fixed Settlement Rate by a fraction of which:

(A) the numerator shall be such Current Market Price per share of Common Stock; and

(B) the denominator shall be the Current Market Price per share of Common Stock on the date fixed for such determination less the then fair market value of the portion of the assets or evidences of indebtedness so distributed applicable to one share of Common Stock (as determined by the Board of Directors, whose determination shall be conclusive and the basis for which shall be described in a Board Resolution),

such adjustment to each Fixed Settlement Rate to become effective at the opening of business on the Business Day following the date fixed for the determination of shareholders entitled to receive such distribution; *provided* that if the fair market value of the Distributed Property applicable to one share of Common Stock is equal to or greater than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon settlement the amount of Distributed Property such Holder would have received had such Holder settled each Purchase Contract on the date fixed for such determination as if the Purchase Contract Settlement Date were such date fixed for such determination. In any case in which this Section 5.04(a)(iv) is applicable, Section 5.04(a)(ii) shall not be applicable. In the event that such dividend or distribution is not so paid or made, each Fixed Settlement Rate shall again be adjusted to be the Fixed Settlement Rate that would then be in effect if such dividend or distribution had not been declared.

(x) Notwithstanding the foregoing, if the Distributed Property distributed by the Company to all holders of its Common Stock consist of capital stock of, or similar equity interests in, a Subsidiary or other business unit of the Company, clause (w) above shall not apply and instead each Fixed Settlement Rate shall be increased so that each Fixed Settlement Rate shall be equal to the rate determined by multiplying each such rate in effect immediately prior to the close of business on the record date with respect to such distribution by a fraction of which,

(A) the numerator shall be the sum of (A) the average of the Closing Prices of the Common Stock for the ten (10) consecutive Trading Days commencing on and including the fifth Trading Day after the date on which "ex-dividend trading" commences for such dividend or distribution on the New York Stock Exchange, the Nasdaq National Market or such other national or regional exchange or market on which such securities are then listed or quoted (the "**Ex-Dividend Date**") plus (B) the average Closing Prices of the securities distributed in respect of each share of Common Stock for the ten (10) consecutive Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date; and

(B) the denominator shall be the average of the Closing Prices of the Common Stock for the ten (10) consecutive Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date, such adjustment to each Fixed Settlement Rate to become effective immediately prior to the opening of business on the Business Day following the record date with respect to such distribution. In any case in which this paragraph (x) is applicable, Section 5.02(a)(i), Section 5.02(a)(ii) and paragraph (w) of this Section 5.02(a)(iv) shall not be applicable.

(y) Notwithstanding anything to the contrary contained in this Section 5.02(a), rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**") (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 5.04(a) (and no adjustment to each Fixed Settlement Rate under this Section 5.04(a) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to each Fixed Settlement Rate shall be made under this Section 5.02(a)(iv). In addition, in the event of any distribution of rights, options or warrants, or any Trigger Event with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to each Fixed Settlement Rate under this Section 5.04(a) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, each Fixed

Settlement Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, each Fixed Settlement Rate shall be readjusted as if such rights, options and warrants had not been issued.

(z) For purposes of this Section 5.02(a)(iv) and Section 5.02(a)(i) and Section 5.02(a)(ii), any dividend or distribution to which this Section 5.02(a)(iv) is applicable that also includes shares of Common Stock, or rights, options or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights, options or warrants (and any Settlement Rate adjustment required by this Section 5.02(a)(iv) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights, options or warrants (and any further Settlement Rate adjustment required by Section 5.02(a)(i) and Section 5.02(a)(ii) with respect to such dividend or distribution shall then be made), except (A) the record date of such dividend or distribution shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such dividend or other distribution", "the date fixed for the determination of shareholders entitled to receive such rights, options or warrants" and "the date fixed for such determination" within the meaning of Section 5.02(a)(i) and Section 5.02(a)(ii) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for the determination of shareholders entitled to receive such dividend or other distribution" or "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 5.02(a)(i).

(v) In case the Company shall make any dividend or distribution consisting exclusively of cash to all holders of outstanding shares of Common Stock (excluding (I) any dividend or distribution in connection with the liquidation, dissolution or termination of the Company, or (II) any cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock in any fiscal quarter does not exceed $[•] (the "**Dividend Threshold Amount**"), then each Fixed Settlement Rate will be adjusted by multiplying each Fixed Settlement Rate in effect immediately prior to the close of business on the record date with respect to such dividend or distribution by a fraction of which,

(A) the numerator is the Current Market Price on the date fixed for the determination of stockholders entitled to receive such distribution, minus the Dividend Threshold Amount; and

(B) the denominator is such Current Market Price, minus the amount per share of such dividend or distribution,

such adjustment to each Fixed Settlement Rate to be effective immediately prior to the opening of business on the Business Day following the date fixed for the determination of stockholders entitled to receive such distribution; *provided* that if an adjustment is required to be made under this clause as a result of a distribution that is not a regular quarterly dividend, the Dividend Threshold Amount will be deemed to be zero; and *provided further* that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon settlement the amount of cash such Holder would have received had such Holder settled each Purchase Contract on the date fixed for such determination as if the Purchase Contract Settlement Date were such date fixed for such determination. The Dividend Threshold Amount is subject to adjustment from time to time in a manner inversely proportional to any adjustment made to each Fixed Settlement Rate under this Section 5.02.

(vi) In case a tender or exchange offer made by the Company or any subsidiary of the Company for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time at which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) (the "**Expiration Time**") exceeds the Closing Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, each Fixed Settlement Rate shall be increased so that the same shall equal the rate determined by multiplying each Fixed Settlement Rate in effect immediately prior to the Expiration Time by a fraction of which,

(A) the numerator shall be equal to the sum of (1) the fair market value, as determined by the Board of Directors (as described above in this Section 5.04(a)(vi)), of the aggregate consideration payable for all shares of Common Stock that the Company or a subsidiary of the Company, as the case may be, purchased in such tender or exchange offer (the "**Purchased Shares**") and (2) the product of the number of shares of Common Stock outstanding, less any Purchased Shares, and the Closing Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(B) the denominator shall be equal to the product of the number of shares of Common Stock outstanding, including the Purchased Shares, and the Closing Price of the Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to each Fixed Settlement Rate to become effective immediately prior to the opening of business on the Business Day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, each Fixed Settlement Rate shall again be adjusted to be the Fixed Settlement Rate that would then be in effect if such tender or exchange offer had not been made.

(vii) The reclassification of Common Stock into securities including securities other than Common Stock (other than any reclassification upon a

Reorganization Event to which Section 5.04(b) applies) shall be deemed to involve:

(A) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and the "date fixed for such determination" within the meaning of paragraph (iv) of this Section); and

(B) a subdivision, split or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision or split becomes effective" or "the day upon which such combination becomes effective", as the case may be, and "the day upon which such subdivision, split or combination becomes effective" within the meaning of this Section 5.04(a)(iii).

(viii) [Reserved.]

(ix) All adjustments to each Fixed Settlement Rate shall be calculated to the nearest 1/10,000th of a share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). If any adjustments are made to each Fixed Settlement Rate pursuant to this Section 5.04(a), an adjustment shall also be made to the Applicable Market Value solely to determine which of clauses (i), (ii) or (iii) of the definition of Settlement Rate in Section 5.01(a) will apply on the Purchase Contract Settlement Date or any Cash Merger Early Settlement Date. Such adjustment shall be made by multiplying the Applicable Market Value by the Adjustment Factor. The "Adjustment Factor" means, initially, a fraction the numerator of which shall be the Maximum Settlement Rate immediately after the first adjustment to each Fixed Settlement Rate pursuant to this Section 5.04(a) and the denominator of which shall be the Maximum Settlement Rate immediately prior to such adjustment. Each time an adjustment is required to be made to each Fixed Settlement Rate pursuant to this Section 5.04(a), the Adjustment Factor shall be multiplied by a fraction the numerator of which shall be the Maximum Settlement Rate immediately after such adjustment to each Fixed Settlement Rate pursuant to this Section 5.04(a) and the

denominator of which shall be the Maximum Settlement Rate immediately prior to such adjustment. Notwithstanding the foregoing, if any adjustment to each Fixed Settlement Rate is required to be made pursuant to the occurrence of any of the events contemplated by this Section 5.04(a) during the period taken into consideration for determining the Applicable Market Value, the 20 individual Closing Prices used to determine the Applicable Market Value shall be adjusted rather than the Applicable Market Value and the Applicable Market Value shall be determined by (A) multiplying the Closing Prices for Trading Days prior to such adjustment to each Fixed Settlement Rate by the Adjustment Factor in effect prior to such adjustment, (B) multiplying the Closing Prices for Trading Days following such adjustment by the Adjustment Factor reflecting such adjustment, and (C) dividing the sum of all such adjusted Closing Prices by 20.

(x) The Company may, but shall not be required to, make such increases in each Fixed Settlement Rate, in addition to those required by this Section 5.04(a), as the Board of Directors considers to be advisable. The Company may make such a discretionary adjustment only if it makes the same proportionate adjustment to each Fixed Settlement Rate.

(xi) If the Company hereafter adopts any stockholder rights plan involving the issuance of preference share purchase rights or other similar rights (the "**Rights**") to all holders of the Common Stock, a Holder shall be entitled to receive upon settlement of any Purchase Contract, in addition to the shares of Common Stock issuable upon settlement of such Purchase Contract, the related Rights for the Common Stock, unless such Rights under the future stockholder rights plan have separated from the Common Stock at the time of conversion, in which case each Fixed Settlement Rate shall be adjusted as provided in Section 5.04(a)(iv) on the date such Rights separate from the Common Stock.

(b) Adjustment for Consolidation, Merger or Other Reorganization Event.

(i) In the event of:

(A) any consolidation or merger of the Company with or into another Person (other than a merger or consolidation in which the Company is the continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another corporation);

(B) any sale, transfer, lease or conveyance to another Person of the property of the Company as an entirety or substantially as an entirety;

(C) any statutory share exchange of the Company with another Person (other than in connection with a merger or acquisition); or

(D) any liquidation, dissolution or termination of the Company other than as a result of or after the occurrence of a Termination Event (any

event described in clauses (A), (B), (C) and (D), a '**Reorganization Event**"),

each Holder will receive, in lieu of shares of Common Stock, on the Purchase Contract Settlement Date or any Early Settlement Date with respect to each Purchase Contract forming a part thereof, the kind and amount of securities, cash and other property receivable upon such Reorganization Event (without any interest thereon, and without any right to dividends or distribution thereon if such dividends or distributions have a record date that is prior to the Purchase Contract Settlement Date) by a Holder of one share of Common Stock (the "**Exchange Property**"), multiplied by the applicable Settlement Rate. The kind and amount of Exchange Property will be determined assuming such holder of one Share of Common Stock is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be (any such Person, a "**Constituent Person**"), or an Affiliate of a Constituent Person to the extent such Reorganization Event provides for different treatment of Common Stock held by Affiliates of the Company and non-affiliates and such Holder failed to exercise its rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Reorganization Event (provided that if the kind or amount of securities, cash and other property receivable upon such Reorganization Event is not the same for each share of Common Stock held immediately prior to such Reorganization Event by a Person other than a Constituent Person or an Affiliate thereof and in respect of which rights of election shall not have been exercised ("**non-electing share**"), then for the purpose of this Section 5.04(b)(i) the kind and amount of securities, cash and other property receivable upon such Reorganization Event shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares).

For purposes of determining the applicable Settlement Rate under this Section 5.04(b)(i) and Section 5.04(b)(ii), the term "Applicable Market Value" shall be deemed to refer to the "Applicable Market Value" of the Exchange Property, and such value shall be determined (A) with respect to any publicly traded securities that compose all or part of the Exchange Property, based on the Closing Price of such securities, (B) in the case of any cash that composes all or part of the Exchange Property, based on the amount of such cash and (C) in the case of any other property that composes all or part of the Exchange Property, based on the value of such property, as determined by a nationally recognized independent investment banking firm retained by the Company for this purpose; *provided* that prior to the separation of the Rights or any similar stockholder rights from the Common Stock, such Rights or similar stockholder rights shall be deemed to have no value. For the purposes of this paragraph only, the term "Closing Price" shall be deemed to refer to the closing sale price, last quoted bid price or mid-point of the last bid and ask prices, as the case may be, of any publicly traded securities that comprise all or part of the Exchange Property and the term "Trading Day" shall be deemed to refer to any publicly traded securities that comprise all or part of the Exchange Property.

In the event of such a Reorganization Event, the Person formed by such consolidation, merger or exchange or the Person that acquires the assets of the Company or, in the event of a liquidation, dissolution or termination of the Company, the Company or a liquidating trust created in connection therewith, shall execute and deliver to the

Purchase Contract Agent an agreement supplemental hereto providing that each Holder of an Outstanding Unit shall have the rights provided by this Section 5.04(b)(i). Such supplemental agreement shall provide for adjustments which, for events subsequent to the effective date of such supplemental agreement, shall be, in the sole judgment of the parties executing such agreement, as nearly equivalent as may be practicable to the adjustments provided for in this Section 5.04. The above provisions of this Section 5.04 shall similarly apply to successive Reorganization Events.

(ii) In the event of a consolidation or merger of the Company with or into another Person, or any merger of another Person into the Company (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), in each case in which 30% or more of the total consideration paid to the Company's shareholders consists of cash or cash equivalents (a "**Cash Merger**"), then a Holder of a Unit may settle ("**Cash Merger Early Settlement**") its Purchase Contract, upon the conditions set forth below, at the Settlement Rate in effect immediately prior to the closing of the Cash Merger; *provided* that no Cash Merger Early Settlement will be permitted pursuant to this Section 5.04(b)(ii) unless, at the time such Cash Merger Early Settlement is effected, there is an effective Registration Statement with respect to any securities to be issued and delivered in connection with such Cash Merger Early Settlement, if such a Registration Statement is required (in the view of counsel, which need not be in the form of a written opinion, for the Company) under the Securities Act. If such a Registration Statement is so required, the Company covenants and agrees to use its commercially reasonable efforts to (x) have in effect a Registration Statement covering any securities to be delivered in respect of the Purchase Contracts being settled and (y) provide a Prospectus in connection therewith, in each case in a form that may be used in connection with such Cash Merger Early Settlement. If a Holder elects a Cash Merger Early Settlement of some or all of its Purchase Contracts, such Holder shall be entitled to receive, on the Cash Merger Early Settlement Date, the aggregate amount of any accrued and unpaid Contract Adjustment Payments, with respect to such Purchase Contracts. The Company shall pay such amount as a credit against the amount otherwise payable by such Holder to effect such Cash Merger Early Settlement.

Within five Business Days of the completion of a Cash Merger, the Company shall provide written notice to Holders of such completion of a Cash Merger, which shall specify the deadline for submitting the notice to settle early in cash pursuant to this Section 5.04(b)(ii), the date on which such Cash Merger Early Settlement shall occur (which date shall be at least five days after the date of such written notice by the Company, but which shall in no event be later than the earlier of 20 days after the date of such written notice by the Company and the fifth Business Day immediately preceding the Purchase Contract Settlement Date) (the "**Cash Merger Early Settlement Date**"), the applicable Settlement Rate and the amount (per share of Common Stock) of cash, securities and other consideration receivable by the Holder, including the amount of Contract Adjustment Payments receivable, upon settlement.

Corporate Units Holders (unless Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units) and Treasury Units Holders may only effect Cash Merger Early Settlement pursuant to this Section 5.04(b)(ii) in integral multiples of 40 Corporate Units or Treasury Units, as the case may be. If Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, Corporate Units Holders may only effect Cash Merger Early Settlement pursuant to this Section 5.04(b)(ii) in multiples of [•] Corporate Units. Other than the provisions relating to timing of notice and settlement, which shall be as set forth in the immediately preceding paragraph, the provisions of Section 5.01 shall apply with respect to a Cash Merger Early Settlement pursuant to this Section 5.04(b)(ii).

In order to exercise the right to effect Cash Merger Early Settlement with respect to any Purchase Contracts, the Holder of the Certificate evidencing Units shall deliver, no later than 5:00 p.m. (New York City time) on the third Business Day immediately preceding the Cash Merger Early Settlement Date, such Certificate to the Purchase Contract Agent at the Corporate Trust Office duly endorsed for transfer to the Company or in blank with the form of Election to Settle Early on the reverse thereof duly completed and accompanied by payment (payable to the Company in immediately available funds) in an amount equal to the result of:

(i) the product of (A) the Stated Amount times (B) the number of Purchase Contracts with respect to which the Holder has elected to effect Cash Merger Early Settlement, less

(ii) the amount of any accrued and unpaid Contract Adjustment Payments (except when the Cash Merger Early Settlement Date falls after any Record Date and prior to the next succeeding Payment Date).

Upon receipt of such Certificate and payment of such funds, the Purchase Contract Agent shall pay the Company from such funds the related Purchase Price pursuant to the terms of the related Purchase Contracts, and notify the Collateral Agent that all the conditions necessary for a Cash Merger Early Settlement by a Holder have been satisfied pursuant to which the Purchase Contract Agent has received from such Holder, and paid to the Company as confirmed in writing by the Company, the related Purchase Price.

Upon receipt by the Collateral Agent of the notice from the Purchase Contract Agent set forth in the immediately preceding paragraph, the Collateral Agent shall release from the Pledge, (1) the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes or the Pledged Applicable Ownership Interests in the Treasury Portfolio, in the case of a Holder of Corporate Units or (2) the Pledged Treasury Securities, in the case of a Holder of Treasury Units, in each case with a Value equal to the product of (x) the Stated Amount and (y) the number of Purchase Contracts as to which such Holder has elected to effect Cash Merger Early Settlement, and shall instruct the Securities Intermediary to Transfer all such Pledged Applicable Ownership Interests in the Treasury Portfolio

or Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or Pledged Treasury Securities, as the case may be, to the Purchase Contract Agent for distribution to such Holder, in each case free and clear of the Pledge created hereby.

If a Holder properly effects an effective Cash Merger Early Settlement in accordance with the provisions of this Section 5.04(b)(ii), the Company will deliver (or will cause the Collateral Agent to deliver) to the Holder on the Cash Merger Early Settlement Date:

(A) the kind and amount of securities, cash and other property receivable upon such Cash Merger by a Holder of the number of shares of Common Stock issuable on account of each Purchase Contract if the Purchase Contract Settlement Date had occurred immediately prior to such Cash Merger (based on the Settlement Rate in effect at such time), assuming such Holder of Common Stock is not a Constituent Person or an Affiliate of a Constituent Person to the extent such Cash Merger provides for different treatment of Common Stock held by Affiliates of the Company and non-affiliates and such Holder failed to exercise its rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Cash Merger (provided that if the kind or amount of securities, cash and other property receivable upon such Cash Merger is not the same for each non-electing share, then for the purpose of this Section 5.04(b)(ii), the kind and amount of securities, cash and other property receivable upon such Cash Merger by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). For the avoidance of doubt, for the purposes of determining the Applicable Market Value (in connection with determining the appropriate Settlement Rate to be applied in the foregoing sentence), the date of the closing of the Cash Merger shall be deemed to be the Purchase Contract Settlement Date;

(B) the Senior Notes, the Applicable Ownership Interests in the Treasury Portfolio or Treasury Securities, as the case may be, related to the Purchase Contracts with respect to which the Holder is effecting a Cash Merger Early Settlement; and

(C) if so required under the Securities Act, a Prospectus as contemplated by this Section 5.04(b)(ii).

The Corporate Units or the Treasury Units of the Holders who do not elect Cash Merger Early Settlement in accordance with the foregoing will continue to remain outstanding and be subject to settlement on the Purchase Contract Settlement Date in accordance with the terms hereof.

(c) All calculations and determinations pursuant to this Section 5.04 shall be made by the Company or its agent and the Purchase Contract Agent shall have no responsibility with respect to this Agreement.

