

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**December 12, 2019
Date of Report
(Date of earliest event reported)**



GENWORTH FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32195
(Commission
File Number)

80-0873306
(I.R.S. Employer
Identification No.)

6620 West Broad Street, Richmond, VA
(Address of principal executive offices)

23230
(Zip Code)

(804) 281-6000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value \$.001 per share	GNW	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On December 12, 2019, Genworth Financial, Inc. (the “Company”) completed the previously disclosed disposition of its Canada mortgage insurance business to Falcon Holding LP, an affiliate of Brookfield Business Partners L.P. The adjusted sales price was approximately CAD\$2.3 billion in cash, or approximately USD\$1.7 billion using the derivative foreign exchange rate of 0.7590 established to hedge the sale transaction. Prior to sale closing, the Company also received a special dividend from its Canada mortgage insurance business of approximately USD\$0.1 billion. This special dividend, along with the net cash proceeds received upon closing of USD\$1.7 billion totaled approximately USD\$1.8 billion.

During the third quarter of 2019, the sale of the Canada mortgage insurance business met the held for sale accounting criteria and the business was reported as discontinued operations in the Company’s unaudited condensed consolidated financial statements and disclosures within its Quarterly Report on Form 10-Q for the period ended September 30, 2019. In connection with the accounting of the business as held for sale, the Company recorded an after-tax loss of \$164 million related to the sale of the Canada mortgage insurance business. The Company will also reflect any revisions to the loss on sale in the fourth quarter of 2019, based on the finalization of its post-closing adjustments.

The Company is including in this report the unaudited pro forma condensed consolidated balance sheet as of September 30, 2019 giving effect to the net proceeds and sale of the assets and liabilities. In addition, as the Company has not yet filed its 2019 Annual Report on Form 10-K, the Company is including in this report the unaudited pro forma condensed consolidated statements of income for the years ended December 31, 2018, 2017 and 2016 giving effect to the sale.

The unaudited pro forma condensed consolidated balance sheet of Genworth Financial, Inc. as of September 30, 2019 and notes thereto and the unaudited pro forma condensed consolidated statements of income of Genworth Financial, Inc. for the years ended December 31, 2018, 2017 and 2016 and notes thereto are filed as Exhibit 99.2 and incorporated by reference herein.

In connection with but prior to the disposition of its Canada mortgage insurance business, the Company completed an internal reorganization whereby the Company contributed 100% of its ownership interest in Genworth Mortgage Holdings, Inc. (“GMHI”) to Genworth Holdings, Inc. (“Genworth Holdings”). As a result of this contribution, Genworth Holdings now owns 100% of GMHI, which owns 100% of the issued and outstanding voting securities of the Company’s U.S. mortgage insurance companies, including Genworth Mortgage Insurance Corporation.

The foregoing description of the transactions contemplated by the Share Purchase Agreement, dated August 12, 2019, by and among the Company, Genworth Financial International Holdings, LLC, Genworth Mortgage Insurance Corporation, Brookfield BBP Canada Holdings Inc. and Brookfield Business Partners L.P. (the “Purchase Agreement”), does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, attached hereto as Exhibit 2.1 and incorporated by reference.

Item 9.01. Financial Statements and Exhibits.**(b) Pro Forma Financial Information.**

The unaudited pro forma condensed consolidated balance sheet of Genworth Financial, Inc. as of September 30, 2019 and notes thereto and the unaudited pro forma condensed consolidated statements of income of Genworth Financial, Inc. for the years ended December 31, 2018, 2017 and 2016 and notes thereto are filed as Exhibit 99.2 hereto and incorporated by reference herein.

(d) Exhibits.

The following is filed as an exhibit to this report:

<u>Number</u>	<u>Description</u>
2.1	<u>Share Purchase Agreement by and among Genworth Financial, Inc., Genworth Financial International Holdings, LLC, Genworth Mortgage Insurance Corporation, Brookfield BBP Canada Holdings Inc. and Brookfield Business Partners L.P., dated August 12, 2019 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on August 13, 2019).</u>
99.1	<u>Press Release issued by the Company, dated December 12, 2019.</u>
99.2	<u>Unaudited Pro Forma Condensed Consolidated Balance Sheet of Genworth Financial, Inc. as of September 30, 2019 and notes thereto and Unaudited Pro Forma Condensed Consolidated Statements of Income of Genworth Financial, Inc. for the years ended December 31, 2018, 2017 and 2016 and notes thereto.</u>
104	Cover Page Interactive File (the cover page tags are embedded within the Inline XBRL document).

Cautionary Note Regarding Forward-Looking Statements

This Report contains forward-looking statements. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will,” or words of similar meaning and include, but are not limited to, statements regarding the transaction described and the anticipated financial impact of the described transaction. The Company cannot predict with certainty the impact that foreign exchange fluctuations or interest rates, among other things, will have on the final post-closing purchase price adjustments. Actual results may vary materially from those contained in the forward-looking statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 16, 2019

GENWORTH FINANCIAL, INC.

