

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-32195

Genworth Financial, Inc.

(Exact Name of Registrant 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 23230
(804) 281-6000

(Address and Telephone Number of Principal Executive Offices)

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

Title of Each Class	Name of Each Exchange On Which Registered
Class A Common Stock, par value \$.001 per share 6.00% Equity Units	New York Stock Exchange New York Stock Exchange

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

5.25% Series A Cumulative Preferred Stock, Liquidation Preference \$50 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

As of February 28, 2005, 146,505,045 shares of Class A Common Stock, par value \$0.001 per share, and 343,088,145 shares of Class B Common Stock, par value \$0.001 per share, were outstanding.

The aggregate market value of the common equity (based on the closing price of the Class A Common Stock on The New York Stock Exchange) held by non-affiliates of the registrant on June 30, 2004, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$3.36 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 in connection with the 2005 annual meeting of the registrant's stockholders are incorporated by reference into Part III of this Annual Report.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business	1
Item 2. Properties	82
Item 3. Legal Proceedings	82
Item 4. Submission of Matters to a Vote of Security Holders	85
PART II	
Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters	85
Item 6. Selected Historical and Pro Forma Financial Information	86
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	93
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	138
Item 8. Financial Statements and Supplementary Data	141
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	206
Item 9A. Controls and Procedures	206
Item 9B. Other Information	208
PART III	
Item 10. Directors and Executive Officers of the Registrant	208
Item 11. Executive Compensation	213
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	213
Item 13. Certain Relationships and Related Transactions	213
Item 14. Principal Accountant Fees and Services	213
PART IV	
Item 15. Exhibits and Financial Statement Schedules	214

PART I

In this Annual Report, unless the context otherwise requires, "Genworth," "we," "us," and "our" refer to Genworth Financial, Inc. and its subsidiaries and include the operations of the businesses acquired from General Electric in connection with our corporate reorganization referred to below. In addition, in this Annual Report, we refer to pro forma financial information, which reflects our statement of earnings for the year ended December 31, 2004, as adjusted to give effect to the transactions described in "Item 6.—Selected Historical and Pro Forma Financial Information," as if each of those transactions had occurred on January 1, 2004.

Item 1. Business

Overview

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 22 countries and have approximately 6,150 employees.

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization and an initial public offering, or IPO, which was completed on May 28, 2004. In connection with the IPO, we acquired substantially all of the assets and liabilities of GE Financial Assurance Holdings, Inc., or GEFAHI. GEFAHI is an indirect subsidiary of General Electric Company, or GE, and prior to the IPO was 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 acquired certain other insurance businesses that were owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, payment protection insurance based in Europe, a Bermuda reinsurer and mortgage contract underwriting.

In consideration for the assets and liabilities that we acquired from GEFAHI, we issued to GEFAHI 489.5 million shares of our Class B Common Stock, \$600 million of our 6.00% Equity Units (the "Equity Units"), \$100 million of our 5.25% Series A Cumulative Preferred Stock (the "Series A Preferred Stock"), which is mandatorily redeemable, a \$2.4 billion short-term note, and a \$550 million contingent non-interest-bearing note (the "Contingent Note"). We refinanced the \$2.4 billion note with \$1.9 billion of senior notes and \$500 million of commercial paper shortly after the IPO, and we repaid the contingent note in December 2004. The liabilities we assumed included ¥60 billion aggregate principal amount of 1.6% notes due 2011 that had been issued by GEFAHI, ¥3 billion of which GEFAHI owned and transferred to us (and were subsequently retired). We refer to the transactions described above as our corporate reorganization. Shares of our Class B Common Stock convert automatically into shares of our 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 of the 146.4 million shares of common stock offered in our IPO (including shares sold pursuant to the underwriters' exercise of their over-allotment option) consisted of Class A Common Stock.

GE currently owns approximately 70% of our outstanding common stock. GE has indicated that it expects, subject to market conditions, to reduce its ownership over the next two years as we transition to full independence. GE also has informed us that, in any event, it expects to reduce its interest in us to below 50% by value by May 27, 2006 (in satisfaction of a condition to the tax ruling secured in connection with the IPO).