Section 5.05. *Notice of Adjustments and Certain Other Events.* (a) Whenever the Fixed Settlement Rates are adjusted as herein provided, the Company shall within 10 Business Days following the occurrence of an event that requires an adjustment to each Fixed Settlement Rate pursuant to Section 5.04 (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware):

(i) compute each adjusted Fixed Settlement Rate in accordance with Section 5.04 and prepare and transmit to the Purchase Contract Agent an Officers' Certificate setting forth each Fixed Settlement Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the Units of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to each Fixed Settlement Rate was determined and setting forth each adjusted Fixed Settlement Rate.

(b) The Purchase Contract Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any facts exist which may require any adjustment of each Fixed Settlement Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Purchase Contract Agent shall be fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Section 5.05(a)(i) and any adjustment contained therein and the Purchase Contract Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Purchase Contract Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at the time be issued or delivered with respect to any Purchase Contract; and the Purchase Contract Agent makes no representation with respect thereto. The Purchase Contract Agent shall not be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock pursuant to a Purchase Contract or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 5.

Section 5.06. *Termination Event; Notice.*

The Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Contract Adjustment Payments (including any accrued and unpaid Contract Adjustment Payments), and the rights and obligations of Holders to purchase Common Stock, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, prior to or on the Purchase Contract Settlement Date, a Termination Event shall have occurred.

Upon and after the occurrence of a Termination Event, the Units shall thereafter represent the right to receive the Senior Notes underlying the Applicable Ownership Interests in Senior Notes, the Treasury Securities or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, forming part of such Units, in accordance with

the provisions of Section 3.15 hereof. Upon the occurrence of a Termination Event, the Company shall promptly but in no event later than two Business Days thereafter give written notice to the Purchase Contract Agent, the Collateral Agent and the Holders, at their addresses as they appear in the Security Register.

Section 5.07. *Early Settlement.* (a) Subject to and upon compliance with the provisions of this Section 5.07, at the option of the Holder thereof, Purchase Contracts underlying Units may be settled early ("**Early Settlement**") at any time after [·], 2005 but prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Corporate Units, unless a Special Event Redemption has occurred) or the second Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Treasury Units or Corporate Units after the occurrence of a Special Event Redemption); *provided* that no Early Settlement will be permitted pursuant to this Section 5.07 unless, at the time such Early Settlement is effected, there is an effective Registration Statement with respect to any securities to be issued and delivered in connection with such Early Settlement, if such a Registration Statement is required (in the view of counsel, which need not be in the form of a written opinion, for the Company) under the Securities Act. If such a Registration Statement is so required, the Company covenants and agrees to use its commercially reasonable best efforts to (i) have in effect a Registration Statement covering any securities to be delivered in respect of the Purchase Contracts being settled and (ii) provide a Prospectus in connection therewith, in each case in a form that may be used in connection with such Early Settlement (it being understood that if there is a material business transaction or development that has not yet been publicly disclosed, the Company will not be required to provide such a Prospectus, and the right to effect Early Settlement will not be available, until the Company has publicly disclosed such transaction or development, provided that the Company will use its commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so).

(b) In order to exercise the right to effect Early Settlement with respect to any Purchase Contracts, the Holder of the Certificate evidencing Units (in the case of Certificates in definitive certificated form) shall deliver, at any time prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Corporate Units, unless a Special Event Redemption has occurred) or the second Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Treasury Units or Corporate Units after the occurrence of a Special Event Redemption), such Certificate to the Purchase Contract Agent at the Corporate Trust Office duly endorsed for transfer to the Company or in blank with the form of Election to Settle Early on the reverse thereof duly completed and accompanied by payment (payable to the Company in immediately available funds) in an amount (the "**Early Settlement Amount**") equal to the sum of:

(i) the product of (A) the Stated Amount and (B) the number of Purchase Contracts with respect to which the Holder has elected to effect Early Settlement, plus,

(ii) if such delivery is made with respect to any Purchase Contracts during the period from the close of business on any Record Date next preceding any Payment Date to the opening of business on such Payment Date, an amount equal to the Contract Adjustment Payments payable on such Payment Date with respect to such Purchase Contracts.

In the case of Book-Entry Interests, each Beneficial Owner electing Early Settlement must deliver the Early Settlement Amount to the Purchase Contract Agent along with a facsimile of the Election to Settle Early form duly completed, make book-entry transfer of such Book-Entry Interests and comply with the applicable procedures of the Depositary.

Except as provided in Section 5.10(d), no payment shall be made upon Early Settlement of any Purchase Contract on account of any Contract Adjustment Payments accrued on such Purchase Contract or on account of any dividends on the Common Stock issued upon such Early Settlement. If the foregoing requirements are first satisfied with respect to Purchase Contracts underlying any Units at or prior to 5:00 p.m. (New York City time) on a Business Day, such day shall be the "**Early Settlement Date**" with respect to such Units and if such requirements are first satisfied after 5:00 p.m. (New York City time) on a Business Day or on a day that is not a Business Day, the Early Settlement Date with respect to such Units shall be the next succeeding Business Day.

Upon the receipt of such Certificate and Early Settlement Amount from the Holder, the Purchase Contract Agent shall pay to the Company such Early Settlement Amount, the receipt of which payment the Company shall confirm in writing. The Purchase Contract Agent shall then notify the Collateral Agent that (A) such Holder has elected to effect an Early Settlement, which notice shall set forth the number of such Purchase Contracts as to which such Holder has elected to effect Early Settlement, (B) the Purchase Contract Agent has received from such Holder, and paid to the Company as confirmed in writing by the Company, the related Early Settlement Amount and (C) all conditions to such Early Settlement have been satisfied.

Upon receipt by the Collateral Agent of the notice from the Purchase Contract Agent set forth in the preceding paragraph, the Collateral Agent shall release from the Pledge, (1) in the case of a Holder of Corporate Units, the Senior Notes underlying the Pledged Applicable Ownership Interest in Senior Notes, or the Pledged Applicable Ownership Interests in the Treasury Portfolio, as the case may be, relating to the Purchase Contracts to which Early Settlement is effected, or (2) in the case of a Holder of Treasury Units, Pledged Treasury Securities, in each case with a Value equal to the product of (x) the Stated Amount times (y) the number of Purchase Contracts as to which such Holder has elected to effect Early Settlement, and shall instruct the Securities Intermediary to Transfer all such Pledged Applicable Ownership Interests in the Treasury Portfolio or Senior Notes underlying such Pledged Applicable Ownership Interests in Senior Notes or Pledged Treasury Securities, as the case may be, to the Purchase Contract Agent for distribution to such Holder, in each case free and clear of the Pledge created hereby.

Holders of Corporate Units and Treasury Units may only effect Early Settlement pursuant to this Section 5.07 in integral multiples of 40 Treasury Units. If Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, Corporate Units Holders

may only effect Early Settlement pursuant to this Section 5.07 in integral multiples of [•] Corporate Units.

Upon Early Settlement of the Purchase Contracts, the rights of the Holders to receive and the obligation of the Company to pay any Contract Adjustment Payments (including any accrued and unpaid Contract Adjustment Payments) with respect to such Purchase Contracts shall immediately and automatically terminate, except as provided in Section 5.10(d).

(c) Upon Early Settlement of Purchase Contracts by a Holder of the related Units, the Company shall issue, and the Holder shall be entitled to receive, a number of shares of Common Stock (or in the case of an Early Settlement following a Reorganization Event, a number of units of Exchange Property) equal to the Minimum Settlement Rate for each Purchase Contract as to which Early Settlement is effected.

(d) No later than the third Business Day after the applicable Early Settlement Date, the Company shall cause the shares of Common Stock issuable upon Early Settlement of Purchase Contracts to be issued and delivered, together with payment in lieu of any fraction of a share, as provided in Section 5.08.

(e) Upon Early Settlement of any Purchase Contracts, and subject to receipt of shares of Common Stock from the Company and the Senior Notes, the Applicable Ownership Interests in the Treasury Portfolio or Treasury Securities, as the case may be, from the Securities Intermediary, as applicable, the Purchase Contract Agent shall, in accordance with the instructions provided by the Holder thereof on the applicable form of Election to Settle Early on the reverse of the Certificate evidencing the related Units:

(i) transfer to the Holder the Senior Notes, the Applicable Ownership Interests in the Treasury Portfolio or Treasury Securities, as the case may be, related to such Units,

(ii) deliver to the Holder a certificate or certificates for the full number of shares of Common Stock issuable upon such Early Settlement, together with payment in lieu of any fraction of a share, as provided in Section 5.08, and

(iii) if so required under the Securities Act, deliver a Prospectus for the shares of Common Stock issuable upon such Early Settlement as contemplated by Section 5.07(a).

(f) In the event that Early Settlement is effected with respect to Purchase Contracts underlying less than all the Units evidenced by a Certificate, upon such Early Settlement the Company shall execute and the Purchase Contract Agent shall execute on behalf of the Holder, authenticate and deliver to the Holder thereof, at the expense of the Company, a Certificate evidencing the Units as to which Early Settlement was not effected.

Section 5.08. *No Fractional Shares.* No fractional shares or scrip representing fractional shares of Common Stock shall be issued or delivered upon settlement on the

Purchase Contract Settlement Date, or upon Early Settlement or Cash Merger Early Settlement of any Purchase Contracts. If Certificates evidencing more than one Purchase Contract shall be surrendered for settlement at one time by the same Holder, the number of full shares of Common Stock which shall be delivered upon settlement shall be computed on the basis of the aggregate number of Purchase Contracts evidenced by the Certificates so surrendered. Instead of any fractional share of Common Stock which would otherwise be deliverable upon settlement of any Purchase Contracts on the Purchase Contract Settlement Date, or upon Early Settlement or Cash Merger Early Settlement, the Company, through the Purchase Contract Agent, shall make a cash payment in respect of such fractional interest in an amount equal to the percentage of such fractional share multiplied by the Applicable Market Value calculated as if the date of such settlement were the Purchase Contract Settlement Date. The Company shall provide the Purchase Contract Agent from time to time with sufficient funds to permit the Purchase Contract Agent to make all cash payments required by this Section 5.08 in a timely manner.

Section 5.09. *Charges and Taxes.* The Company will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of Common Stock pursuant to the Purchase Contracts; provided, however, that the Company shall not be required to pay any such tax or taxes which may be payable in respect of any exchange of or substitution for a Certificate evidencing a Unit or any issuance of a share of Common Stock in a name other than that of the registered Holder of a Certificate surrendered in respect of the Units evidenced thereby, other than in the name of the Purchase Contract Agent, as custodian for such Holder, and the Company shall not be required to issue or deliver such share certificates or Certificates unless or until the Person or Persons requesting the transfer or issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 5.10. *Contract Adjustment Payments.* (a) Subject to Section 5.10(d) and Section 5.10(e) through (q), the Company shall pay, on each Payment Date, the Contract Adjustment Payments payable in respect of each Purchase Contract for the period from and including the immediately preceding Payment Date on which Contract Adjustment Payments were paid (or if none, the Special Payment Date) to but excluding such Payment Date to the Person in whose name a Certificate is registered at the close of business on the Record Date relating to such Payment Date. Contract Adjustment Payments on Global Certificates will be made by wire transfer of immediately available funds to the Depositary. If the book-entry system for the Units has been terminated, the Contract Adjustment Payments will be payable at the office of the Purchase Contract Agent in the Borough of Manhattan, City of New York, New York maintained for that purpose or, at the option of the Company, by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register as of the Record Date, or by wire transfer to the account designated by such Person by a prior written notice to the Purchase Contract Agent. If any Payment Date is not a Business Day, then payment of the Contract Adjustment Payments payable on such date will be made on the next succeeding day that is a Business Day (and without any interest in respect of any such delay). Contract Adjustment Payments payable for any period will be computed on the basis of a

360-day year of twelve 30-day months. The Contract Adjustment Payments will accrue from May [•], 2004.

In addition, the Company shall pay on May [ ], 2004 (the "**Special Payment Date**"), the Contract Adjusted Payments accrued from and including May [•], 2004 to but excluding the Special Payment Date to the Person in whose name a Certificate is registered at the close of business on the Business Day immediately preceding the Special Payment Date. The Contract Adjustment Payments payable on the Special Payment Date shall be paid by wire transfer to the account designated by the Person entitled to receive such payment by prior notice to the Company and the Purchase Contract Agent.

(b) Upon the occurrence of a Termination Event, the Company's obligation to pay future Contract Adjustment Payments (including any accrued Contract Adjustment Payments) shall cease.

(c) Each Certificate delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of (including as a result of a Collateral Substitution or the recreation of Corporate Units) any other Certificate shall carry the right to accrued and unpaid Contract Adjustment Payments, which right was carried by the Purchase Contracts underlying such other Certificates.

(d) In the case of any Unit with respect to which Early Settlement or Cash Merger Early Settlement of the underlying Purchase Contract is effected on a date that is after any Record Date and prior to or on the next succeeding Payment Date, Contract Adjustment Payments otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Early Settlement or Cash Merger Early Settlement, and such Contract Adjustment Payments shall be paid to the Person in whose name the Certificate evidencing such Unit is registered at the close of business on such Record Date. Except as otherwise expressly provided in the immediately preceding sentence, and the right to receive accrued and unpaid Contract Adjustment Payments as set forth in Section 5.04(b)(ii), in the case of any Unit with respect to which Early Settlement or Cash Merger Early Settlement of the underlying Purchase Contract is effected, Contract Adjustment Payments that would otherwise be payable after the Early Settlement or Cash Merger Early Settlement Date with respect to such Purchase Contract shall not be payable.

(e) The Company's obligations with respect to Contract Adjustment Payments will be subordinated and junior in right of payment to the Company's obligations under any Senior Indebtedness as set forth in this Section 5.10.

(f) In the event (x) of any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution, winding-up, liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, or (y) subject to the provisions of Section 5.10(h) below, that (A) a default shall have occurred and be continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness and such default shall have continued beyond the period of grace, if any, specified in the instrument evidencing such Senior Indebtedness (and the Purchase Contract Agent shall have received written notice

thereof from the Company or one or more holders of Senior Indebtedness or their representative or representatives or the trustee or trustees under any indenture pursuant to which any such Senior Indebtedness may have been issued), or (B) the maturity of any Senior Indebtedness shall have been accelerated because of a default in respect of such Senior Indebtedness (and the Purchase Contract Agent shall have received written notice thereof from the Company or one or more holders of Senior Indebtedness or their representative or representatives or the trustee or trustees under any indenture pursuant to which any such Senior Indebtedness may have been issued), then:

(i) the holders of all Senior Indebtedness shall first be entitled to receive, in the case of clause (x) above, payment of all amounts due or to become due upon all Senior Indebtedness and, in the case of subclauses (A) and (B) of clause (y) above, payment of all amounts due thereon, or provision shall be made for such payment in money or money's worth, before the Holders of any of the Units are entitled to receive any Contract Adjustment Payments on the Purchase Contracts underlying the Units;

(ii) any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities, to which the Holders of any of the Units would be entitled except for the provisions of Section 5.10(e) through (q), including any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of such Contract Adjustment Payments on the Purchase Contracts underlying the Units, shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the representative or representatives of the holders of Senior Indebtedness or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of such Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness, before any payment or distribution is made of such Contract Adjustment Payments to the Holders of such Units; and

(iii) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities, including any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of Contract Adjustment Payments on the Purchase Contracts underlying the Units, shall be received by the Purchase Contract Agent or the Holders of any of the Units when such payment or distribution is prohibited pursuant to Section 5.10(e) through (q), such payment or distribution shall be paid over to the representative or representatives of the holders of Senior Indebtedness or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Senior Indebtedness may have been issued, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness.

(g) For purposes of Section 5.10(e) through (q), the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other Person provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in Section 5.10(e) through (q) with respect to such Contract Adjustment Payments on the Units to the payment of all Senior Indebtedness which may at the time be outstanding; *provided* that (i) the Senior Indebtedness is assumed by the Person, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of the Senior Indebtedness are not, without the consent of each such holder adversely affected thereby, altered by such reorganization or readjustment;

(h) Any failure by the Company to make any payment on or perform any other obligation under Senior Indebtedness, other than any indebtedness incurred by the Company or assumed or guaranteed, directly or indirectly, by the Company for money borrowed (or any deferral, renewal, extension or refunding thereof) or any indebtedness or obligation as to which the provisions of Section 5.10(e) through (q) shall have been waived by the Company in the instrument or instruments by which the Company incurred, assumed, guaranteed or otherwise created such indebtedness or obligation, shall not be deemed a default or event of default if (i) the Company shall be disputing its obligation to make such payment or perform such obligation and (ii) either (A) no final judgment relating to such dispute shall have been issued against the Company which is in full force and effect and is not subject to further review, including a judgment that has become final by reason of the expiration of the time within which a party may seek further appeal or review, and (B) in the event a judgment that is subject to further review or appeal has been issued, the Company shall in good faith be prosecuting an appeal or other proceeding for review and a stay of execution shall have been obtained pending such appeal or review.

(i) Subject to the irrevocable payment in full of all Senior Indebtedness, the Holders of the Units shall be subrogated (equally and ratably with the holders of all obligations of the Company which by their express terms are subordinated to Senior Indebtedness of the Company to the same extent as payment of the Contract Adjustment Payments in respect of the Purchase Contracts underlying the Units is subordinated and which are entitled to like rights of subrogation) to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until all such Contract Adjustment Payments owing on the Units shall be paid in full, and as between the Company, its creditors other than holders of such Senior Indebtedness and the Holders, no such payment or distribution made to the holders of Senior Indebtedness by virtue of Section 5.10(e) through (q) that otherwise would have been made to the Holders shall be deemed to be a payment by the Company on account of such Senior Indebtedness, it being understood that the provisions of Section 5.10(e) through (q) are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Indebtedness, on the other hand.

(j) Nothing contained in Section 5.10(e) through (q) or elsewhere in this Agreement or in the Units is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders such Contract Adjustment Payments on the Units as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or therein prevent the Purchase Contract Agent or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Agreement, subject to the rights, if any, under Section 5.10(e) through (q), of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

(k) Upon payment or distribution of assets of the Company referred to in Section 5.10(e) through (q), the Purchase Contract Agent and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or trustee or other person making any payment or distribution, delivered to the Purchase Contract Agent or to the Holders, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to these Section 5.10(e) through (q).

(l) The Purchase Contract Agent shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee or representative on behalf of such holder) to establish that such notice has been given by a holder of Senior Indebtedness or a trustee or representative on behalf of any such holder or holders. In the event that the Purchase Contract Agent determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to Section 5.10(e) through (q), the Purchase Contract Agent may request such Person to furnish evidence to the reasonable satisfaction of the Purchase Contract Agent as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under Section 5.10(e) through (q), and, if such evidence is not furnished, the Purchase Contract Agent may defer payment to such Person pending judicial determination as to the right of such Person to receive such payment.

(m) Nothing contained in Section 5.10(e) through (q) shall affect the obligations of the Company to make, or prevent the Company from making, payment of the Contract Adjustment Payments, except as otherwise provided in these Section 5.10(e) through (q).

(n) Each Holder, by its acceptance thereof, authorizes and directs the Purchase Contract Agent on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in Section 5.10(e) through (q) and appoints the Purchase Contract Agent as its attorney-in-fact for any and all such purposes.

(o) The Company shall give prompt written notice to the Purchase Contract Agent of any fact known to the Company that would prohibit the making of any payment of moneys to or by the Purchase Contract Agent in respect of the Units pursuant to the provisions of this Section. Notwithstanding the provisions of Section 5.10(e) through (q) or any other provisions of this Agreement, the Purchase Contract Agent shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment of moneys to or by the Purchase Contract Agent, or the taking of any other action by the Purchase Contract Agent, unless and until the Purchase Contract Agent shall have received written notice thereof mailed or delivered to the Purchase Contract Agent at its Corporate Trust Office from the Company, any Holder, or the holder or representative of any Senior Indebtedness; *provided* that if at least two Business Days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose, the Purchase Contract Agent shall not have received with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Purchase Contract Agent shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary that may be received by it within two Business Days prior to or on or after such date.