By: _____
/s/ Matthew D. Farney
Matthew D. Farney
Vice President and Controller
(Principal Accounting Officer)

News Release

6620 West Broad Street
Richmond, VA 23230



Genworth Completes Sale of its Stake in Genworth MI Canada Inc. to Brookfield Business Partners

Richmond, VA (December 12, 2019) – Genworth Financial, Inc. (NYSE: GNW) today announced the closing of the sale of its majority stake in Genworth MI Canada Inc. (Genworth Canada) to Brookfield Business Partners (NYSE: BBU) (TSX: BBU.UN).

As previously disclosed, the purchase price was CAD\$48.86 per share, reflecting a total transaction value of approximately CAD\$2.4 billion. The purchase price was subject to certain adjustments, including Genworth Canada's payment of a special dividend in October 2019 to Genworth. The net cash proceeds, including the aggregate amount of the special dividend paid in October 2019 and adjustments for foreign exchange, fees and expenses, were approximately USD\$1.8 billion.

In connection with but prior to the closing, Genworth completed an internal reorganization whereby Genworth contributed 100% of its ownership interest in Genworth Mortgage Holdings, Inc. (GMHI) to Genworth Holdings, Inc. (Genworth Holdings). As a result of this contribution, Genworth Holdings now owns 100% of GMHI, which owns 100% of the issued and outstanding voting securities of Genworth's U.S. mortgage insurance companies, including Genworth Mortgage Insurance Corporation.

About Genworth Financial

Genworth Financial, Inc. (NYSE: GNW) is a Fortune 500 insurance holding company committed to helping families achieve the dream of homeownership and address the financial challenges of aging through its leadership positions in mortgage insurance and long term care insurance. Headquartered in Richmond, Virginia, Genworth traces its roots back to 1871 and became a public company in 2004. For more information, visit genworth.com.

From time to time, Genworth releases important information via postings on its corporate website. Accordingly, investors and other interested parties are encouraged to enroll to receive automatic email alerts and Really Simple Syndication (RSS) feeds regarding new postings. Enrollment information is found under the "Investors" section of genworth.com. From time to time, Genworth's publicly traded subsidiaries, Genworth MI Canada Inc. and Genworth Mortgage Insurance Australia Limited, separately release financial and other information about their operations. This information can be found at <http://genworth.ca> and <http://www.genworth.com.au>.

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Contact Information:

Genworth Financial, Inc.
6620 West Broad Street
Richmond, VA 23230
United States

Investors: investorinfo@genworth.com

Media: Julie Westermann, 804 662.2423

julie.westermann@genworth.com

Genworth Financial, Inc.
Unaudited Pro Forma Condensed Consolidated Financial Statements

The following unaudited pro forma condensed consolidated financial statements and related notes are presented to show the effect on the historical condensed consolidated financial statements of Genworth Financial, Inc. (the “Company”) of the sale of the Company’s attributable share of its Canada mortgage insurance business (the “Sale”) consisting of approximately 57% of the outstanding common stock of the following subsidiary: Genworth MI Canada, Inc. (the “Sale Company”). The Sale was closed on December 12, 2019.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2019 is based on the assumption that the Sale was completed on September 30, 2019. The unaudited pro forma condensed consolidated statements of income for the years ended December 31, 2018, 2017 and 2016 is based on the assumption that the Sale was completed on January 1, 2016.

The unaudited pro forma financial statements as of and for the periods presented are for illustrative and informational purposes only and are not intended to represent, or be indicative of, what the Company’s financial position or results of operations would have been had the Sale been completed on the dates noted above. The unaudited pro forma condensed consolidated financial statements also should not be considered representative of the Company’s future financial position or results of operations. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The pro forma adjustments are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances. Actual amounts could differ materially from these estimates. The pro forma results should be read in conjunction with the financial statements and notes thereto in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and the Quarterly Report on Form 10-Q for the period ended September 30, 2019.

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(Amounts in millions, except per share amounts)