(p) The Purchase Contract Agent in its individual capacity shall be entitled to all the rights set forth in this Section 5.10 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness and nothing in this Agreement shall deprive the Purchase Contract Agent of any of its rights as such holder.

(q) No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Agreement, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

(r) Nothing in this Section 5.10 shall apply to claims of, or payments to, the Purchase Contract Agent under or pursuant to Section 7.07.

(s) With respect to the holders of Senior Indebtedness, (i) the duties and obligations of the Purchase Contract Agent shall be determined solely by the express provisions of this Agreement; (ii) the Purchase Contract Agent shall not be liable to any such holders if it shall, acting in good faith, mistakenly pay over or distribute to the Holders or to the Company or any other Person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Section 5.10 or otherwise; (iii) no implied covenants or obligations shall be read into this Agreement against the Purchase Contract Agent; and (iv) the Purchase Contract Agent shall not be deemed to be a fiduciary as to holders of such Senior Indebtedness.

ARTICLE 6
RIGHTS AND REMEDIES OF HOLDERS

Section 6.01. *Unconditional Right of Holders to Receive Contract Adjustment Payments and To Purchase Shares of Common Stock.* Each Holder of a Unit shall have the right, which is absolute and unconditional, (i) subject to Article 5, to receive each Contract Adjustment Payment with respect to the Purchase Contract comprising part of such Unit on the respective Payment Date for such Unit pursuant to the terms hereof and (ii) except upon and following a Termination Event, to purchase shares of Common Stock pursuant to such Purchase Contract and, in each such case, to institute suit for the enforcement of any such right to receive Contract Adjustment Payments and the right to purchase shares of Common Stock, and such rights shall not be impaired without the consent of such Holder.

Section 6.02. *Restoration of Rights and Remedies.* If any Holder has instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to such Holder, then and in every such case, subject to any determination in such proceeding, the Company and such Holder shall be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of such Holder shall continue as though no such proceeding had been instituted.

Section 6.03. *Rights and Remedies Cumulative.* Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates in the last paragraph of Section 3.10, no right or remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.04. *Delay or Omission Not Waiver.* No delay or omission of any Holder to exercise any right upon a default or remedy upon a default shall impair any such right or remedy or constitute a waiver of any such right. Every right and remedy given by this Article 6 or by law to the Holders may be exercised from time to time, and as often as may be deemed expedient, by such Holders.

Section 6.05. *Undertaking for Costs.* All parties to this Agreement agree, and each Holder of a Unit, by its acceptance of such Unit shall be deemed to have agreed, that any court of competent jurisdiction may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Purchase Contract Agent for any action taken, suffered or omitted by it as Purchase Contract Agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section shall not apply to any suit instituted by the Purchase Contract Agent, to any suit instituted by any Holder, or group of Holders,

holding in the aggregate more than 10% of the Outstanding Units, or to any suit instituted by any Holder for the enforcement of interest on any Senior Notes owed pursuant to such Holder's Applicable Ownership Interests in Senior Notes or Contract Adjustment Payments on or after the respective Payment Date therefor in respect of any Unit held by such Holder, or for enforcement of the right to purchase shares of Common Stock under the Purchase Contracts constituting part of any Unit held by such Holder.

Section 6.06. *Waiver of Stay or Extension Laws.* The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Agreement; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Purchase Contract Agent or the Holders, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE PURCHASE CONTRACT AGENT

Section 7.01. *Certain Duties and Responsibilities.*

(a) The Purchase Contract Agent:

(i) undertakes to perform, with respect to the Units, such duties and only such duties as are specifically set forth in this Agreement and the Remarketing Agreement to be performed by the Purchase Contract Agent and no implied covenants or obligations shall be read into this Agreement or the Remarketing Agreement against the Purchase Contract Agent; and

(ii) in the absence of bad faith on its part, may, with respect to the Units, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Purchase Contract Agent and conforming to the requirements of this Agreement or the Remarketing Agreement, as applicable, but in the case of any certificates or opinions which by any provision hereof are specifically required to be furnished to the Purchase Contract Agent, the Purchase Contract Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the Remarketing Agreement, as applicable (but need not confirm or investigate the accuracy of the mathematical calculations or other facts stated therein).

(b) No provision of this Agreement or the Remarketing Agreement shall be construed to relieve the Purchase Contract Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) this Section 7.01(b) shall not be construed to limit the effect of Section 7.01(a);

(ii) the Purchase Contract Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be conclusively determined by a court of competent jurisdiction that the Purchase Contract Agent was grossly negligent in ascertaining the pertinent facts; and

(iii) no provision of this Agreement or the Remarketing Agreement shall require the Purchase Contract Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Agreement and the Remarketing Agreement relating to the conduct or affecting the liability of or affording protection to the Purchase Contract Agent shall be subject to the provisions of this Section.

(d) The Purchase Contract Agent is authorized to execute and deliver the Remarketing Agreement in its capacity as Purchase Contract Agent.

Section 7.02. *Notice of Default.* Within 30 days after the occurrence of any default by the Company hereunder of which a Responsible Officer of the Purchase Contract Agent has actual knowledge, the Purchase Contract Agent shall transmit by mail to the Company and the Holders, as their names and addresses appear in the Security Register, notice of such default hereunder, unless such default shall have been cured or waived.

Section 7.03. *Certain Rights of Purchase Contract Agent.*

Subject to the provisions of Section 7.01:

(a) the Purchase Contract Agent may, in the absence of bad faith, conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate, Issuer Order or Issuer Request, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Agreement or the Remarketing Agreement the Purchase Contract Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting to take any action hereunder or thereunder, the Purchase Contract Agent (unless other evidence be herein specifically

prescribed in this Agreement) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate of the Company;

(d) the Purchase Contract Agent may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Purchase Contract Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Purchase Contract Agent, in its discretion, may make reasonable further inquiry or investigation into such facts or matters related to the execution, delivery and performance of the Purchase Contracts as it may see fit, and, if the Purchase Contract Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the relevant books, records and premises of the Company, personally or by agent or attorney;

(f) the Purchase Contract Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees or an Affiliate of the Purchase Contract Agent and the Purchase Contract Agent shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian or nominee or an Affiliate appointed with due care by it hereunder;

(g) the Purchase Contract Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Holders pursuant to this Agreement, unless such Holders shall have offered to the Purchase Contract Agent security or indemnity satisfactory to the Purchase Contract Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(h) the Purchase Contract Agent shall not be liable for any action taken, suffered, or omitted to be taken by it in the absence of bad faith by it and believed by it to be authorized and within the discretion or rights or powers conferred upon it by this Agreement;

(i) the Purchase Contract Agent shall not be deemed to have notice of any adjustment to each Fixed Settlement Rate, the occurrence of a Termination Event or any default hereunder unless a Responsible Officer of the Purchase Contract Agent has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by a Responsible Offer at the Corporate Trust Office of the Purchase Contract Agent, and such notice references the Units or this Agreement;

(j) the Purchase Contract Agent may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Agreement, which Officers' Certificate may be signed by any person authorized to sign an Officers'

Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(k) the rights, privileges, protections, immunities and benefits given to the Purchase Contract Agent, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Purchase Contract Agent in each of its capacities hereunder, and to each officer, director, employee of the Purchase Contract Agent and each agent, custodian and other Person employed, in any capacity whatsoever, by the Purchase Contract Agent to act hereunder and shall survive the resignation or removal of the Purchase Contract Agent and the termination of this Agreement; and

(l) the Purchase Contract Agent shall not be required to initiate or conduct any litigation or collection proceedings hereunder and shall have no responsibilities with respect to any default hereunder except as expressly set forth herein.

Section 7.04. *Not Responsible for Recitals or Issuance of Units.* The recitals contained herein, in the Remarketing Agreement and in the Certificates shall be taken as the statements of the Company, and the Purchase Contract Agent assumes no responsibility for their accuracy or validity. The Purchase Contract Agent makes no representations as to the validity or sufficiency of either this Agreement or of the Units or the Pledge or the Collateral or the Remarketing Agreement and shall have no responsibility for perfecting or maintaining the perfection of any security interest in the Collateral. The Purchase Contract Agent shall not be accountable for the use or application by the Company of the proceeds in respect of the Purchase Contracts.

Section 7.05. *May Hold Units.* Any Security Registrar or any other agent of the Company, or the Purchase Contract Agent and its Affiliates, in their individual or any other capacity, may become the owner or pledgee of Units and may otherwise deal with the Company, the Collateral Agent or any other Person with the same rights it would have if it were not Security Registrar or such other agent, or the Purchase Contract Agent. The Company may become the owner or pledgee of Units.

Section 7.06. *Money Held in Custody.* Money held by the Purchase Contract Agent in custody hereunder need not be segregated from the Purchase Contract Agent's other funds except to the extent required by law or provided herein. The Purchase Contract Agent shall be under no obligation to invest or pay interest on any money received by it hereunder except as otherwise provided hereunder or agreed in writing with the Company.

Section 7.07. *Compensation and Reimbursement.*

The Company agrees:

(a) to pay to the Purchase Contract Agent compensation for all services rendered by it hereunder and under the Remarketing Agreement as the Company and the Purchase Contract Agent shall from time to time agree in writing;

(b) except as otherwise expressly provided for herein, to reimburse the Purchase Contract Agent upon its request for all reasonable expenses, disbursements and advances

incurred or made by the Purchase Contract Agent in accordance with any provision of this Agreement and the Remarketing Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel) in connection with the negotiation, preparation, execution and delivery and performance of this Agreement and the Remarketing Agreement and any modification, supplement or waiver of any of the terms thereof, except any such expense, disbursement or advance as may be attributable to its gross negligence, willful misconduct or bad faith; and

(c) to indemnify the Purchase Contract Agent and any predecessor Purchase Contract Agent and each of its directors, officers, agents and employees (collectively, with the Purchase Contract Agent, the "**Indemnitees**") for, and to hold each Indemnitee harmless against, any loss, claim, damage, fine, penalty, liability or expense (including reasonable fees and expenses of counsel) incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of its duties hereunder and the Remarketing Agreement, including the Indemnitees' reasonable costs and expenses of defending themselves against any claim (whether asserted by the Company, a Holder or any other Person) or liability in connection with the exercise or performance of any of the Purchase Contract Agent's powers or duties hereunder or thereunder.

The provisions of this Section shall survive the resignation and removal of the Purchase Contract Agent the satisfaction or discharge of the Units and the Purchase Contracts and the termination of this Agreement.

Section 7.08. *Corporate Purchase Contract Agent Required; Eligibility.* There shall at all times be a Purchase Contract Agent hereunder which shall be a Person organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having (or being a member of a bank holding company having) a combined capital and surplus of at least $50,000,000, subject to supervision or examination by Federal or State authority and having a corporate trust office in the Borough of Manhattan, New York City, if there be such a Person in the Borough of Manhattan, New York City, qualified and eligible under this Article and willing to act on reasonable terms. If such Person publishes or files reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published or filed. If at any time the Purchase Contract Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 7.09. *Resignation and Removal; Appointment of Successor.* (a) No resignation or removal of the Purchase Contract Agent and no appointment of a successor Purchase Contract Agent pursuant to this Article shall become effective until the acceptance of appointment by the successor Purchase Contract Agent in accordance with the applicable requirements of Section 7.10.

(b) The Purchase Contract Agent may resign at any time by giving written notice thereof to the Company 60 days prior to the effective date of such resignation. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 30 days after the giving of such notice of resignation, the resigning Purchase Contract Agent may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(c) The Purchase Contract Agent may be removed at any time by Act of the Holders of a majority in number of the Outstanding Units delivered to the Purchase Contract Agent and the Company. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 30 days after such Act, the Purchase Contract Agent being removed may petition any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(d) If at any time:

(i) the Purchase Contract Agent fails to comply with Section 310(b) of the TIA, as if the Purchase Contract Agent were an indenture trustee under an indenture qualified under the TIA, and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Unit for at least six months;

(ii) the Purchase Contract Agent shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder; or

(iii) the Purchase Contract Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Purchase Contract Agent or of its property shall be appointed or any public officer shall take charge or control of the Purchase Contract Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Purchase Contract Agent, or (ii) any Holder who has been a bona fide Holder of a Unit for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Purchase Contract Agent and the appointment of a successor Purchase Contract Agent.

(e) If the Purchase Contract Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Purchase Contract Agent for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Purchase Contract Agent and shall comply with the applicable requirements of Section 7.10. If no successor Purchase Contract Agent shall have been so appointed by the Company and accepted appointment in the manner required by Section 7.10, any Holder who has been a bona fide Holder of a Unit for at least six months, on behalf of itself and all others similarly situated, or the Purchase Contract Agent may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(f) The Company shall give, or shall cause such successor Purchase Contract Agent to give, notice of each resignation and each removal of the Purchase Contract Agent and each appointment of a successor Purchase Contract Agent by mailing written notice of such event by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the applicable Security Register. Each notice shall include the name of the successor Purchase Contract Agent and the address of its Corporate Trust Office.

Section 7.10. *Acceptance of Appointment by Successor.* (a) In case of the appointment hereunder of a successor Purchase Contract Agent, every such successor Purchase Contract Agent so appointed shall execute, acknowledge and deliver to the Company and to the retiring Purchase Contract Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Purchase Contract Agent shall become effective and such successor Purchase Contract Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, agencies and duties of the retiring Purchase Contract Agent; but, on the request of the Company or the successor Purchase Contract Agent, such retiring Purchase Contract Agent shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Purchase Contract Agent all the rights, powers and trusts of the retiring Purchase Contract Agent and duly assign, transfer and deliver to such successor Purchase Contract Agent all property and money held by such retiring Purchase Contract Agent hereunder.

(b) Upon request of any such successor Purchase Contract Agent, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Purchase Contract Agent all such rights, powers and agencies referred to in clause (a) of this Section 7.10.

(c) No successor Purchase Contract Agent shall accept its appointment unless at the time of such acceptance such successor Purchase Contract Agent shall be qualified and eligible under this Article 7.

Section 7.11. *Merger, Conversion, Consolidation or Succession to Business.* Any Person into which the Purchase Contract Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Purchase Contract Agent shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Purchase Contract Agent, shall be the successor of the Purchase Contract Agent hereunder, provided that such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been authenticated and executed on behalf of the Holders, but not delivered, by the Purchase Contract Agent then in office, any successor by merger, conversion or consolidation to such Purchase Contract Agent may adopt such authentication and execution and deliver the Certificates so authenticated and executed with the same effect as if such successor Purchase Contract Agent had itself authenticated and executed such Units.

Section 7.12. *Preservation of Information; Communications to Holders.* (a) The Purchase Contract Agent shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Purchase Contract Agent in its capacity as Security Registrar.

(b) If three or more Holders (herein referred to as "**Applicants**") apply in writing to the Purchase Contract Agent, and furnish to the Purchase Contract Agent reasonable proof that each such Applicant has owned a Unit for a period of at least six months preceding the date of such application, and such application states that the Applicants desire to communicate with other Holders with respect to their rights under this Agreement or under the Units and is accompanied by a copy of the form of proxy or other communication which such Applicants propose to transmit, then the Purchase Contract Agent shall mail to all the Holders copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Purchase Contract Agent of the materials to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing.

Section 7.13. *No Obligations of Purchase Contract Agent.* Except to the extent otherwise expressly provided in this Agreement, the Purchase Contract Agent assumes no obligations and shall not be subject to any liability under this Agreement, the Remarketing Agreement or any Purchase Contract in respect of the obligations of the Holder of any Unit thereunder. The Company agrees, and each Holder of a Certificate, by its acceptance thereof, shall be deemed to have agreed, that the Purchase Contract Agent's execution of the Certificates on behalf of the Holders shall be solely as agent and attorney-in-fact for the Holders, and that the Purchase Contract Agent shall have no obligation to perform such Purchase Contracts on behalf of the Holders, except to the extent expressly provided in Article Five hereof. Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Purchase Contract Agent or its officers, directors, employees or agents be liable under this Agreement or the Remarketing Agreement for (i) indirect, incidental, special, punitive, or consequential loss or damage of any kind whatsoever, including lost profits, whether or not the likelihood of such loss or damage was known to the Purchase Contract Agent and regardless of the form of action or (ii) any failure or delay in the performance of its obligations under this Agreement arising out of or caused directly or indirectly, by acts of God; earthquake; fires; floods; wars; civil or military disturbances; terrorist acts; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities; accidents; labor disputes; or acts of civil or military authority or governmental actions; it being understood that the Purchase Contract Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under such circumstances.

Section 7.14. *Tax Compliance.* (a) The Purchase Contract Agent, on its own behalf and on behalf of the Company, will comply with all applicable certification, information reporting and withholding (including "backup" withholding) requirements imposed by applicable tax laws, regulations or administrative practice with respect to (i) any payments made with respect to the Units or (ii) the issuance, delivery, holding, transfer, redemption or exercise of rights under the Units. Such compliance shall include, without limitation, the preparation and timely filing of required returns and the timely

payment of all amounts required to be withheld to the appropriate taxing authority or its designated agent.

(b) The Purchase Contract Agent shall comply in accordance with the terms hereof with any reasonable written direction received from the Company with respect to the execution or certification of any required documentation and the application of such requirements to particular payments or Holders or in other particular circumstances, and may for purposes of this Agreement conclusively rely on any such direction in accordance with the provisions of Section 7.01(a) hereof.

(c) The Purchase Contract Agent shall maintain all appropriate records documenting compliance with such requirements, and shall make such records available, on written request, to the Company or its authorized representative within a reasonable period of time after receipt of such request.

ARTICLE 8
SUPPLEMENTAL AGREEMENTS

Section 8.01. *Supplemental Agreements without Consent of Holders.* Without the consent of any Holders, the Company, when authorized by a Board Resolution, the Purchase Contract Agent, the Collateral Agent, the Custodial Agent and the Securities Intermediary at any time and from time to time, may enter into one or more agreements supplemental hereto, in form satisfactory to the Company and the Purchase Contract Agent, to:

(a) evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the

Certificates;

(b) evidence and provide for the acceptance of appointment hereunder by a successor Purchase Contract Agent, Collateral Agent, Securities Intermediary or Custodial Agent;

(c) add to the covenants of the Company for the benefit of the Holders, or surrender any right or power herein conferred upon the Company;

(d) make provision with respect to the rights of Holders pursuant to the requirements of Section 5.04(b); or

(e) except as provided for in Section 5.04, cure any ambiguity, to correct or supplement any provisions herein that may be inconsistent with any other provision herein, or to make such other provisions in regard to matters or questions arising under this Agreement that do not adversely affect the interests of any Holders, *provided* that any amendment made solely to conform the provisions of this Agreement to the description of the Units and the Purchase Contracts contained in the Units Prospectus will not be deemed to adversely affect the interests of the Holders.

Section 8.02. *Supplemental Agreements with Consent of Holders.* With the consent of the Holders of not less than a majority of the Outstanding Units voting together as one class, including without limitation the consent of the Holders obtained in connection with a tender or an exchange offer, by Act of said Holders delivered to the Company, the Purchase Contract Agent, the Company, the Collateral Agent, the Securities Intermediary and the Custodial Agent, as the case may be, when authorized by a Board Resolution, and the Purchase Contract Agent may enter into an agreement or agreements supplemental hereto for the purpose of modifying in any manner the terms of the Purchase Contracts, or the provisions of this Agreement or the rights of the Holders in respect of the Units; *provided, however*, that, except as contemplated herein, no such supplemental agreement shall, without the consent of the Holder of each outstanding Purchase Contract affected thereby,

(a) change any Payment Date;

(b) change the amount or the type of Collateral required to be Pledged to secure a Holder's obligations under the Purchase Contract (except for the rights of holders of Corporate Units to substitute Treasury Securities for the Pledged Applicable Ownership Interests in Senior Notes or the Pledged Applicable Ownership Interests in the Treasury Portfolio, as the case may be, or the rights of Holders of Treasury Units to substitute Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as applicable, for the Pledged Treasury Securities), impair the right of the Holder of any Purchase Contract to receive distributions on the related Collateral or otherwise adversely affect the Holder's rights in or to such Collateral;

(c) impair the Holders' right to institute suit for the enforcement of any Purchase Contract or any Contract Adjustment Payments;

(d) except as set forth in Section 5.04, reduce the number of shares of Common Stock or the amount of any other property to be purchased pursuant to any Purchase Contract, increase the price to purchase shares of Common Stock or any other property upon settlement of any Purchase Contract or change the Purchase Contract Settlement Date or the right to Early Settlement or Cash Merger Early Settlement or otherwise adversely affect the Holder's rights under the Purchase Contract in any material respect;

(e) reduce any Contract Adjustment Payments or change any place where, or the coin or currency in which, any Contract Adjustment Payment is payable; or

(f) reduce the percentage of the outstanding Purchase Contracts whose Holder's consent is required for any modification or amendment to the provisions of this Agreement or the Purchase Contracts;

provided that if any amendment or proposal referred to above would adversely affect only the Corporate Units or the Treasury Units, then only the affected class of Holders as of the record date for the Holders entitled to vote thereon will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the consent of Holders of not less than a majority of such class; and *provided*, *further*,

that the unanimous consent of the Holders of each outstanding Purchase Contract of such class affected thereby shall be required to approve any amendment or proposal specified in clauses (a) through (f) of this Section 8.02.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.03. *Execution of Supplemental Agreements.* In executing, or accepting the additional agencies created by any supplemental agreement permitted by this Article or the modifications thereby of the agencies created by this Agreement, the Purchase Contract Agent, the Collateral Agent, the Securities Intermediary and the Custodial Agent shall be provided, and (subject to Section 7.01 with respect to the Purchase Contract Agent) shall be fully authorized and protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement and that any and all conditions precedent to the execution and delivery of such supplemental agreement have been satisfied. The Purchase Contract Agent, the Collateral Agent, the Securities Intermediary and the Custodial Agent may, but shall not be obligated to, enter into any such supplemental agreement which affects their own rights, duties or immunities under this Agreement or otherwise.

Section 8.04. *Effect of Supplemental Agreements.* Upon the execution of any supplemental agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of Certificates theretofore or thereafter authenticated, executed on behalf of the Holders and delivered hereunder, shall be bound thereby.

Section 8.05. *Reference to Supplemental Agreements.* Certificates authenticated, executed on behalf of the Holders and delivered after the execution of any supplemental agreement pursuant to this Article may, and shall if required by the Purchase Contract Agent, bear a notation in form approved by the Purchase Contract Agent as to any matter provided for in such supplemental agreement. If the Company shall so determine, new Certificates so modified as to conform, in the opinion of the Purchase Contract Agent and the Company, to any such supplemental agreement may be prepared and executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent in exchange for outstanding Certificates.

ARTICLE 9
CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 9.01. *Covenant Not To Consolidate, Merge, Convey, Transfer or Lease Property except under Certain Conditions.* The Company covenants that it will not merge or consolidate with, any other Person or sell, assign, transfer, or otherwise dispose of all or substantially all of its assets, unless:

(a) either the Company shall be the surviving Person, or the successor (if other than the Company) shall be a corporation or limited liability company organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such corporation or limited liability company, as the case may be, shall expressly assume all the obligations of the Company under the Purchase Contracts, this Agreement (including the Pledge provided for herein), the Indenture (including any supplement thereto) and the Remarketing Agreement by one or more supplemental agreements in form reasonably satisfactory to the Purchase Contract Agent and the Collateral Agent, executed and delivered to the Purchase Contract Agent and the Collateral Agent by such corporation or limited liability company, as the case may be; and

(b) the Company or such successor corporation or limited liability company shall not, immediately after such consolidation, conversion, merger, sale, assignment, transfer, lease or conveyance, be in default of payment obligations under the Purchase Contracts, this Agreement, the Indenture (including any supplement thereto) or the Remarketing Agreement or in material default in the performance of any other covenants under any of the foregoing agreements.

Section 9.02. *Rights and Duties of Successor Corporation.* In case of any such merger, consolidation, sale, assignment, transfer, or disposition and upon any such assumption by a successor Person in accordance with Section 9.01, such surviving Person shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the Company. Such surviving Person thereupon may cause to be signed, and may issue either in its own name or in the name of Genworth Financial, Inc. any or all of the Certificates evidencing Units issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Purchase Contract Agent; and, upon the order of such surviving Person, instead of the Company, and subject to all the terms, conditions and limitations in this Agreement prescribed, the Purchase Contract Agent shall authenticate and execute on behalf of the Holders and deliver any Certificates which previously shall have been signed and delivered by the officers of the Company to the Purchase Contract Agent for authentication and execution, and any Certificate evidencing Units which such surviving Person thereafter shall cause to be signed and delivered to the Purchase Contract Agent for that purpose. All the Certificates issued shall in all respects have the same legal rank and benefit under this Agreement as the Certificates theretofore or thereafter issued in accordance with the terms of this Agreement as though all of such Certificates had been issued at the date of the execution hereof.

In case of any such merger, consolidation, sale, assignment, transfer, or disposition such change in phraseology and form (but not in substance) may be made in the Certificates evidencing Units thereafter to be issued as may be appropriate.

Section 9.03. *Officers' Certificate and Opinion of Counsel Given to Purchase Contract Agent.* The Purchase Contract Agent, subject to Section 7.01 and Section 7.03, shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such merger, consolidation, sale, assignment, transfer, or disposition, and any such assumption, complies with the provisions of this Article and that all conditions precedent to the consummation of any such merger, consolidation, share exchange, sale, assignment, transfer, lease or conveyance have been met.

ARTICLE 10
COVENANTS

Section 10.01. *Performance under Purchase Contracts.* The Company covenants and agrees for the benefit of the Holders from time to time of the Units that it will duly and punctually perform its obligations under the Purchase Contracts in accordance with the terms of the Purchase Contracts and this Agreement.

Section 10.02. *Maintenance of Office or Agency.* The Company will maintain in the Borough of Manhattan, City of New York, New York an office or agency where Certificates may be presented or surrendered for acquisition of shares of Common Stock upon settlement of the Purchase Contracts on the Purchase Contract Settlement Date or upon Early Settlement or Cash Merger Early Settlement and for transfer of Collateral upon occurrence of a Termination Event, where Certificates may be surrendered for registration of transfer or exchange, or for a Collateral Substitution and where notices and demands to or upon the Company in respect of the Units and this Agreement may be served. The Company will give prompt written notice to the Purchase Contract Agent of the location, and any change in the location, of such office or agency. The Company initially designates the Corporate Trust Office of the Purchase Contract Agent as such office of the Company. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Purchase Contract Agent with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Purchase Contract Agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where Certificates may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided*, *however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, City of New York, New York for such purposes. The Company will give prompt written notice to the Purchase Contract Agent of any such designation or rescission and of any change in the location of any such other office or agency. The Company hereby designates as the place of payment for the Units the Corporate Trust Office and appoints the Purchase Contract Agent at its Corporate Trust Office as paying agent in such city.

Section 10.03. *Company To Reserve Common Stock.* The Company shall at all times prior to the Purchase Contract Settlement Date reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable against tender of payment in respect of all Purchase Contracts constituting a part of the Units evidenced by Outstanding Certificates.

Section 10.04. *Covenants as to Common Stock; Listing.* (a) The Company covenants that all shares of Common Stock which may be issued against tender of payment in respect of any Purchase Contract constituting a part of the Outstanding Units will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable.

The Company further covenants that, if at any time the Common Stock shall be listed on the NYSE or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon Settlement of Purchase Contracts; *provided*, *however*, that, if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the date on which any Purchase Contract is first settled in accordance with the provisions of this Agreement, the Company covenants to list such Common Stock issuable upon settlement of the Purchase Contracts in accordance with the requirements of such exchange or automated quotation system no later than at such time.

Section 10.05. *Statements of Officers of the Company as to Default.* The Company will deliver to the Purchase Contract Agent, within 120 days after the end of each fiscal year of the Company (which as of the date hereof is December 31) ending after the date hereof, an Officers' Certificate, stating whether or not to the knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Agreement, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 10.06. *ERISA.* Each Holder from time to time of the Units that is a Plan or who used assets of a Plan to purchase Units hereby represents that either (i) no portion of the assets used by such Holder to acquire the Corporate Units constitutes assets of the Plan or (ii) the purchase or holding of the Corporate Units by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4973 of the Code or similar violation under any applicable laws.

Section 10.07. *Tax Treatment.* The Company covenants and agrees, for United States federal, state and local income and franchise tax purposes, to (i) treat a Holder's acquisition of the Corporate Units as the acquisition of the Applicable Ownership Interests in Senior Notes and Purchase Contract constituting the Corporate Units and (ii) treat each Holder as the owner of the applicable interest in the Collateral, including the Senior Notes underlying the Applicable Ownership Interests in Senior Notes, Applicable Ownership Interests in the Treasury Portfolio or the Treasury Securities.

ARTICLE 11
PLEDGE

Section 11.01. *Pledge.* Each Holder, acting through the Purchase Contract Agent as such Holder's attorney-in-fact, and the Purchase Contract Agent, acting solely as such attorney-in-fact, hereby pledges and grants to the Collateral Agent, as agent of and for the benefit of the Company, a continuing first priority security interest in and to, and a lien upon and right of set-off against, all of such Person's right, title and interest in and to the Collateral to secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations. The Collateral Agent shall have all of the rights, remedies and recourses with respect to the Collateral afforded a

secured party by the UCC, in addition to, and not in limitation of, the other rights, remedies and recourses afforded to the Collateral Agent by this Agreement.

Section 11.02. *Termination.* As to each Holder, the Pledge created hereby shall terminate upon the satisfaction of such Holder's Obligations. Upon such termination, the Collateral Agent shall instruct the Securities Intermediary to Transfer such portion of the Collateral attributable to such Holder to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

ARTICLE 12
ADMINISTRATION OF COLLATERAL

Section 12.01. *Initial Deposit of Senior Notes.* (a) Prior to or concurrently with the execution and delivery of this Agreement, the Purchase Contract Agent, on behalf of the initial Holders of the Corporate Units, shall Transfer to the Securities Intermediary, for credit to the Collateral Account, the Applicable Ownership Interests in Senior Notes and the Senior Notes underlying such Applicable Ownership Interests in Senior Notes or security entitlements relating thereto and the Securities Intermediary shall indicate by book-entry that a securities entitlement with respect to such Applicable Ownership Interests in Senior Notes has been credited to the Collateral Account.

(b) The Collateral Agent may, at any time or from time to time, in its sole discretion, cause any or all securities or other property underlying any financial assets credited to the Collateral Account to be registered in the name of the Securities Intermediary, the Collateral Agent or their respective nominees; *provided, however,* that unless any Event of Default (as defined in the Indenture) shall have occurred and be continuing, the Collateral Agent agrees not to cause any Senior Notes to be so re-registered.

Section 12.02. *Establishment of Collateral Account.* The Securities Intermediary hereby confirms that:

(a) the Securities Intermediary has established the Collateral Account;

(b) the Collateral Account is a securities account;

(c) subject to the terms of this Agreement, the Securities Intermediary shall identify in its records the Collateral Agent as the entitlement holder entitled to exercise the rights that comprise any financial asset credited to the Collateral Account;

(d) all property delivered to the Securities Intermediary pursuant to this Agreement, including any Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition thereof) or Treasury Securities and the Permitted Investments, will be credited promptly to the Collateral Account; and

(e) all securities or other property underlying any financial assets credited to the Collateral Account shall be (i) registered in the name of the Purchase Contract Agent and

indorsed to the Securities Intermediary or in blank, (ii) registered in the name of the Securities Intermediary or (iii) credited to another securities account maintained in the name of the Securities Intermediary. In no case will any financial asset credited to the Collateral Account be registered in the name of the Purchase Contract Agent (in its capacity as such) or any Holder or specially indorsed to the Purchase Contract Agent (in its capacity as such) or any Holder, unless such financial asset has been further indorsed to the Securities Intermediary or in blank.

Section 12.03. *Treatment as Financial Assets.* Each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Collateral Account shall be treated as a financial asset.

Section 12.04. *Sole Control by Collateral Agent.* Except as provided in Section 15.01, at all times prior to the termination of the Pledge, the Collateral Agent shall have sole control of the Collateral Account, and the Securities Intermediary shall take instructions and directions, and comply with entitlement orders, with respect to the Collateral Account or any financial asset credited thereto solely from the Collateral Agent. If at any time the Securities Intermediary shall receive an entitlement order issued by the Collateral Agent and relating to the Collateral Account, the Securities Intermediary shall comply with such entitlement order without further consent by the Purchase Contract Agent or any Holder or any other Person. Except as otherwise permitted under this Agreement, until termination of the Pledge, the Securities Intermediary will not comply with any entitlement orders issued by the Purchase Contract Agent or any Holder.

Section 12.05. *Jurisdiction.* The Collateral Account, and the rights and obligations of the Securities Intermediary, the Collateral Agent, the Purchase Contract Agent and the Holders with respect thereto, shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, the Securities Intermediary's jurisdiction is the State of New York.

Section 12.06. *No Other Claims.* Except for the claims and interest of the Collateral Agent and of the Purchase Contract Agent and the Holders in the Collateral Account, the Securities Intermediary (without having conducted any investigation) does not know of any claim to, or interest in, the Collateral Account or in any financial asset credited thereto. If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Collateral Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Collateral Agent and the Purchase Contract Agent.

Section 12.07. *Investment and Release.* All proceeds of financial assets from time to time credited to the Collateral Account shall be invested and reinvested as provided in this Agreement. At all times prior to termination of the Pledge, no property shall be released from the Collateral Account except in accordance with this Agreement or upon written instructions of the Collateral Agent.

Section 12.08. *Statements and Confirmations.* The Securities Intermediary will promptly send copies of all statements, confirmations and other correspondence concerning the Collateral Account and any financial assets credited thereto simultaneously

to each of the Purchase Contract Agent and the Collateral Agent at their addresses for notices under this Agreement.

Section 12.09. *Tax Allocations.* The Purchase Contract Agent shall report all items of income, gain, expense and loss recognized in the Collateral Account, to the extent such reporting is required by law, to the Internal Revenue Service authorities in the manner required by law. Neither the Securities Intermediary nor the Collateral Agent shall have any tax reporting duties hereunder.

Section 12.10. *No Other Agreements.* The Securities Intermediary has not entered into, and prior to the termination of the Pledge will not enter into, any agreement with any other Person relating to the Collateral Account or any financial assets credited thereto, including, without limitation, any agreement to comply with entitlement orders of any Person other than the Collateral Agent.

Section 12.11. *Powers Coupled with an Interest.* The rights and powers granted in this Purchase Contract and Pledge Agreement to the Collateral Agent have been granted in order to perfect its security interests in the Collateral Account, are powers coupled with an interest and will be affected neither by the bankruptcy of the Purchase Contract Agent or any Holder nor by the lapse of time. The obligations of the Securities Intermediary under this Purchase Contract and Pledge Agreement shall continue in effect until the termination of the Pledge.

Section 12.12. *Waiver of Lien; Waiver of Set-off.* The Securities Intermediary waives any security interest, lien or right to make deductions or set-offs that it may now have or hereafter acquire in or with respect to the Collateral Account, any financial asset credited thereto or any security entitlement in respect thereof. Neither the financial assets credited to the Collateral Account nor the security entitlements in respect thereof will be subject to deduction, set-off, banker's lien, or any other right in favor of any person other than the Company.

ARTICLE 13
RIGHTS AND REMEDIES OF THE COLLATERAL AGENT

Section 13.01. *Rights and Remedies of the Collateral Agent.* (a) In addition to the rights and remedies set forth herein or otherwise available at law or in equity, after a collateral event of default (as specified in Section 13.01(b) below) hereunder, the Collateral Agent shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted) and the TRADES Regulations and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted. Without limiting the generality of the foregoing, such remedies may include, to the extent permitted by applicable law, (1) retention of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the Pledged Treasury Securities or the Pledged Applicable Ownership Interests in the Treasury Portfolio in full satisfaction of the Holders' obligations under the Purchase Contracts and the Purchase Contract Agreement or (2) sale

of the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, the Pledged Treasury Securities or the Pledged Applicable Ownership Interests in the Treasury Portfolio in one or more public or private sales.

(b) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, in the event the Collateral Agent is unable to make payments to the Company on account of Proceeds of (i) the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes (other than any interest payments thereon), (ii) Pledged Applicable Ownership Interests in the Treasury Portfolio, or (iii) the Pledged Treasury Securities as provided in this Agreement in satisfaction of the Obligations of the Holder of the Units of which such applicable Pledged Applicable Ownership Interests in the Treasury Portfolio or such Pledged Treasury Securities are a part under the related Purchase Contracts, the inability to make such payments shall constitute a "**collateral event of default**" hereunder and the Collateral Agent shall have and may exercise, with reference to such Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes, Pledged Treasury Securities or Pledged Applicable Ownership Interests in the Treasury Portfolio, as applicable, any and all of the rights and remedies available to a secured party under the UCC and the TRADES Regulations after default by a debtor, and as otherwise granted herein or under any other law.

(c) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, the Collateral Agent is hereby irrevocably authorized to receive, collect and apply to the satisfaction of the Obligations all payments with respect to (i) the Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes (other than any interest payments thereon), (ii) the Pledged Treasury Securities and (iii) the Pledged Applicable Ownership Interests in the Treasury Portfolio, subject, in each case, to the provisions of this Agreement, and as otherwise provided herein.

(d) The Purchase Contract Agent and each Holder agrees that, from time to time, upon the written request of the Collateral Agent, the Purchase Contract Agent, on behalf of such Holder, shall execute and deliver such further documents and do such other acts and things as the Collateral Agent may reasonably request in order to maintain the Pledge, and the perfection and priority thereof, and to confirm the rights of the Collateral Agent hereunder. The Purchase Contract Agent shall have no liability to any Holder for executing any documents or taking any such acts requested by the Collateral Agent hereunder, except for liability for its own grossly negligent acts, its own grossly negligent failure to act or its own willful misconduct.

ARTICLE 14
REPRESENTATIONS AND WARRANTIES TO
COLLATERAL AGENT; HOLDER COVENANTS

Section 14.01. *Representations and Warranties.* Each Holder from time to time, acting through the Purchase Contract Agent as attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any representation or warranty made by or on behalf of a Holder), hereby represents and warrants to the Collateral Agent (with

respect to such Holder's interest in the Collateral), which representations and warranties shall be deemed repeated on each day a Holder effects a Transfer of Collateral, that:

(a) such Holder has the power to grant a security interest in and lien on the Collateral;

(b) such Holder is the sole beneficial owner of the Collateral and, in the case of Collateral delivered in physical form, is the sole holder of such Collateral and is the sole beneficial owner of, or has the right to Transfer, the Collateral it Transfers to the Collateral Agent for credit to the Collateral Account, free and clear of any security interest, lien, encumbrance, call, liability to pay money or other restriction other than the security interest and lien granted under Article 11;

(c) upon the Transfer of the Collateral to the Securities Intermediary for credit to the Collateral Account, the Collateral Agent, for the benefit of the Company, will have a valid and perfected first priority security interest therein (assuming that any central clearing operation or any securities intermediary or other entity not within the control of the Holder involved in the Transfer of the Collateral, including the Collateral Agent and the Securities Intermediary, gives the notices and takes the action required of it hereunder and under applicable law for perfection of that interest and assuming the establishment and exercise of control pursuant to Article 12 hereof); and

(d) the execution and performance by the Holder of its obligations under this Agreement will not result in the creation of any security interest, lien or other encumbrance on the Collateral (other than the security interest and lien granted under Article 11 hereof) or violate any provision of any existing law or regulation applicable to it or of any mortgage, charge, pledge, indenture, contract or undertaking to which it is a party or which is binding on it or any of its assets.