As of September 30, 2019

	Historical	Adjustments	Pro Forma
Assets			
Investments:			
Fixed maturity securities available-for-sale, at fair value	\$ 61,233	\$ —	\$ 61,233
Equity securities, at fair value	239	—	239
Commercial mortgage loans (\$53 are restricted related to a securitization entity)	7,033	—	7,033
Policy loans	2,069	—	2,069
Other invested assets	1,693	—	1,693
Total investments	72,267	—	72,267
Cash, cash equivalents and restricted cash	1,629	1,726(a)	3,355
Accrued investment income	643	—	643
Deferred acquisition costs	1,881	—	1,881
Intangible assets and goodwill	210	—	210
Reinsurance recoverable	17,180	—	17,180
Other assets	479	—	479
Deferred tax asset	236	—	236
Separate account assets	6,005	—	6,005
Assets held for sale related to discontinued operations	5,123	(5,123)(b),(c)	—
Total assets	<u>\$105,653</u>	<u>\$ (3,397)</u>	<u>\$ 102,256</u>
Liabilities and equity			
Liabilities:			
Future policy benefits	\$ 40,489	—	\$ 40,489
Policyholder account balances	22,607	—	22,607
Liability for policy and contract claims	10,780	—	10,780
Unearned premiums	1,863	—	1,863
Other liabilities	1,445	—	1,445
Non-recourse funding obligations	311	—	311
Long-term borrowings	3,706	—	3,706
Separate account liabilities	6,005	—	6,005
Liabilities held for sale related to discontinued operations	2,302	(2,302)(b)	—
Total liabilities	89,508	(2,302)	87,206
Commitments and contingencies			
Equity:			
Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 592 million shares issued; 504 million shares outstanding	1	—	1
Additional paid-in capital	11,986	—	11,986
Accumulated other comprehensive income (loss):			
Net unrealized investment gains (losses):			
Net unrealized gains (losses) on securities not other-than-temporarily impaired	1,664	(67)(b)	1,597
Net unrealized gains (losses) on other-than-temporarily impaired securities	11	—	11
Net unrealized investment gains (losses)	1,675	(67)	1,608
Derivatives qualifying as hedges	2,259	—	2,259
Foreign currency translation and other adjustments	(312)	273(b)	(39)
Total accumulated other comprehensive income (loss)	3,622	206	3,828
Retained earnings	1,478	—	1,478
Treasury stock, at cost (88 million shares)	(2,700)	—	(2,700)
Total Genworth Financial, Inc.'s stockholders' equity	14,387	206	14,593
Noncontrolling interests	1,758	(1,301)(b)	457
Total equity	16,145	(1,095)	15,050
Total liabilities and equity	<u>\$105,653</u>	<u>\$ (3,397)</u>	<u>\$ 102,256</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

Genworth Financial, Inc.
Notes to Unaudited Pro Forma
Condensed Consolidated Balance Sheet

- (a) Adjustment reflects the net proceeds received in connection with the Sale. Proceeds are net of expenses related to the Sale, including transaction related closing costs. The Company assumed these expenses were paid on September 30, 2019.
- (b) Adjustments reflect the disposition of the assets and liabilities of the Sale Company previously presented as assets and liabilities held for sale related to discontinued operations. Adjustments also reflect the de-recognition of cumulative net unrealized investment gains and cumulative losses from currency translation adjustments included in other comprehensive income (loss) of the Sale Company, and the deconsolidation of the ownership interest attributable to noncontrolling interests of the Sale Company.
- (c) Included in the adjustment of the disposition of the assets of the Sale Company was an after-tax impairment loss of \$164 million recognized in the Company's third quarter report filed on Form 10-Q. This loss has not been reflected in the pro forma condensed consolidated statements of income as it is considered to be nonrecurring in nature.