Section 14.02. *Covenants.* The Purchase Contract Agent and the Holders from time to time, acting through the Purchase Contract Agent as their attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any covenant made by or on behalf of a Holder), hereby covenant to the Collateral Agent that for so long as the Collateral remains subject to the Pledge:

(a) neither the Purchase Contract Agent nor such Holders will create or purport to create or allow to subsist any mortgage, charge, lien, pledge or any other security interest whatsoever over the Collateral or any part of it other than pursuant to this Agreement; and

(b) neither the Purchase Contract Agent nor such Holders will sell or otherwise dispose (or attempt to dispose) of the Collateral or any part of it except for the beneficial interest therein, subject to the Pledge hereunder, transferred in connection with a Transfer of the Units.

ARTICLE 15
THE COLLATERAL AGENT, THE CUSTODIAL AGENT AND THE SECURITIES INTERMEDIARY

It is hereby agreed as follows:

Section 15.01. *Appointment, Powers and Immunities.* The Collateral Agent, the Custodial Agent and the Securities Intermediary shall act as agent for the Company hereunder with such powers as are specifically vested in the Collateral Agent, the Custodial Agent and the Securities Intermediary, as the case may be, by the terms of this Agreement. The Collateral Agent, the Custodial Agent and Securities Intermediary shall:

(a) have no duties or responsibilities except those expressly set forth in this Agreement and no implied covenants or obligations shall be inferred from this Agreement against the Collateral Agent, the Custodial Agent or the Securities Intermediary, nor shall the Collateral Agent, the Custodial Agent or the Securities Intermediary be bound by the provisions of any agreement by any party hereto beyond the specific terms hereof;

(b) not be responsible for any recitals contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by it under, this Agreement or the Units, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement (other than as against the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be), the Units, any Collateral or any other document referred to or provided for herein or therein or for any failure by the Company or any other Person (except the Collateral Agent, the Custodial Agent or Securities Intermediary, as the case may be) to perform any of its obligations hereunder or thereunder or, except as expressly required hereby, for the perfection, priority or maintenance of any security interest created hereunder;

(c) not be required to initiate or conduct any litigation or collection proceedings hereunder (except pursuant to directions furnished under Section 15.02 hereof, subject to Section 15.08 hereof);

(d) not be responsible for any action taken or omitted to be taken by it hereunder or under any other document or instrument referred to or provided for herein or in connection herewith or therewith, except for its own gross negligence or willful misconduct; and

(e) not be required to advise any party as to selling or retaining, or taking or refraining from taking any action with respect to, any securities or other property deposited hereunder.

Subject to the foregoing, during the term of this Agreement, the Collateral Agent, the Custodial Agent and the Securities Intermediary shall take all reasonable action in connection with the safekeeping and preservation of the Collateral hereunder as determined by industry standards.

No provision of this Agreement shall require the Collateral Agent, the Custodial Agent or the Securities Intermediary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. In no event shall the Collateral Agent, the Custodial Agent or the Securities Intermediary be liable for any amount in excess of the Value of the Collateral.

Section 15.02. *Instructions of the Company.* The Company shall have the right, by one or more written instruments executed and delivered to the Collateral Agent, to direct the time, method and place of conducting any proceeding for the realization of any right or remedy available to the Collateral Agent, or of exercising any power conferred on the Collateral Agent, or to direct the taking or refraining from taking of any action authorized by this Agreement; *provided*, *however*, that (i) such direction shall not conflict with the provisions of any law or of this Agreement or involve the Collateral Agent in personal liability and (ii) the Collateral Agent shall be indemnified to its satisfaction as provided herein. Nothing contained in this Section 15.02 shall impair the right of the Collateral Agent in its discretion to take any action or omit to take any action which it deems proper and which is not inconsistent with such direction. None of the Collateral Agent, the Custodial Agent or the Securities Intermediary has any obligation or responsibility to file UCC financing statements.

Section 15.03. *Reliance by Collateral Agent, Custodial Agent and Securities Intermediary.* Each of the Securities Intermediary, the Custodial Agent and the Collateral Agent shall be entitled to rely conclusively upon any certification, order, judgment, opinion, notice or other written communication (including, without limitation, any thereof by e-mail or similar electronic means, telecopy, telex or facsimile) believed by it in good faith to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons (without being required to determine the correctness of any fact stated therein) and consult with and conclusively rely upon advice, opinions and statements of legal counsel and other experts selected by the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be. As to any matters not expressly provided for by this Agreement, the Collateral Agent, the Custodial Agent and the Securities Intermediary shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions given by the Company in accordance with this Agreement.

Section 15.04. *Certain Rights.* (a) Whenever in the administration of the provisions of this Agreement the Collateral Agent, the Custodial Agent or the Securities Intermediary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Collateral Agent, the Custodial Agent or the Securities Intermediary, be deemed to be conclusively proved and established by a certificate signed by one of the Company’s officers, and delivered to the Collateral Agent, the Custodial Agent or the Securities Intermediary and such certificate, in the absence of gross negligence or bad faith on the part of the Collateral Agent, the Custodial Agent or the Securities Intermediary, shall be full warrant to the Collateral Agent, the Custodial Agent or the Securities Intermediary for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof.

(b) The Collateral Agent, the Custodial Agent or the Securities Intermediary shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document.

Section 15.05. *Merger, Conversion, Consolidation or Succession to Business.* Any corporation into which the Collateral Agent, the Custodial Agent or the Securities Intermediary may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be the successor of the Collateral Agent, the Custodial Agent or the Securities Intermediary hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

Section 15.06. *Rights in Other Capacities.* The Collateral Agent, the Custodial Agent and the Securities Intermediary and their affiliates may (without having to account therefor to the Company) accept deposits from, lend money to, make their investments in and generally engage in any kind of banking, trust or other business with the Purchase Contract Agent, any other Person interested herein and any Holder (and any of their respective subsidiaries or affiliates) as if it were not acting as the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, and the Collateral Agent, the Custodial Agent, the Securities Intermediary and their affiliates may accept fees and other consideration from the Purchase Contract Agent and any Holder without having to account for the same to the Company; *provided* that each of the Collateral Agent, the Custodial Agent and the Securities Intermediary covenants and agrees with the Company that it shall not accept, receive or permit there to be created in favor of itself and shall take no affirmative action to permit there to be created in favor of any other Person, any security interest, lien or other encumbrance of any kind in or upon the Collateral other than the lien created by the Pledge.

Section 15.07. *Non-reliance on the Collateral Agent, Custodial Agent and Securities Intermediary.* None of the Collateral Agent, the Custodial Agent and the Securities Intermediary shall be required to keep itself informed as to the performance or observance by the Purchase Contract Agent or any Holder of this Agreement, the Units or any other document referred to or provided for herein or therein or to inspect the properties or books of the Purchase Contract Agent or any Holder. None of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall have any duty or responsibility to provide the Company with any credit or other information concerning the affairs, financial condition or business of the Purchase Contract Agent or any Holder (or any of their respective affiliates) that may come into the possession of the Collateral Agent, the Custodial Agent or the Securities Intermediary or any of their respective affiliates.

Section 15.08. *Compensation and Indemnity.* The Company agrees to:

(a) pay the Collateral Agent, the Custodial Agent and the Securities Intermediary from time to time such compensation as shall be agreed in writing between the Company and the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, for all services rendered by them hereunder;

(b) indemnify and hold harmless the Collateral Agent, the Custodial Agent, the Securities Intermediary and each of their respective directors, officers, agents and employees (collectively, the "**Pledge Indemnitees**"), from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including reasonable fees and expenses of counsel) (collectively, "**Losses**" and individually, a "**Loss**") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instructions or other directions upon which any of the Collateral Agent, the Custodial Agent or the Securities Intermediary is entitled to rely pursuant to the terms of this Agreement, *provided* that the Collateral Agent, the Custodial Agent or the Securities Intermediary has not acted with gross negligence or engaged in willful misconduct or bad faith with respect to the specific Loss against which indemnification is sought; and

(c) in addition to and not in limitation of paragraph (b) of this Section 15.08, indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by or asserted against, the Indemnitees or any of them in connection with or arising out of the Collateral Agent's, the Custodial Agent's or the Securities Intermediary's acceptance or performance of its powers and duties under this Agreement, *provided* the Collateral Agent, the Custodial Agent or the Securities Intermediary has not acted with gross negligence or engaged in willful misconduct or bad faith with respect to the specific Loss against which indemnification is sought.

The provisions of this Section and Section 15.14 shall survive the resignation or removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary and the termination of this Agreement.

Section 15.09. *Failure to Act.* In the event that, in the good faith belief of the Collateral Agent, the Custody Agent or the Securities Intermediary, an ambiguity in the provisions of this Agreement arises or any actual dispute between or conflicting claims by or among the parties hereto or any other Person with respect to any funds or property deposited hereunder has been asserted in writing, then at its sole option, each of the Collateral Agent, the Custodial Agent and the Securities Intermediary shall be entitled, after prompt notice to the Company and the Purchase Contract Agent, to refuse to comply with any and all claims, demands or instructions with respect to such property or funds so long as such dispute or conflict shall continue, and the Collateral Agent, the Custodial Agent and the Securities Intermediary, as the case may be, shall not be or become liable in any way to any of the parties hereto for its failure or refusal to comply with such conflicting claims, demands or instructions. The Collateral Agent, the Custodial Agent and the Securities Intermediary shall be entitled to refuse to act until either:

(a) such conflicting or adverse claims or demands shall have been finally determined by a court of competent jurisdiction or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Collateral Agent, the Custodial Agent or the Securities Intermediary; or

(b) the Collateral Agent, the Custodial Agent or the Securities Intermediary shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all loss, liability or reasonable out-of-pocket expense which it may incur by reason of its acting.

The Collateral Agent, the Custodial Agent and the Securities Intermediary may in addition elect to commence an interpleader action or seek other judicial relief or orders as the Collateral Agent, the Custodial Agent or the Securities Intermediary may deem necessary. Notwithstanding anything contained herein to the contrary, none of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be required to take any action that is in its opinion contrary to law or to the terms of this Agreement, or which would in its opinion subject it or any of its officers, employees or directors to liability.

Section 15.10. *Resignation of Collateral Agent, the Custodial Agent and the Securities Intermediary.* (a) Subject to the appointment and acceptance of a successor Collateral Agent, Custodial Agent or Securities Intermediary as provided below:

(i) the Collateral Agent, the Custodial Agent or the Securities Intermediary may resign at any time by giving notice thereof to the Company and the Purchase Contract Agent as attorney-in-fact for the Holders;

(ii) the Collateral Agent, the Custodial Agent or the Securities Intermediary may be removed at any time by the Company; and

(iii) if the Collateral Agent, the Custodial Agent or the Securities Intermediary fails to perform any of its material obligations hereunder in any material respect for a period of not less than 20 days after receiving written notice of such failure by the Purchase Contract Agent and such failure shall be continuing, the Collateral Agent, the Custodial Agent and the Securities Intermediary may be removed by the Purchase Contract Agent, acting at the direction of the Holders.

The Purchase Contract Agent shall promptly notify the Company upon the transmission of notice as contemplated by clause (iii) of Section 15.10(a) and any removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary pursuant to clause (iii) of this Section 15.10(a). Upon any such resignation or removal, the Company shall have the right to appoint a successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, which shall not be an Affiliate of the Purchase Contract Agent. If no successor Collateral Agent, Custodial Agent or Securities Intermediary shall have been so appointed and shall have accepted such appointment within 45 days after the retiring Collateral Agent's, Custodial Agent's or Securities Intermediary's giving of notice of resignation or the Company's or the Purchase Contract Agent's giving notice of such removal, then the retiring or removed Collateral Agent, Custodial Agent or Securities Intermediary may petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor Collateral Agent, Custodial Agent or Securities Intermediary. The Collateral Agent, the Custodial Agent and the Securities Intermediary shall each be a bank or a national banking association which has an office (or an agency office) in New York City with a combined capital and surplus of at least

$50,000,000. Upon the acceptance of any appointment as Collateral Agent, Custodial Agent or Securities Intermediary hereunder by a successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, such successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, and the retiring Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, shall take all appropriate action, subject to payment of any amounts then due and payable to it hereunder, to transfer any money and property held by it hereunder (including the Collateral) to such successor. The retiring Collateral Agent, Custodial Agent or Securities Intermediary shall, upon such succession, be discharged from its duties and obligations as Collateral Agent, Custodial Agent or Securities Intermediary hereunder. After any retiring Collateral Agent's, Custodial Agent's or Securities Intermediary's resignation hereunder as Collateral Agent, Custodial Agent or Securities Intermediary, the provisions of this Article 15 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Collateral Agent, the Custodial Agent or the Securities Intermediary. Any resignation or removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary hereunder, at a time when such Person is also acting as the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, shall be deemed for all purposes of this Agreement as the simultaneous resignation or removal of the Collateral Agent, the Securities Intermediary or the Custodial Agent, as the case may be.

(b) Because The Bank of New York is serving as the Collateral Agent hereunder and also as the Purchase Contract Agent hereunder, if an event of default or a collateral event of default occurs hereunder The Bank of New York will resign as the Collateral Agent, Custodial Agent and the Securities Intermediary, but continue to act as the Purchase Contract Agent. A successor Collateral Agent, Custodial Agent and Securities Intermediary will be appointed in accordance with the terms of this Article 15.

Section 15.11. *Right to Appoint Agent or Advisor.* The Collateral Agent shall have the right to appoint agents or advisors in connection with any of its duties hereunder, and the Collateral Agent shall not be liable for any action taken or omitted by, or in reliance upon the advice of, such agents or advisors selected in good faith. The appointment of agents pursuant to this Section 15.11 shall be subject to prior written consent of the Company, which consent shall not be unreasonably withheld.

Section 15.12. *Survival.* The provisions of this Article 15 shall survive termination of this Agreement and the resignation or removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary.

Section 15.13. *Exculpation.* Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Collateral Agent, the Custodial Agent or the Securities Intermediary or their officers, directors, employees or agents be liable under this Agreement to any third party for indirect, special, punitive, or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, whether or not the likelihood of such loss or damage was known to the Collateral Agent, the Custodial Agent or the Securities Intermediary, or any of them and regardless of the form of action.

Section 15.14. *Expenses, Etc.* The Company agrees to reimburse the Collateral Agent, the Custodial Agent and the Securities Intermediary for:

(a) all reasonable costs and expenses of the Collateral Agent, the Custodial Agent and the Securities Intermediary (including, without limitation, the reasonable fees and expenses of counsel to the Collateral Agent, the Custodial Agent and the Securities Intermediary), in connection with (i) the negotiation, preparation, execution and delivery or performance of this Agreement and (ii) any modification, supplement or waiver of any of the terms of this Agreement;

(b) all reasonable costs and expenses of the Collateral Agent, the Custodial Agent and the Securities Intermediary (including, without limitation, reasonable fees and expenses of counsel) in connection with (i) any enforcement or proceedings resulting or incurred in connection with causing any Holder to satisfy its obligations under the Purchase Contracts forming a part of the Units and (ii) the enforcement of this Section 15.14;

(c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any other document referred to herein and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated hereby;

(d) all reasonable fees and expenses of any agent or advisor appointed by the Collateral Agent and consented to by the Company under Section 15.11 of this Agreement; and

(e) any other out-of-pocket costs and expenses reasonably incurred by the Collateral Agent, the Custodial Agent and the Securities Intermediary in connection with the performance of their duties hereunder.

ARTICLE 16
MISCELLANEOUS

Section 16.01. *Security Interest Absolute.* All rights of the Collateral Agent and security interests hereunder, and all obligations of the Holders from time to time hereunder pursuant to the Pledge, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any provision of the Purchase Contracts or the Units or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or any other term of, or any increase in the amount of, all or any of the obligations of Holders of the Units under the related Purchase Contracts, or any other amendment or waiver of any term of, or any consent to any departure from any requirement of, the Purchase Contract Agreement or any Purchase Contract or any other agreement or instrument relating thereto; or

(c) any other circumstance which might otherwise constitute a defense available to, or discharge of, a borrower, a guarantor or a pledgor.

Section 16.02*. Notice of Special Event, Special Event Redemption and Termination Event.* Upon the occurrence of a Special Event, a Special Event Redemption or a Termination Event, the Company shall deliver written notice to the Purchase Contract Agent, the Collateral Agent and the Securities Intermediary. Upon the written request of the Collateral Agent or the Securities Intermediary, the Company shall inform such party whether or not a Special Event, a Special Event Redemption or a Termination Event has occurred.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GENWORTH FINANCIAL, INC.

By: ________________________
Name:
Title:

Address for Notices:

Genworth Financial, Inc.
6620 West Broad Street
Richmond, Virginia 23230
Telecopier No.: [•]
Attention: [•]

THE BANK OF NEW YORK,
as Purchase Contract Agent and as attorney-in-fact of the Holders from time to time of the Units

By: ________________________
Name:
Title:

Address for Notices:

The Bank of New York
101 Barclay Street, 8W
New York, NY 10286
Telecopier No.: [•]
Attention: [•]

THE BANK OF NEW YORK
as Collateral Agent, Custodial Agent and Securities Intermediary

By: ________________________
Name:
Title:

Address for Notices:

The Bank of New York
101 Barclay Street, 8W
New York, NY 10286
Telecopier No.: [•]
Attention: [•]

EXHIBIT A

(FORM OF FACE OF CORPORATE UNIT CERTIFICATE)

[For inclusion in Global Certificates only - THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (THE "**DEPOSITARY**"), THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AND PLEDGE AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

No. 1
Number of Corporate Units: 24,000,000

CUSIP No. [•]

GENWORTH FINANCIAL, INC.
Corporate Units

This Corporate Units Certificate certifies that is the registered Holder of the number of Corporate Units set forth above [For inclusion in Global Certificates only - or such other number of Corporate Units reflected in the Schedule of Increases or Decreases in Global Certificate attached hereto, which number shall not exceed 24,000,000]. Each Corporate Unit consists of (i) either (a) an Applicable Ownership Interest in Senior Notes, subject to the Pledge thereof by such Holder pursuant to the Purchase Contract and Pledge Agreement, or (b) upon the occurrence of a Special Event Redemption prior to the Purchase Contract Settlement Date, the Applicable Ownership Interest in the Treasury Portfolio, subject to the pledge of the Applicable Ownership Interest in the Treasury Portfolio (as specified in clause (i) of the definition of such term) by such Holder pursuant to the Purchase Contract and Pledge Agreement, and (ii) the rights and obligations of the Holder under one Purchase Contract with the Company.

All capitalized terms used herein that are defined in the Purchase Contract and Pledge Agreement (as defined on the reverse hereof) have the meaning set forth therein.

Pursuant to the Purchase Contract and Pledge Agreement, the Applicable Ownership Interest in Senior Notes or the Applicable Ownership Interest in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as the case may be, constituting part of each Corporate Unit evidenced hereby have been pledged to the Collateral Agent, for the benefit of the Company, to secure the obligations of the Holder under the Purchase Contract comprising part of such Corporate Unit.

All payments of the principal amount with respect to the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes or all payments with respect to the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as the case may be, or payments of interest on the Pledged Applicable Ownership Interests in Senior Notes or distributions with respect to the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition of such term), as the case may be, constituting part of the Corporate Units shall be paid on the dates and in the manner set forth in the Purchase Contract and Pledge Agreement. Interest on the Senior Notes underlying the Applicable Ownership Interests in Senior Notes and distributions on the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition of such term), as the case may be, forming part of the Corporate Units evidenced hereby, which are payable on each Payment Date, shall, subject to receipt thereof by the Purchase Contract Agent, be paid to the Person in whose name this Corporate Units Certificate (or a Predecessor Corporate Units Certificate) is registered at the close of business on the Record Date for such Payment Date.

All Contract Adjustment Payments shall be paid on the dates and in the manner set forth in the Purchase Contract and Pledge Agreement. Such Contract Adjustment Payments shall be payable to the Person in whose name this Corporate Units Certificate is registered at the close of business on the Record Date for such Payment Date.

Each Purchase Contract evidenced hereby obligates the Holder of this Corporate Units Certificate to purchase, and the Company to sell, on the Purchase Contract Settlement Date, at a Purchase Price equal to the Stated Amount, a number of newly issued shares of Common Stock of the Company, equal to the Settlement Rate, unless on or prior to the Purchase Contract Settlement Date there shall have occurred a Termination Event, an Early Settlement or a Cash Merger Early Settlement with respect to such Purchase Contract, all as provided in the Purchase Contract and Pledge Agreement. The Purchase Price for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby, if not paid earlier, shall be paid on the Purchase Contract Settlement Date by application of payment received in the Remarketing of the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes equal to the principal amount thereof or the proceeds of the Pledged Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as the case may be, pledged to secure the obligations under such Purchase Contract of the Holder of the Corporate Units of which such Purchase Contract is a part.

The Company shall pay, on February 16, May 16, August 16 and November 16 of each year (each, a '**Payment Date**"), in respect of each Purchase Contract forming part of a Corporate Unit evidenced hereby, an amount (the "**Contract Adjustment Payments**") equal to% per year of the Stated Amount for the period from and including the immediately preceding Payment Date on which Contract Adjustment Payments were paid (or if none, the Special Payment Date) to but excluding such Payment Date. Such Contract Adjustment Payments shall be payable to the Person in whose name this Corporate Units Certificate is registered at the close of business on the Record Date for such Payment Date. In addition, the Company shall pay on May [   ], 2004 (the "**Special Payment Date**"), the Contract Adjusted Payments accrued from and including May [•], 2004 to but excluding the Special Payment Date to the Person in whose name a Certificate is registered at the close of business on the Business Day immediately preceding the Special Payment Date. The Contract Adjustment Payments payable on the Special Payment Date shall be paid by wire transfer to the account designated by the Person entitled to receive such payment by prior notice to the Company and the Purchase Contract Agent.

Distributions on the Applicable Ownership Interests in Senior Notes and distributions on the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (ii) of the definition of such term) and the Contract Adjustment Payments will be payable at the office of the Purchase Contract Agent in New York City, except that all payments with respect to Global Certificates will be made by wire transfer of immediately available funds to the Depositary. If the book-entry system for the Corporate Units has been terminated, the Contract Adjustment Payments will be payable, at the option of the Company, by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register, or by wire transfer to the account designated by such Person by prior written notice to the Purchase Contract Agent.

Each Purchase Contract evidenced hereby obligates the holder to agree, for United States federal, state and local income and franchise tax purposes, to (i) treat its acquisition of the Corporate Units as an acquisition of the Applicable Ownership Interest in Senior Notes and Purchase Contract constituting each Corporate Unit, (ii) treat the Applicable Ownership Interest in Senior Notes as indebtedness of the Company and (iii) treat itself as the owner of the applicable interests in the Collateral Account, including the Senior Notes underlying the Applicable Ownership Interests in the Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term).

Reference is hereby made to the further provisions set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Purchase Contract Agent by manual signature, this Corporate Units Certificate shall not be entitled to any benefit under the Purchase Contract and Pledge Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company and the Holder specified above have caused this instrument to be duly executed.

GENWORTH FINANCIAL, INC.
By: ______________________________
Name:
Title:

HOLDER SPECIFIED ABOVE (as to obligations of such Holder under the Purchase Contracts)

By: THE BANK OF NEW YORK, not individually but solely as attorney-in-fact of such Holder

By: ____________________
Name:
Title:

DATED: ____________________

CERTIFICATE OF AUTHENTICATION
OF PURCHASE CONTRACT AGENT

This is one of the Corporate Units Certificates referred to in the within mentioned Purchase Contract and Pledge Agreement.

By: THE BANK OF NEW YORK,
as Purchase Contract Agent

By: ____________________
Name:
Title:

DATED: ____________________

(REVERSE OF CORPORATE UNIT CERTIFICATE)

Each Purchase Contract evidenced hereby is governed by a Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (as may be supplemented from time to time, the "**Purchase Contract and Pledge Agreement**"), between the Company and The Bank of New York, as Purchase Contract Agent (including its successors thereunder, the "**Purchase Contract Agent**") and The Bank of New York, as Collateral Agent, Custodial Agent and Securities Intermediary, to which Purchase Contract and Pledge Agreement and supplemental agreements thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Purchase Contract Agent, the Company, and the Holders and of the terms upon which the Corporate Units Certificates are, and are to be, executed and delivered.

Each Purchase Contract evidenced hereby obligates the Holder of this Corporate Units Certificate to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount, a number of shares of Common Stock equal to the Settlement Rate, unless an Early Settlement, a Cash Merger Early Settlement or a Termination Event with respect to the Units of which such Purchase Contract is a part shall have occurred. The Settlement Rate is subject to adjustment as described in the Purchase Contract and Pledge Agreement.

No fractional shares of Common Stock will be issued upon settlement of Purchase Contracts, as provided in Section 5.08 of the Purchase Contract and Pledge Agreement.

Each Purchase Contract evidenced hereby that is settled through Early Settlement or Cash Merger Early Settlement shall obligate the Holder of the related Corporate Units to purchase at the Purchase Price, and the Company to sell, a number of newly issued shares of Common Stock equal to the Minimum Settlement Rate (in the case of an Early Settlement) or applicable Settlement Rate (in the case of a Cash Merger Early Settlement).

In accordance with the terms of the Purchase Contract and Pledge Agreement, unless a Termination Event shall have occurred, the Holder of this Corporate Units Certificate shall pay the Purchase Price for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby by effecting a Cash Settlement, an Early Settlement or, if applicable, a Cash Merger Early Settlement or from the proceeds of the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) or a Remarketing of the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes. Unless Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in Senior Notes as a component of Corporate Units, a Holder of Corporate Units who (1) does not, on or prior to 5:00 p.m. (New York City time) on the sixth Business Day immediately preceding the Purchase Contract Settlement Date make an effective Cash Settlement in the manner provided in the Purchase Contract and Pledge Agreement or (2) on or prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Corporate Units, unless a Special Event Redemption has occurred) or the second Business Day immediately preceding the Purchase Contract Settlement Date (in the case of Corporate Units after the occurrence of a Special Event

Redemption), does not make an effective Early Settlement, shall pay the Purchase Price for the shares of Common Stock to be delivered under the related Purchase Contract from the proceeds of the sale of the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes held by the Collateral Agent in the Remarketing unless the Holder has previously made a Cash Merger Early Settlement. If the Treasury Portfolio has replaced the Senior Notes as a component of Corporate Units, a Holder of Corporate Units shall pay the Purchase Price for the shares of Common Stock to be delivered under the related Purchase Contract from the proceeds at maturity of the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term.

As provided in the Purchase Contract and Pledge Agreement, upon the occurrence of a Failed Final Remarketing, as of the Purchase Contract Settlement Date, each Holder of any Pledged Applicable Interests in Senior Notes, unless such Holder has elected Cash Settlement and delivered cash in accordance with Section 5.02(a) of the Purchase Contract and Pledge Agreement, shall be deemed to have exercised such Holder's Put Right with respect to the Senior Notes underlying such Applicable Ownership Interests in Senior Notes and to have elected to have a portion of the Proceeds of the Put Right set-off against such Holder's obligation to pay the aggregate Purchase Price for the shares of Common Stock to be issued under the related Purchase Contracts in full satisfaction of such Holders' obligations under such Purchase Contracts, and any accrued and unpaid interest on the Senior Notes attributable to such Pledged Applicable Ownership Interests in Senior Notes will become payable by the Company to the Holder of this Corporate Units Certificate in the manner provided for in the Purchase Contract and Pledge Agreement.

The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates therefor to the Holder unless it shall have received payment of the aggregate Purchase Price for the shares of Common Stock to be purchased thereunder in the manner set forth in the Purchase Contract and Pledge Agreement.

Each Purchase Contract evidenced hereby and all obligations and rights of the Company and the Holder thereunder shall terminate if a Termination Event shall occur. Upon the occurrence of a Termination Event, the Company shall give written notice to the Purchase Contract Agent and to the Holders, at their addresses as they appear in the Security Register. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the Senior Notes underlying the Pledged Applicable

Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) forming a part of each Corporate Unit from the Pledge. A Corporate Unit shall thereafter represent the right to receive the Senior Note underlying the Applicable Ownership Interest in the Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio forming a part of such Corporate Units in accordance with the terms of the Purchase Contract and Pledge Agreement.

Under the terms of the Purchase Contract and Pledge Agreement, the Purchase Contract Agent will be entitled to exercise the voting and any other consensual rights pertaining to the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes, but only to the extent instructed in writing by the Holders. Upon receipt of notice of any meeting at which holders of Senior Notes are entitled to vote or upon any solicitation of consents, waivers or

proxies of holders of Senior Notes, the Purchase Contract Agent shall, as soon as practicable thereafter, mail, first class, postage pre-paid, to the Corporate Units Holders the notice required by the Purchase Contract and Pledge Agreement.

Upon the occurrence of a Special Event Redemption, the Collateral Agent shall surrender the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes against delivery of an amount equal to the aggregate Redemption Price of such Senior Notes and shall deposit the funds in the Collateral Account in exchange for such Senior Notes. Thereafter, the Collateral Agent shall cause the Securities Intermediary to apply an amount equal to the aggregate Redemption Amount of such funds to purchase, on behalf of the Holders of Corporate Units, the Treasury Portfolio.

Following the occurrence of a Special Event Redemption prior to the Purchase Contract Settlement Date, the Collateral Agent shall have such security interest rights with respect to the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) as the Collateral Agent had in respect of Applicable Ownership Interests in Senior Notes and the underlying Senior Notes, as provided in the Purchase Contract and Pledge Agreement and any reference herein to the Senior Notes or Applicable Ownership Interests in Senior Notes shall be deemed to be a reference to the Treasury Portfolio or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be.

The Corporate Units Certificates are issuable only in registered form and only in denominations of a single Corporate Unit and any integral multiple thereof. The transfer of any Corporate Units Certificate will be registered and Corporate Units Certificates may be exchanged as provided in the Purchase Contract and Pledge Agreement. A Holder who elects to substitute a Treasury Security for the Senior Note underlying the Applicable Ownership Interests in Senior Notes or Applicable Ownership Interests in the Treasury Portfolio, as the case may be, thereby creating Treasury Units, shall be responsible for any fees or expenses payable in connection therewith. Except as provided in the Purchase Contract and Pledge Agreement, such Corporate Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder of such Corporate Unit in respect of the Applicable Ownership Interest in Senior Notes, or Applicable Ownership Interest in the Treasury Portfolio, as the case may be, and Purchase Contract constituting such Corporate Units may be transferred and exchanged only as a Corporate Unit.

Subject to, and in compliance with, the conditions and terms set forth in the Purchase Contract and Pledge Agreement, the Holder of Corporate Units may effect a Collateral Substitution. From and after such Collateral Substitution, each Unit for which Pledged Treasury Securities secure the Holder's obligation under the Purchase Contract shall be referred to as a "Treasury Unit". A Holder may make such Collateral Substitution only in integral multiples of 40 Corporate Units for 40 Treasury Units. If Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, a Holder may substitute Treasury Securities for the Applicable Ownership Interests in the Treasury Portfolio only in integral multiples of [•] Corporate Units.

Subject to and upon compliance with the provisions of the Purchase Contract and Pledge Agreement, at the option of the Holder thereof, Purchase Contracts underlying Units may be

settled early by effecting an Early Settlement as provided in the Purchase Contract and Pledge Agreement in integral multiples of 40 Corporate Units, or if Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, in integral multiples of [•] Corporate Units.

Upon Early Settlement of Purchase Contracts by a Holder of the related Units, the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) underlying such Units shall be released from the Pledge as provided in the Purchase Contract and Pledge Agreement and the Holder shall be entitled to receive a number of shares of Common Stock on account of each Purchase Contract forming part of a Corporate Unit as to which Early Settlement is effected equal to the Minimum Settlement Rate.

Upon the occurrence of a Cash Merger, a Holder of Corporate Units may effect Cash Merger Early Settlement of the Purchase Contracts underlying such Corporate Units pursuant to the terms of the Purchase Contract and Pledge Agreement in integral multiples of 40 Corporate Units, or if the Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, in integral multiples of [•] Corporate Units. Upon Cash Merger Early Settlement of Purchase Contracts by a Holder of the related Corporate Units, the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term) underlying such Corporate Units shall be released from the Pledge as provided in the Purchase Contract and Pledge Agreement and the Holder shall be entitled to receive a number of shares of Common Stock on account of each Purchase Contract forming part of a Corporate Unit as to which Cash Merger Early Settlement is effected equal to the applicable Settlement Rate.

Upon registration of transfer of this Corporate Units Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee, except as may be required by the Purchase Contract Agent pursuant to the Purchase Contract and Pledge Agreement), under the terms of the Purchase Contract and Pledge Agreement and the Purchase Contracts evidenced hereby and the transferor shall be released from the obligations under the Purchase Contracts evidenced by this Corporate Units Certificate. The Company covenants and agrees, and the Holder, by its acceptance hereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

The Holder of this Corporate Units Certificate, by its acceptance hereof, authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contracts forming part of the Corporate Units evidenced hereby on its behalf as its attorney-in-fact, expressly withholds any consent to the assumption (i.e., affirmance) of the Purchase Contracts by the Company or its trustee in the event that the Company becomes the subject of a case under the Bankruptcy Code, agrees to be bound by the terms and provisions thereof, covenants and agrees to perform its obligations under such Purchase Contracts, consents to the provisions of the Purchase Contract and Pledge Agreement, authorizes the Purchase Contract Agent to enter into and perform the Purchase Contract and Pledge Agreement on its behalf as its attorney-in-fact, and consents to the Pledge of the Applicable Ownership Interests in Senior Notes and the underlying Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the

definition of such term), as the case may be, underlying this Corporate Units Certificate pursuant to the Purchase Contract and Pledge Agreement. The Holder further covenants and agrees that, to the extent and in the manner provided in the Purchase Contract and Pledge Agreement, but subject to the terms thereof, any payments with respect the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes (other than interest payments thereon) or the Proceeds of the Applicable Ownership Interests in the Treasury Portfolio (as specified in clause (i) of the definition of such term), as the case may be, on the Purchase Contract Settlement Date equal to the aggregate Purchase Price for the related Purchase Contracts shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under the related Purchase Contracts and such Holder shall acquire no right, title or interest in such payments.

Subject to certain exceptions, the provisions of the Purchase Contract and Pledge Agreement may be amended with the consent of the Holders of a majority of the Purchase Contracts.

The Purchase Contracts shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of law provisions thereof to the extent a different law would govern as a result.

The Purchase Contracts shall not, prior to the settlement thereof, entitle the Holder to any of the rights of a holder of shares of Common Stock.

Prior to due presentment of this Certificate for registration of transfer, the Company, the Purchase Contract Agent and its Affiliates and any agent of the Company or the Purchase Contract Agent may treat the Person in whose name this Corporate Units Certificate is registered as the owner of the Corporate Units evidenced hereby for the purpose of receiving payments of interest payable on the Senior Notes underlying the Applicable Ownership Interests in Senior Notes and payments of Contract Adjustment Payments (subject to any applicable record date), performance of the Purchase Contracts and for all other purposes whatsoever, whatever or not any payments in respect thereof be overdue and notwithstanding any notice to the contrary, and neither the Company, the Purchase Contract Agent nor any such agent shall be affected by notice to the contrary.

A copy of the Purchase Contract and Pledge Agreement is available for inspection at the offices of the Purchase Contract Agent.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM: as tenants in common

UNIF GIFT MIN ACT: ____________________Custodian __________________________
(cust) (minor)

Under Uniform Gifts to Minors Act of

TENANT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common
Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

(Please Print or Type Name and Address Including Postal Zip Code of Assignee)

the within Corporate Units Certificates and all rights thereunder, hereby irrevocably constituting and appointing attorney , to transfer said Corporate Units Certificates on the books of Genworth Financial, Inc., with full power of substitution in the premises.

Dated: ______________________________ Signature ______________________________

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Corporate Units Certificates in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: ______________________________

SETTLEMENT INSTRUCTIONS

The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon settlement on or after the Purchase Contract Settlement Date of the Purchase Contracts underlying the number of Corporate Units evidenced by this Corporate Units Certificate be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: ______________________________(if assigned to another person)

REGISTERED HOLDER

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

Please print name and address of Registered Holder:

Name

Name

Address

Address

Social Security or other Taxpayer Identification Number, if any

Signature

Signature Guarantee:

ELECTION TO SETTLE EARLY/CASH MERGER EARLY SETTLEMENT

The undersigned Holder of this Corporate Units Certificate hereby irrevocably exercises the option to effect [Early Settlement] [Cash Merger Early Settlement] in accordance with the terms of the Purchase Contract and Pledge Agreement with respect to the Purchase Contracts underlying the number of Corporate Units evidenced by this Corporate Units Certificate specified below. The option to effect [Early Settlement] [Cash Merger Early Settlement] may be exercised only with respect to Purchase Contracts underlying Corporate Units in multiples of 40 Corporate Units or an integral multiple thereof; *provided* that if Applicable Ownership Interests in the Treasury Portfolio have replaced Applicable Ownership Interests in the Senior Notes as a component of the Corporate Units, Corporate Units Holders may only effect [Early Settlement] [Cash Merger Early Settlement] in multiples of [•] Corporate Units. The undersigned Holder directs that a certificate for shares of Common Stock or other securities deliverable upon such [Early Settlement] [Cash Merger Early Settlement] be registered in the name of, and delivered, together with a check in payment for any fractional share and any Corporate Units Certificate representing any Corporate Units evidenced hereby as to which [Early Settlement] [Cash Merger Early Settlement] of the related Purchase Contracts is not effected, to the undersigned at the address indicated below unless a different name and address have been indicated below. Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, deliverable upon such [Early Settlement] [Cash Merger Early Settlement] will be transferred in accordance with the transfer instructions set forth below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: ____________________ Signature ____________________

Signature Guarantee: ____________________

Number of Units evidenced hereby as to which [Early Settlement] [Cash Merger Early Settlement] of the related Purchase Contracts is being elected:

If shares of Common Stock or Corporate Units Certificates are to be registered in the name of and delivered to and Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, are to be transferred to a Person other than the Holder, please print such Person's name and address:

Name

Address

REGISTERED HOLDER

Please print name and address of Registered Holder:

Name

Address

Social Security or other
Taxpayer Identification

Number, if any

Transfer Instructions for Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes or the Applicable Ownership Interests in the Treasury Portfolio, as the case may be, transferable upon [Early Settlement] [Cash Merger Early Settlement]:

[TO BE ATTACHED TO GLOBAL CERTIFICATES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL CERTIFICATE

The initial number of Corporate Units evidenced by this Global Certificate is 24,000,000. The following increases or decreases in this Global Certificate have been made:

Date	**Amount of increase in number of Corporate Units evidenced by the Global Certificate**	**Amount of decrease in number of Corporate Units evidenced by the Global Certificate**	**Number of Corporate Units evidenced by this Global Certificate following such decrease or increase**	**Signature of authorized signatory of Purchase Contract Agent**

EXHIBIT B

(FORM OF FACE OF TREASURY UNIT CERTIFICATE)

[For inclusion in Global Certificate only - THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (THE "**DEPOSITARY**"), THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AND PLEDGE AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

No. 1 CUSIP No. [•]
Number of Treasury Units: 0

GENWORTH FINANCIAL, INC.
Treasury Units

This Treasury Units Certificate certifies that [ ] is the registered Holder of the number of Treasury Units set forth above [For inclusion in Global Certificates only - or such other number of Treasury Units reflected in the Schedule of Increases or Decreases in Global Certificate attached hereto, which number shall not exceed 24,000,000]. Each Treasury Unit consists of (i) a 1/40 undivided beneficial ownership interest in a Treasury Security having a principal amount at maturity equal to $1,000, subject to the Pledge of such Treasury Security by such Holder pursuant to the Purchase Contract and Pledge Agreement, and (ii) the rights and obligations of the Holder under one Purchase Contract with the Company.