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 2018
(Amounts in millions, except per share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Revenues:			
Premiums	\$ 4,519	\$ (525)(d)	\$ 3,994
Net investment income	3,262	(141)(d)	3,121
Net investment gains (losses)	(146)	137(d)	(9)
Policy fees and other income	795	—	795
Total revenues	<u>8,430</u>	<u>(529)</u>	<u>7,901</u>
Benefits and expenses:			
Benefits and other changes in policy reserves	5,684	(78)(d)	5,606
Interest credited	611	—	611
Acquisition and operating expenses, net of deferrals	997	(54)(d)	943
Amortization of deferred acquisition costs and intangibles	391	(43)(d)	348
Interest expense	299	(43)(e)	256
Total benefits and expenses	<u>7,982</u>	<u>(218)</u>	<u>7,764</u>
Income from continuing operations before income taxes	448	(311)	137
Provision for income taxes	151	(81)(f)	70
Income from continuing operations	297	(230)	67
Income from discontinued operations, net of taxes	—	—	—
Net income	297	(230)	67
Less: net income attributable to noncontrolling interests	178	(108)(d)	70
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	<u>\$ 119</u>	<u>\$ (122)</u>	<u>\$ (3)</u>
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ 0.24</u>		<u>\$ (0.01)</u>
Diluted	<u>\$ 0.24</u>		<u>\$ (0.01)</u>
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ 0.24</u>		<u>\$ (0.01)</u>
Diluted	<u>\$ 0.24</u>		<u>\$ (0.01)</u>
Weighted-average common shares outstanding:			
Basic	<u>500.4</u>		<u>500.4</u>
Diluted	<u>504.2</u>		<u>500.4(g)</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 2017
(Amounts in millions, except per share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Revenues:			
Premiums	\$ 4,004	\$ (519)(d)	\$ 3,485
Net investment income	3,200	(134)(d)	3,066
Net investment gains (losses)	265	(128)(d)	137
Policy fees and other income	826	(1)(d)	825
Total revenues	<u>8,295</u>	<u>(782)</u>	<u>7,513</u>
Benefits and expenses:			
Benefits and other changes in policy reserves	5,179	(54)(d)	5,125
Interest credited	646	—	646
Acquisition and operating expenses, net of deferrals	1,022	(65)(d)	957
Amortization of deferred acquisition costs and intangibles	435	(43)(d)	392
Interest expense	284	(18)(e)	266
Total benefits and expenses	<u>7,566</u>	<u>(180)</u>	<u>7,386</u>
Income from continuing operations before income taxes	729	(602)	127
Benefit for income taxes	(207)	(199)(f)	(406)
Income from continuing operations	936	(403)	533
Loss from discontinued operations, net of taxes	(9)	—	(9)
Net income	927	(403)	524
Less: net income (loss) attributable to noncontrolling interests	110	(190)(d)	(80)
Net income available to Genworth Financial, Inc.'s common stockholders	<u>\$ 817</u>	<u>\$ (213)</u>	<u>\$ 604</u>
Income from continuing operations available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ 1.66</u>		<u>\$ 1.23</u>
Diluted	<u>\$ 1.65</u>		<u>\$ 1.22</u>
Net income available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ 1.64</u>		<u>\$ 1.21</u>
Diluted	<u>\$ 1.63</u>		<u>\$ 1.20</u>
Weighted-average common shares outstanding:			
Basic	<u>499.0</u>		<u>499.0</u>
Diluted	<u>501.4</u>		<u>501.4</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 2016
(Amounts in millions, except per share amounts)

	Historical	Adjustments	Pro Forma
Revenues:			
Premiums	\$ 4,160	\$ (481)(d)	\$ 3,679
Net investment income	3,159	(128)(d)	3,031
Net investment gains (losses)	72	(37)(d)	35
Policy fees and other income	978	(1)(d)	977
Total revenues	<u>8,369</u>	<u>(647)</u>	<u>7,722</u>
Benefits and expenses:			
Benefits and other changes in policy reserves	5,245	(104)(d)	5,141
Interest credited	696	—	696
Acquisition and operating expenses, net of deferrals	1,273	(59)(d)	1,214
Amortization of deferred acquisition costs and intangibles	498	(39)(d)	459
Interest expense	337	(18)(e)	319
Total benefits and expenses	<u>8,049</u>	<u>(220)</u>	<u>7,829</u>
Income (loss) from continuing operations before income taxes	320	(427)	(107)
Provision for income taxes	358	(156)(f)	202
Loss from continuing operations	(38)	(271)	(309)
Loss from discontinued operations, net of taxes	(29)	—	(29)
Net loss	(67)	(271)	(338)
Less: net income attributable to noncontrolling interests	210	(135)(d)	75
Net loss available to Genworth Financial, Inc.'s common stockholders	<u>\$ (277)</u>	<u>\$ (136)</u>	<u>\$ (413)</u>
Loss from continuing operations available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ (0.50)</u>		<u>\$ (0.77)</u>
Diluted	<u>\$ (0.50)</u>		<u>\$ (0.77)</u>
Net loss available to Genworth Financial, Inc.'s common stockholders per share:			
Basic	<u>\$ (0.56)</u>		<u>\$ (0.83)</u>
Diluted	<u>\$ (0.56)</u>		<u>\$ (0.83)</u>
Weighted-average common shares outstanding:			
Basic	<u>498.3</u>		<u>498.3</u>
Diluted	<u>498.3</u>		<u>498.3</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income

Genworth Financial, Inc.
Notes to Unaudited Pro Forma
Condensed Consolidated Statements of Income

- (d) Adjustments reflect the elimination of revenues and expenses of the Sale Company, including operations attributable to noncontrolling interests, from the Company's historical results as if the Sale occurred on January 1, 2016.
- (e) Interest on debt that will be assumed by Brookfield Business Partners L.P. of \$18 million in each year and interest on debt required to be repaid as a result of the Sale of \$25 million in 2018, was removed from the historical amounts.
- (f) Adjustment represents the income tax effect of the elimination of the revenue and expenses of the Sale Company. The tax effect was calculated using the historical statutory rates in effect for the periods presented.
- (g) Companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of the elimination of revenues and expenses of the Sale Company and the resulting pro forma loss from continuing operations available to Genworth Financial, Inc.'s common stockholders for the year ended December 31, 2018, the Company used basic weighted-average common shares outstanding in the calculation of diluted loss per share as the inclusion of shares for stock options, restricted stock units and stock appreciation rights of 3.8 million would have been antidilutive to the calculation.