All capitalized terms used herein that are defined in the Purchase Contract and Pledge Agreement (as defined on the reverse hereof) have the meaning set forth therein.

Pursuant to the Purchase Contract and Pledge Agreement, the Treasury Securities underlying each Treasury Unit evidenced hereby have been pledged to the Collateral Agent, for the benefit of the Company, to secure the obligations of the Holder under the Purchase Contract comprising part of such Treasury Unit.

All Contract Adjustment Payments shall be paid on the dates and in the manner set forth in the Purchase Contract and Pledge Agreement. Such Contract Adjustment Payments shall be payable to the Person in whose name this Treasury Units Certificate is registered at the close of business on the Record Date for such Payment Date.

Each Purchase Contract evidenced hereby obligates the Holder of this Treasury Units Certificate to purchase, and the Company to sell, on the Purchase Contract

Settlement Date, at a Purchase Price equal to the Stated Amount, a number of newly issued shares of Common Stock of the Company, equal to the Settlement Rate, unless prior to or on the Purchase Contract Settlement Date there shall have occurred a Termination Event, an Early Settlement or a Cash Merger Early Settlement with respect to such Purchase Contract, all as provided in the Purchase Contract and Pledge Agreement. The Purchase Price for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby, if not paid earlier, shall be paid on the Purchase Contract Settlement Date by application of the proceeds from the Treasury Securities at maturity pledged to secure the obligations under such Purchase Contract of the Holder of the Treasury Units of which such Purchase Contract is a part.

The Company shall pay, on each Payment Date, in respect of each Purchase Contract forming part of a Corporate Unit evidenced hereby, an amount (the "**Contract Adjustment Payments**") equal to% per year of the Stated Amount. Such Contract Adjustment Payments shall be payable to the Person in whose name this Treasury Units Certificate is registered at the close of business on the Record Date for such Payment Date. In addition, the Company shall pay on May [ ], 2004 (the "**Special Payment Date**"), the Contract Adjusted Payments accrued to but excluding the Special Payment Date to the Person in whose name a Certificate is registered at the close of business on the Business Day immediately preceding the Special Payment Date. The Contract Adjustment Payments payable on the Special Payment Date shall be paid by wire transfer to the account designated by the Person entitled to receive such payment by prior notice to the Company and the Purchase Contract Agent.

Contract Adjustment Payments will be payable at the office of the Purchase Contract Agent in New York City, except that Contract Adjustment Payments with respect to Global Certificates will be made by wire transfer of immediately available funds to the Depositary. If the book-entry system for the Corporate Units has been terminated, the Contract Adjustment Payments will be payable, at the option of the Company, by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register, or by wire transfer to the account designated by such Person by prior written notice to the Purchase Contract Agent.

Each Purchase Contract evidenced hereby obligates the holder to agree, for United States federal, state and local income and franchise tax purposes, to (i) treat its acquisition of the Treasury Units as an acquisition of the Treasury Security and Purchase Contracts constituting the

Treasury Units and (ii) treat itself as the owner of the applicable interest in the Treasury Securities.

Reference is hereby made to the further provisions set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Purchase Contract Agent by manual signature, this Treasury Units Certificate shall not be entitled to any benefit under Purchase Contract and Pledge Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company and the Holder specified above have caused this instrument to be duly executed.

GENWORTH FINANCIAL, INC.

By: ______________________________

Name:
Title:

HOLDER SPECIFIED ABOVE (as to obligations of such Holder under the Purchase Contracts)

By: THE BANK OF NEW YORK, not individually but solely as attorney-in-fact or such Holder

By: ______________________________

Name:
Title:

DATED: ______________________

CERTIFICATE OF AUTHENTICATION
OF PURCHASE CONTRACT AGENT

This is one of the Treasury Units referred to in the within mentioned Purchase Contract and Pledge Agreement.

GENWORTH FINANCIAL, INC.

By: THE BANK OF NEW YORK,
as Purchase Contract Agent

By: ______________________________

Name:
Title:

Dated: ______________________

(REVERSE OF TREASURY UNIT CERTIFICATE)

Each Purchase Contract evidenced hereby is governed by a Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (as may be supplemented from time to time, the "**Purchase Contract and Pledge Agreement**") between the Company and The Bank of New York, as Purchase Contract Agent (including its successors thereunder, herein called the "**Purchase Contract Agent**") and The Bank of New York, as Collateral Agent, Custodial Agent and Securities Intermediary, to which Purchase Contract and Pledge Agreement and supplemental agreements thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Purchase Contract Agent, the Company and the Holders and of the terms upon which the Treasury Units Certificates are, and are to be, executed and delivered.

Each Purchase Contract evidenced hereby obligates the Holder of this Treasury Units Certificate to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount, a number of newly issued shares of Common Stock equal to the Settlement Rate, unless an Early Settlement, a Cash Merger Early Settlement or a Termination Event with respect to the Unit of which such Purchase Contract is a part shall have occurred. The Settlement Rate is subject to adjustment as described in the Purchase Contract and Pledge Agreement.

No fractional shares of Common Stock will be issued upon settlement of Purchase Contracts, as provided in Section 5.08 of the Purchase Contract and Pledge Agreement.

Each Purchase Contract evidenced hereby that is settled through Early Settlement or Cash Merger Early Settlement shall obligate the Holder of the related Treasury Units to purchase at the Purchase Price and the Company to sell, a number of newly issued shares of Common Stock equal to the Minimum Settlement Rate (in the case of an Early Settlement) or applicable Settlement Rate (in the case of a Cash Merger Early Settlement).

In accordance with the terms of the Purchase Contract and Pledge Agreement, the Holder of this Treasury Unit shall pay the Purchase Price for the shares of the Common Stock to be purchased pursuant to each Purchase Contract evidenced hereby either by effecting an Early Settlement or, if applicable, a Cash Merger Early Settlement of each such Purchase Contract or by applying the proceeds of the Pledged Treasury Securities underlying such Holder's Treasury Unit equal to the Purchase Price for such Purchase Contract to the purchase of the Common Stock.

The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates therefor to the Holder unless it shall have received payment of the aggregate Purchase Price for the shares of Common Stock to be purchased thereunder in the manner set forth in the Purchase Contract and Pledge Agreement.

Each Purchase Contract evidenced hereby and all obligations and rights of the Company and the Holder thereunder, shall terminate if a Termination Event shall occur. Upon the occurrence of a Termination Event, the Company shall give written notice to the Purchase Contract Agent and the Holders, at their addresses as they appear in the Security Register. Upon

and after the occurrence of a Termination Event, the Collateral Agent shall release the Treasury Securities underlying each Treasury Unit from the Pledge. A Treasury Unit shall thereafter represent the right to receive the Treasury Security underlying such Treasury Unit, in accordance with the terms of the Purchase Contract and Pledge Agreement.

The Treasury Units Certificates are issuable only in registered form and only in denominations of a single Treasury Unit and any integral multiple thereof. The transfer of any Treasury Units Certificate will be registered and Treasury Units Certificates may be exchanged as provided in the Purchase Contract and Pledge Agreement. A Holder who elects to substitute Senior Notes or Applicable Ownership Interests in the Treasury Portfolio, as the case may be, for Treasury Securities, thereby recreating Corporate Units, shall be responsible for any fees or expenses payable in connection therewith. Except as provided in the Purchase Contract and Pledge Agreement, such Treasury Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder of such Treasury Unit in respect of the Treasury Security and the Purchase Contract constituting such Treasury Unit may be transferred and exchanged only as a Treasury Unit.

Subject to, and in compliance with, the conditions and terms set forth in the Purchase Contract and Pledge Agreement, the Holder of Treasury Units may effect a Collateral Substitution. From and after such substitution, each Unit for which Pledged Applicable Ownership Interests in Senior Notes, or Pledged Applicable Ownership Interests in the Treasury Portfolio, as the case may be, secure the Holder's obligation under the Purchase Contract shall be referred to as a "Corporate Unit". A Holder may make such Collateral substitution only in multiples of 40 Treasury Units for 40 Corporate Units. If Applicable Ownership Interests in the Treasury Portfolio have replaced the Applicable Ownership Interests in Senior Notes as a component of the Corporate Units, a Holder may substitute Applicable Ownership Interests in the Treasury Portfolio for Treasury Securities only in integral multiples of [•] Treasury Units.

Subject to and upon compliance with the provisions of the Purchase Contract and Pledge Agreement, at the option of the Holder thereof, Purchase Contracts underlying Units may be settled early by effecting an Early Settlement as provided in the Purchase Contract and Pledge Agreement in integral multiples of 40 Treasury Units.

Upon Early Settlement of Purchase Contracts by a Holder of the related Units, the Pledged Treasury Securities underlying such Units shall be released from the Pledge as provided in the Purchase Contract and Pledge Agreement and the Holder shall be entitled to receive a number of shares of Common Stock on account of each Purchase Contract forming part of a Treasury Unit as to which Early Settlement is effected equal to the Minimum Settlement Rate.

Upon the occurrence of a Cash Merger, a Holder of Treasury Units may effect Cash Merger Early Settlement of the Purchase Contracts underlying such Treasury Units pursuant to the terms of the Purchase Contract and Pledge Agreement in integral multiples of 40 Treasury Units. Upon Cash Merger Early Settlement of Purchase Contracts by a Holder of the related Treasury Units, the Pledged Treasury Securities underlying such Treasury Units shall be released from the Pledge as provided in the Purchase Contract and Pledge Agreement and the Holder shall be entitled to receive a number of shares of Common Stock on account of each Purchase

Contract forming part of a Corporate Unit as to which Cash Merger Early Settlement is effected equal to the applicable Settlement Rate..

Upon registration of transfer of this Treasury Units Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee, except as may be required by the Purchase Contract Agent pursuant to the Purchase Contract and Pledge Agreement), under the terms of the Purchase Contract and Pledge Agreement and the Purchase Contracts evidenced hereby and the transferor shall be released from the obligations under the Purchase Contracts evidenced by this Treasury Units Certificate. The Company covenants and agrees, and the Holder, by its acceptance hereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

The Holder of this Treasury Units Certificate, by its acceptance hereof, authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contracts forming part of the Treasury Units evidenced hereby on its behalf as its attorney-in-fact, expressly withholds any consent to the assumption (i.e., affirmance) of the Purchase Contracts by the Company or its trustee in the event that the Company becomes the subject of a case under the Bankruptcy Code, agrees to be bound by the terms and provisions thereof, covenants and agrees to perform its obligations under such Purchase Contracts, consents to the provisions of the Purchase Contract and Pledge Agreement, authorizes the Purchase Contract Agent to enter into and perform the Purchase Contract and Pledge Agreement on its behalf as its attorney-in-fact, and consents to the Pledge of the Treasury Securities underlying this Treasury Units Certificate pursuant to the Purchase Contract and Pledge Agreement. The Holder further covenants and agrees, that, to the extent and in the manner provided in the Purchase Contract and Pledge Agreement, but subject to the terms thereof, payments in respect to the aggregate principal amount at maturity of the Pledged Treasury Securities on the Purchase Contract Settlement Date equal to the aggregate Purchase Price for the related Purchase Contracts shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Purchase Contracts and such Holder shall acquire no right, title or interest in such payments.

Subject to certain exceptions, the provisions of the Purchase Contract and Pledge Agreement may be amended with the consent of the Holders of a majority of the Purchase Contracts.

The Purchase Contracts shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of law provisions thereof to the extent a different law would govern as a result.

The Purchase Contracts shall not, prior to the settlement thereof, entitle the Holder to any of the rights of a holder of shares of Common Stock.

Prior to due presentment of this Certificate for registration of transfer, the Company, the Purchase Contract Agent and its Affiliates and any agent of the Company or the Purchase Contract Agent may treat the Person in whose name this Treasury Units Certificate is registered as the owner of the Treasury Units evidenced hereby for the purpose of receiving payments of Contract Adjustment Payments (subject to any applicable record date), performance of the Purchase Contracts and for all other purposes whatsoever, whatever or not any payments in

respect thereof be overdue and notwithstanding any notice to the contrary, and neither the Company, the Purchase Contract Agent nor any such agent shall be affected by notice to the contrary.

A copy of the Purchase Contract and Pledge Agreement is available for inspection at the offices of the Purchase Contract Agent.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM: as tenants in common

UNIF GIFT MIN ACT: ____________________Custodian ____________________
(cust) (minor)

Under Uniform Gifts to Minors Act of

TENANT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common
Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

____

(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

____

(Please Print or Type Name and Address Including Postal Zip Code of Assignee)

the within Treasury Units Certificates and all rights thereunder, hereby irrevocably constituting and appointing attorney , to transfer said Treasury Units Certificates on the books of Genworth Financial, Inc., with full power of substitution in the premises.

Dated: ______________________________ Signature ______________________________

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Treasury Units Certificates in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: ______________________________

SETTLEMENT INSTRUCTIONS

The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon settlement on or after the Purchase Contract Settlement Date of the Purchase Contracts underlying the number of Treasury Units evidenced by this Treasury Units Certificate be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: ______________________________(if assigned to another person)

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

REGISTERED HOLDER

Please print name and address of Registered Holder:

Name

Address

Name

Address

Social Security or other
Taxpayer Identification

Number, if any

Signature
Signature Guarantee:

ELECTION TO SETTLE EARLY/CASH MERGER EARLY SETTLEMENT

The undersigned Holder of this Treasury Units Certificate hereby irrevocably exercises the option to effect [Early Settlement] [Cash Merger Early Settlement] in accordance with the terms of the Purchase Contract and Pledge Agreement with respect to the Purchase Contracts underlying the number of Treasury Units evidenced by this Treasury Units Certificate specified below. The option to effect [Early Settlement] [Cash Merger Early Settlement] may be exercised only with respect to Purchase Contracts underlying Treasury Units in multiples of 40 Treasury Units or an integral multiple thereof. The undersigned Holder directs that a certificate for shares of Common Stock or other securities deliverable upon such [Early Settlement] [Cash Merger Early Settlement] be registered in the name of, and delivered, together with a check in payment for any fractional share and any Treasury Units Certificate representing any Treasury Units evidenced hereby as to which [Early Settlement] [Cash Merger Early Settlement] of the related Purchase Contracts is not effected, to the undersigned at the address indicated below unless a different name and address have been indicated below. Pledged Treasury Securities deliverable upon such [Early Settlement] [Cash Merger Early Settlement] will be transferred in accordance with the transfer instructions set forth below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: ______________________ Signature ______________________

Signature Guarantee: ______________________

Number of Units evidenced hereby as to which [Early Settlement] [Cash Merger Early Settlement] of the related Purchase Contracts is being elected:

Please print name and address of Registered Holder:

If shares of Common Stock or Treasury Units Certificates are to be registered in the name of and delivered to and Pledged Treasury Securities, as the case may be, are to be transferred to a Person other than the Holder, please print such Person's name and address:

Name

Address

Name

Address

Social Security or other
Taxpayer Identification

Number, if any

REGISTERED HOLDER

Transfer Instructions for Pledged Treasury Securities Transferable upon [Early Settlement] [Cash Merger Early Settlement]:

[TO BE ATTACHED TO GLOBAL CERTIFICATES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL CERTIFICATE

The initial number of Treasury Units evidenced by this Global Certificate is 0. The following increases or decreases in this Global Certificate have been made:

Date	Amount of increase in number of Corporate Units evidenced by the Global Certificate	Amount of decrease in number of Corporate Units evidenced by the Global Certificate	Number of Corporate Units evidenced by this Global Certificate following such decrease or increase	Signature of authorized signatory of Purchase Contract Agent

EXHIBIT C

INSTRUCTION TO PURCHASE CONTRACT AGENT FROM HOLDER
(To Create Treasury Units or Corporate Units)

The Bank of New York,
as Purchase Contract Agent
101 Barclay Street, 8W
New York, NY 10286

Attention: [•]

Fax: [•]

Re: [Corporate Units] Treasury Units] of Genworth Financial, Inc., a Delaware corporation (the '**Company**").

The undersigned Holder hereby notifies you that it has delivered to [ ], as Securities Intermediary, for credit to the Collateral Account, $ Value of [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] [Treasury Securities] in exchange for an equal Value of [Pledged Treasury Securities] [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] held in the Collateral Account, in accordance with the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Agreement**"; unless otherwise defined herein, terms defined in the Agreement are used herein as defined therein), among you, the Company, the Collateral Agent, the Custodial Agent and the Securities Intermediary. The undersigned Holder has paid all applicable fees and expenses relating to such exchange. The undersigned Holder hereby instructs you to instruct the Collateral Agent to release to you on behalf of the undersigned Holder the [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] [Pledged Treasury Securities] related to such [Corporate Units] [Treasury Units].

Date: ____________________ Signature ________________________________

Signature Guarantee: ____

Please print name and address of Registered Holder:

____ ____
Name Social Security or other Taxpayer Identification Number, if any

Address

____
____
____

EXHIBIT D

NOTICE FROM PURCHASE CONTRACT AGENT TO HOLDERS UPON TERMINATION EVENT

(Transfer of Collateral upon Occurrence of a Termination Event)

[HOLDER]

Attention:
Telecopy:

Re: [Corporate Units] [Treasury Units] of Genworth Financial, Inc., an Delaware corporation (the "**Company**")

Please refer to the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Purchase Contract and Pledge Agreement**"; unless otherwise defined herein, terms defined in the Purchase Contract and Pledge Agreement are used herein as defined therein), between the Company and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units and Treasury Units from time to time.

We hereby notify you that a Termination Event has occurred and that [the Senior Notes underlying the Pledged Applicable Ownership Interests in Senior Notes] [the Pledged Applicable Ownership Interests in the Treasury Portfolio] [the Treasury Securities] compromising a portion of your ownership interest in [Corporate Units] [Treasury Units] have been released and are being held by us for your account pending receipt of transfer instructions with respect to such [Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] [Pledged Treasury Securities] (the "**Released Securities**").

Pursuant to Section 3.15 of the Purchase Contract and Pledge Agreement, we hereby request written transfer instructions with respect to the Released Securities. Upon receipt of your instructions and upon transfer to us of your [Corporate Units] [Treasury Units] effected through book-entry or by delivery to us of your [Corporate Units Certificate] [Treasury Units Certificate], we shall transfer the Released Securities by book-entry transfer or other appropriate procedures, in accordance with your instructions. In the event you fail to effect such transfer or delivery, the Released Securities and any distributions thereon, shall be held in our name, or a nominee in trust for your benefit, until such time as such [Corporate Units] [Treasury Units] are transferred or your [Corporate Units Certificate] [Treasury Units Certificate] is surrendered or satisfactory evidence is provided that such [Corporate Units Certificate] [Treasury Units Certificate] has been destroyed, lost or stolen, together with any indemnification that we or the Company may require.

Date: ______________________

By: THE BANK OF NEW YORK,
as the Purchase Contract Agent

____
Name:
Title: Authorized Signatory

EXHIBIT E

NOTICE TO SETTLE BY SEPARATE CASH

The Bank of New York,
as Purchase Contract Agent
101 Barclay Street, 8W
New York, NY 10286

Attention: [•]

Fax: [•]

Re: Corporate Units of Genworth Financial, Inc., a Delaware corporation (the "**Company**")

The undersigned Holder hereby irrevocably notifies you in accordance with Section 5.02 of the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Purchase Contract and Pledge Agreement**"; unless otherwise defined herein, terms defined in the Purchase Contract and Pledge Agreement are used herein as defined therein), between the Company and you, as Purchase Contract Agent and as attorney-in-fact for the Holders of the Corporate Units and as Collateral Agent, Custodial Agent and Securities Intermediary, that such Holder has elected to pay to the Securities Intermediary for deposit in the Collateral Account, prior to 5:00 p.m. (New York City time) on the sixth Business Day immediately preceding the Purchase Contract Settlement Date (in lawful money of the United States by certified or cashiers' check or wire transfer, in immediately available funds payable to or upon the order of the Securities Intermediary), $ as the Purchase Price for the shares of Common Stock issuable to such Holder by the Company with respect to Purchase Contracts on the Purchase Contract Settlement Date. The undersigned Holder hereby instructs you to notify promptly the Collateral Agent of the undersigned Holders' election to make such Cash Settlement with respect to the Purchase Contracts related to such Holder's Corporate Units.

Date: ______________________

____
Signature

Signature Guarantee: ______________

Please print name and address of Registered Holder:

____

____

EXHIBIT F

RESERVED

EXHIBIT G

INSTRUCTION
FROM PURCHASE CONTRACT AGENT
TO COLLATERAL AGENT
(Creation of Treasury Units)

The Bank of New York,
as Collateral Agent
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]
Fax: [•]

Re: Corporate Units of Genworth Financial, Inc. (the "**Company**")

Please refer to the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Agreement**"), among the Company, you, as Collateral Agent, as Securities Intermediary and as Custodial Agent and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

We hereby notify you in accordance with Section 3.13 of the Agreement that the holder of securities named below (the "**Holder**") has elected to substitute $ Value of Treasury Securities or security entitlements with respect thereto in exchange for an equal Value of [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] relating to Corporate Units and has delivered to the undersigned a notice stating that the Holder has Transferred such Treasury Securities or security entitlements with respect thereto to the Securities Intermediary, for credit to the Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such Treasury Securities or security entitlements thereto have been credited to the Collateral Account, to release to the undersigned an equal Value of [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto related to Corporate Units of such Holder in accordance with Section 3.13 of the Agreement.

Date: ______________________

THE BANK OF NEW YORK, as Purchase Contract Agent and as attorney-in-fact of the Holders from time to time of the Units

By: ______________________
Name:
Title:
Authorized Signatory

Please print name and address of Holder electing to substitute Treasury Securities or security entitlements with respect thereto for the [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio]:

____
Name:

____
Address

____

____

____
Social Security or other Taxpayer Identification Number, if any

EXHIBIT H

INSTRUCTION
FROM COLLATERAL AGENT
TO SECURITIES INTERMEDIARY
(Creation of Treasury Units)

The Bank of New York,
as Securities Intermediary
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]

Fax: [•]

Re: Corporate Units of Genworth Financial, Inc. (the "**Company**")

The securities account of The Bank of New York, as Collateral Agent, maintained by the Securities Intermediary and designated "The Bank of New York, as Collateral Agent of Genworth Financial, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "**Collateral Account**")

Please refer to the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Agreement**"), among the Company, you, as Collateral Agent, as Securities Intermediary and as Custodial Agent and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

When you have confirmed that $ Value of Treasury Securities or security entitlements with respect thereto has been credited to the Collateral Account by or for the benefit of , as Holder of Corporate Units (the "**Holder**"), you are hereby instructed to release from the Collateral Account an equal Value of [Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes] [Pledged Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto relating to Corporate Units of the Holder by Transfer to the Purchase Contract Agent.

Dated:

THE BANK OF NEW YORK,
as Collateral Agent

By: ______________________________
Name:
Title:
Authorized Signatory

EXHIBIT I

INSTRUCTION
FROM PURCHASE CONTRACT AGENT
TO COLLATERAL AGENT
(Recreation of Corporate Units)

The Bank of New York,
as Collateral Agent
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]
Fax: [•]

Re: Treasury Units of Genworth Financial, Inc. (the "**Company**")

Please refer to the Purchase Contract and Pledge Agreement dated as of May [•], 2004 (the "**Agreement**"), among the Company, you, as Collateral Agent, as Securities Intermediary and as Custodial Agent and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Treasury Units from time to time. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

We hereby notify you in accordance with Section 3.14 of the Agreement that the holder of securities named below (the "**Holder**") has elected to substitute $Value of [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto in exchange for $ Value of Pledged Treasury Securities relating to Treasury Units and has delivered to the undersigned a notice stating that the holder has Transferred such [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto to the Securities Intermediary, for credit to the Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto have been credited to the Collateral Account, to release to the undersigned $ Value of Treasury Securities or security entitlements with respect thereto related to Treasury Units of such Holder in accordance with Section 3.14 of the Agreement.

THE BANK OF NEW YORK,
as Purchase Contract Agent

Dated: ______________________________

By: ______________________________
Name:
Title:
Authorized Signatory

Please print name and address of Holder electing to substitute [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto for Pledged Treasury Securities:

Name: Social Security or other Taxpayer Identification Number, if any

Address

EXHIBIT J

INSTRUCTION
FROM COLLATERAL AGENT
TO SECURITIES INTERMEDIARY
(Recreation of Corporate Units)

The Bank of New York,
as Securities Intermediary
101 Barclay Street, 8W
New York, NY 10286

Attention: [•]

Fax: [•]

Re: Treasury Units of Genworth Financial, Inc. (the "**Company**")

The securities account of The Bank of New York,as Collateral Agent, maintained by the Securities Intermediary and designated "The Bank of New York, as Collateral Agent of Genworth Financial, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "**Collateral Account**")

Please refer to the Purchase Contract and Pledge Agreement dated as of May [•], 2004 (the "**Agreement**"), among the Company, you, as Securities Intermediary, Custodial Agent and Collateral Agent and The Bank of New York, as Purchase Contract Agent and as attorney-in-fact for the holders of Treasury Units from time to time. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

When you have confirmed that $ Value of [Senior Notes] [Applicable Ownership Interests in the Treasury Portfolio] or security entitlements with respect thereto has been credited to the Collateral Account by or for the benefit of , as Holder of Treasury Units (the "**Holder**"), you are hereby instructed to release from the Collateral Account $ Value of Treasury Securities or security entitlements thereto by Transfer to the Purchase Contract Agent.

THE BANK OF NEW YORK,
as Collateral Agent

Dated: ______________________

By: ______________________
Name:
Title:
Authorized Signatory

EXHIBIT K

NOTICE OF CASH SETTLEMENT FROM COLLATERAL
AGENT TO PURCHASE CONTRACT AGENT
(Cash Settlement Amounts)

The Bank of New York,
as Purchase Contract Agent
101 Barclay Street, 8W
New York, NY 10286

Attention: [•]

Fax: [•]

Re: Corporate Units of Genworth Financial, Inc. (the "**Company**")

Please refer to the Purchase Contract and Pledge Agreement dated as of May [•], 2004 (the "**Agreement**"), by and among you, the Company, and The Bank of New York, as Collateral Agent, Custodial Agent and Securities Intermediary. Unless otherwise defined herein, terms defined in the Agreement are used herein as defined therein.

In accordance with Section 5.02(a)(iv) of the Agreement, we hereby notify you that as of 5:00 p.m. (New York City time) on the sixth Business Day immediately preceding [•], 2007 (the "**Purchase Contract Settlement Date**"), we have received (i) $ in immediately available funds paid in an aggregate amount equal to the Purchase Price due to the Company on the Purchase Contract Settlement Date with respect to Corporate Units and (ii) based on the funds received set forth in clause (i) above, an aggregate principal amount of $ of Senior Notes underlying Pledged Applicable Ownership Interests in Senior Notes are to be offered for purchase in each Remarketing.

THE BANK OF NEW YORK,
as Collateral Agent

Dated: ______________________

By: ______________________
Name:
Title:
Authorized Signatory

EXHIBIT L

INSTRUCTION TO CUSTODIAL AGENT REGARDING REMARKETING

The Bank of New York,
as Custodial Agent
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]
Fax: [•]

Re: Senior Notes Due 2009 of Genworth Financial, Inc. (the "**Company**")

The undersigned hereby notifies you in accordance with Section 5.02(b)(ii) of the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Agreement**"), among the Company, you, as Collateral Agent, Custodial Agent and Securities Intermediary and The Bank of New York, as the Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units and Treasury Units from time to time, that the undersigned elects to deliver $ aggregate principal amount of Separate Senior Notes for delivery to the Remarketing Agent prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date for remarketing pursuant to Section 5.02(b)(ii) of the Agreement. The undersigned will, upon request of the Remarketing Agent, execute and deliver any additional documents deemed by the Remarketing Agent or by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Separate Senior Notes tendered hereby. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

The undersigned hereby instructs you, upon receipt of the Proceeds of a Successful Remarketing from the Remarketing Agent, to deliver such Proceeds to the undersigned in accordance with the instructions indicated herein under "A. Payment Instructions." The undersigned hereby instructs you, in the event of a Failed Final Remarketing, upon receipt of the Separate Senior Notes tendered herewith from the Remarketing Agent, to deliver such Separate Senior Notes to the person(s) and the address(es) indicated herein under "B. Delivery Instructions."

With this notice, the undersigned hereby (i) represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Separate Senior Notes tendered hereby and that the undersigned is the record owner of any Separate Senior Notes tendered herewith in physical form or a participant in The Depositary Trust Company ("**DTC**") and the beneficial owner of any Separate Senior Notes tendered herewith by book-entry transfer to your account at DTC, (ii) agrees to be bound by the terms and conditions of Section 5.02(b) of the Agreement and (iii) acknowledges and agrees that after 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, such election shall become an irrevocable election to have such Separate Senior Notes remarketed in

each Remarketing, and that the Separate Senior Notes tendered herewith will only be returned in the event of a Failed Final Remarketing.

Date: ______________________

By: ______________________
Name:
Title:

Signature Guarantee: ______________________

____
Social Security or other Taxpayer Identification Number, if any

____
Name

____
Address

____

A. PAYMENT INSTRUCTIONS

Proceeds of a Successful Remarketing should be paid by check in the name of the person(s) set forth below and mailed to the address set forth below.

Name(s)

(Please Print)
Address

(Please Print)

(Zip Code)

(Tax Identification or Social Security Number)

B. DELIVERY INSTRUCTIONS

In the event of a Failed Final Remarketing, Senior Notes which are in physical form should be delivered to the person(s) set forth below and mailed to the address set forth below.

Name(s)

(Please Print)

Address

(Please Print)

(Zip Code)

(Tax Identification or Social Security Number)

In the event of a Failed Final Remarketing, Senior Notes which are in book-entry form should be credited to the account at The Depository Trust Company set forth below.

DTC Account Number

Name of Account Party:

EXHIBIT M

**INSTRUCTION TO CUSTODIAL AGENT REGARDING
WITHDRAWAL FROM REMARKETING**

The Bank of New York,
as Custodial Agent
101 Barclay Street, 8W
New York, NY 10286
Attention: [•]
Fax: [•]

Re: Senior Notes Due 2009 of Genworth Financial, Inc. (the "**Company**")

The undersigned hereby notifies you in accordance with Section 5.02(b)(ii) of the Purchase Contract and Pledge Agreement, dated as of May [•], 2004 (the "**Agreement**"), among the Company and you, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units and Treasury Units from time to time, that the undersigned elects to withdraw the $ aggregate principal amount of Separate Senior Notes delivered to you for Remarketing pursuant to Section 5.02 of the Agreement. The undersigned hereby instructs you to return such Separate Senior Notes to the undersigned in accordance with the undersigned's instructions. With this notice, the Undersigned hereby agrees to be bound by the terms and conditions of Section 5.02(b) of the Agreement. Capitalized terms used herein but not defined shall have the meaning set forth in the Agreement.

Date: ______________________

By: ______________________
Name:
Title:

Signature Guarantee: ______________________

____
Name

____
Social Security or other Taxpayer
Identification Number, if any

Address

Exhibit 12.1

Genworth Financial, Inc.
Computation Of Ratio Of Earnings To Fixed Charges
(Dollar amounts in millions)

	Historical					Yeai
	Year ended December 31,					
	2003	2002	2001	2000	1999	
Net earnings from continuing operations before income taxes and accounting changes	$ 1,382	$ 1,791	$ 1,821	$ 1,851	$ 1,589	$
Fixed charges included in earnings from continuing operations:						
Interest expense	140	124	126	126	78	
Interest portion of rental expense	23	25	23	25	24	
Interest credited to contractholder	1,624	1,645	1,620	1,456	1,290	
Subtotal	1,787	1,794	1,769	1,607	1,392	
Fixed charges included in earnings from discontinued operations:						
Interest expense	12	16	15	17	17	
Interest portion of rental expense	8	12	12	12	9	
Interest credited to contractholder	68	79	51	41	6	
Subtotal	88	107	78	70	32	
Total fixed charges	$ 1,875	$ 1,901	$ 1,847	$ 1,677	$ 1,424	$
Earnings available for fixed charges (including interest credited to contractholders)	$ 3,257	$ 3,692	$ 3,668	$ 3,528	$ 3,013	$
Ratio of earnings to fixed charges (including interest credited to contractholders) (1)	1.74	1.94	1.99	2.10	2.12	

(1) For purposes of determining the historical ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before taxes and accounting changes plus fixed charges from continuing and discontinued operations. Fixed charges consist of (a) interest expense on short-term and long-term borrowings; (b) interest credited to policyholders on annuities and financial products; and (c) the portion of operating leases that are representative of the interest factor.

(2) For purposes of determining the ratio of pro forma earnings to pro forma fixed charges, pro forma earnings consist of pro forma earnings from continuing operations before taxes plus pro forma fixed charges from continuing operations and fixed charges from discontinued operations. Pro Forma fixed charges consist of (a) pro forma interest expense on short-term and long-term borrowings, including dividends on Series A Preferred Stock; (b) pro forma interest credited to policyholders on annuities and financial products; and (c) the portion of operating leases that are representative of the interest factor.

QuickLinks -- Click here to rapidly navigate through this document

EXHIBIT 23.1

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 TO THE AUDITED COMBINED FINANCIAL STATEMENTS ON PAGE F-7 HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING CONSENT.

/s/ KPMG LLP

Independent Auditors' Consent

The Board of Directors
Genworth Financial, Inc.:

We consent to the use of our reports on the combined financial statements and the related schedule of Genworth Financial, Inc. as of December 31, 2003 and 2002, and our report on the statement of financial position of Genworth Financial, Inc. as of December 31, 2003 included herein and to the reference to our firm under the headings "Selected Historical and Pro Forma Financial Information" and "Experts" in the prospectus. Our report dated February 6, 2004, except for note 1 which is as of , 2004, with respect to the combined statement of financial position of Genworth Financial, Inc. as of December 31, 2003 and 2002 and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003 refers to a change in accounting for variable interest entities in 2003, goodwill and other intangible assets in 2002, and derivative instruments and hedging activities in 2001.

Richmond, Virginia
April 28, 2004

QuickLinks

Independent Auditors' Consent

Exhibit 25.1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

THE BANK OF NEW YORK

(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. Employer Identification Number)
One Wall Street, New York, New York (Address of principal executive offices)	**10286** (Zip code)

Genworth Financial, Inc.

(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**33-1073076** (I.R.S. Employer Identification No.)
6620 West Broad Street **Richmond, Virginia** (Address of principal executive offices)	**23230** (Zip code)

Senior Notes due 2009*

(Title of the indenture securities)

*Specific title(s) to be determined in connection with the issuance(s) of the Senior Notes.

Item 1. General Information.

Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006 and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17th Street, N.W., Washington, D.C. 20429
New York Clearing House Association	New York, N.Y. 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None. (See Note on page 2.)

Item 16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the “Act”) and 17 C.F.R. 229.10(d).

1. - copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. - A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed as Exhibit 25(a) to Registration Statement No. 333-102200.)

6. - The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. - A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

NOTE

Inasmuch as this Form T-1 is being filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 2, the answer to said Item is based on incomplete information.

Item 2 may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 30th day of April, 2004.

THE BANK OF NEW YORK

By: /s/ GEOVANNI BARRIS
Name: Geovanni Barris
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK
of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business December 31, 2003, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

		Dollar Amounts In Thousands
ASSETS		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	$	3,752,987
Interest-bearing balances		7,153,561
Securities:		
Held-to-maturity securities		260,388
Available-for-sale securities		21,587,862
Federal funds sold in domestic offices		165,000
Securities purchased under agreements to resell		2,804,315
Loans and lease financing receivables:		
Loans and leases held for sale		557,358
Loans and leases, net of unearned income		36,255,119
LESS: Allowance for loan and lease losses		664,233
Loans and leases, net of unearned income and allowance		35,590,886
Trading Assets		4,892,480
Premises and fixed assets (including capitalized leases)		926,789
Other real estate owned		409
Investments in unconsolidated subsidiaries and associated companies		277,788
Customers' liability to this bank on acceptances outstanding		144,025
Intangible assets		
Goodwill		2,635,322
Other intangible assets		781,009
Other assets		7,727,722
Total assets	$	89,257,901

LIABILITIES		
Deposits:		
In domestic offices	$	33,763,250
Noninterest-bearing		14,511,050

Interest-bearing	19,252,200
In foreign offices, Edge and Agreement subsidiaries, and IBFs	22,980,400
Noninterest-bearing	341,376
Interest-bearing	22,639,024
Federal funds purchased in domestic offices	545,681
Securities sold under agreements to repurchase	695,658
Trading liabilities	2,338,897
Other borrowed money: (includes mortgage indebtedness and obligations under capitalized leases)	11,078,363
Bank's liability on acceptances executed and outstanding	145,615
Subordinated notes and debentures	2,408,665
Other liabilities	6,441,088
Total liabilities	$ 80,397,617
Minority interest in consolidated subsidiaries	640,126
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,284
Surplus	2,077,255
Retained earnings	4,955,319
Accumulated other comprehensive income	52,300
Other equity capital components	0
Total equity capital	8,220,158
Total liabilities minority interest and equity capital	89,257,901

I, Thomas J. Mastro, Senior Vice President and Comptroller of the above–named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Thomas J. Mastro,
Senior Vice President and Comptroller

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

Thomas A. Renyi   Directors
Gerald L. Hassell
Alan R. Griffith

Exhibit 99.1

Consent of Frank J. Borelli

I hereby consent to being named as a person who will be appointed as a member of the board of directors of Genworth Financial, Inc. (the "Company"), as contemplated in the Company's Registration Statement on Form S-1, filed by the Company with the Securities and Exchange Commission on April 30, 2004, as the same may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 27, 2004

/s/ FRANK J. BORELLI

Frank J. Borelli

Exhibit 99.2

Consent of J. Robert Kerrey

I hereby consent to being named as a person who will be appointed as a member of the board of directors of Genworth Financial, Inc. (the "Company"), as contemplated in the Company's Registration Statement on Form S-1, filed by the Company with the Securities and Exchange Commission on April 30, 2004, as the same may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 13, 2004

/s/ J. ROBERT KERREY

J. Robert Kerrey

Exhibit 99.3

Consent of Thomas B. Wheeler

I hereby consent to being named as a person who will be appointed as a member of the board of directors of Genworth Financial, Inc. (the "Company"), as contemplated in the Company's Registration Statement on Form S-1, filed by the Company with the Securities and Exchange Commission on April 30, 2004, as the same may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: April 12, 2004

/s/ THOMAS B. WHEELER
Thomas B. Wheeler