In connection with our corporate reorganization and the IPO, we entered 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

Table of Contents

several significant reinsurance transactions with Union Fidelity Life Insurance Company, or UFLIC, an indirect subsidiary of GE. As part of these transactions, effective as of January 1, 2004, we ceded to UFLIC all of our structured settlement contracts and substantially all of our variable annuity contracts, and a block of long-term care insurance policies that we reinsured in 2000 from The Travelers Insurance Company, which we refer to in this Annual Report as Travelers. In the aggregate, these blocks of business did not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions have the effect of transferring the financial results of the reinsured blocks to UFLIC. We continue to service the blocks of business that we reinsured, which preserves our operating scale and enables us to service and grow our new sales of these products. In addition, as part of the reinsurance transactions, UFLIC ceded to us substantially all of its in-force blocks of Medicare supplement insurance.

We have the following three operating segments:

- **Protection.** We offer U.S. customers life insurance, long-term care insurance and, primarily 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 2004, we were the leading provider of individual long-term care insurance and a leading provider of term life insurance in the U.S., according to LIMRA International (in each case based upon annualized first-year 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 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, 2004, our Protection segment had pro forma segment net earnings of \$527 million.
- **Retirement Income and Investments.** We offer U.S. customers fixed and variable deferred annuities, income annuities, variable life insurance, asset management, and specialized products, including guaranteed investment contracts, or GICs, funding agreements and structured settlements. We are an established provider of these products. In 2004, according to VARDS, we were the largest provider of variable income annuities in the U.S., and according to LIMRA International, we were the second-largest provider of fixed income annuities in the U.S. (in each case based upon total premiums and deposits). For the year ended December 31, 2004, our Retirement Income and Investments segment had pro forma segment net earnings of \$148 million.
- **Mortgage Insurance.** In the U.S., Canada, Australia, New Zealand 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. According to *Inside Mortgage Finance*, in 2004, we were the fifth-largest provider of mortgage insurance in the U.S. (based upon new insurance written). We also believe we are the largest provider of private mortgage insurance outside the U.S. (based upon flow new insurance written), 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 45% for the three years ended December 31, 2004. For the year ended December 31, 2004, our Mortgage Insurance segment had pro forma segment net earnings of \$426 million.

We also have a Corporate and Other segment which consists primarily of unallocated corporate income and expenses (including amounts incurred in settlement of class action lawsuits), the results of several small, non-core businesses that are managed outside our operating segments, most of our interest and other financing expenses and net realized investment gains (losses). For the year ended December 31, 2004, our Corporate and Other segment had pro forma segment net earnings of \$29 million.

We had \$12.9 billion of total stockholders' interest and \$103.9 billion of total assets as of December 31, 2004. For the year ended December 31, 2004, on a pro forma basis, our revenues were \$10.2 billion and our net

Table of Contents

earnings from continuing operations were \$1.1 billion. Our principal life insurance companies have financial strength ratings of “AA-” (Very Strong) from S&P, “Aa3” (Excellent) from Moody’s, “A+” (Superior) from A.M. Best and “AA-” (Very Strong) from Fitch, and our rated mortgage insurance companies 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 20 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” and “AA-” ratings are the third- and fourth-highest of Fitch’s 24 ratings categories, respectively.

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 2003, U.S. life expectancy at birth increased from 62.9 years to 74.4 years for men and from 68.4 years to 79.5 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 22% (65 million) in 2004 to more than 29% (97 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 will be available to be converted to income as those people retire, and approximately \$3.3 trillion of invested financial assets are held by individuals who are under age 70 and consider themselves retired, in each case 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 income 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 resources, including insurance coverage, to ensure that their future assets and income will be adequate to support their desired lifestyle. Other factors contributing to this gap include declining individual savings rates, rising healthcare and nursing care 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 2004 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 10.8% in 1984 to 1.0% in 2004. 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. age 65 and older will require long-term care at some time in their lives. However, in 2003, less than 10% of the individuals in the U.S. age 55 and older had long-term care insurance, according to statistics published by LIMRA International and the U.S. Census Bureau. 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 internationally and in the U.S.*** We believe a number of factors have contributed and will contribute to the growth of mortgage insurance in Canada, Australia

[Table of Contents](#)

and the U.S., where we have significant mortgage insurance operations. These factors include increasing homeownership levels (spurred in part by government housing policies that favor homeownership and demographic factors driving demand for housing); 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, Latin American 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 individual long-term care insurance and term life insurance in the U.S. and payment protection insurance in Europe. In our Retirement Income and Investments segment, we are a leading provider of income annuities. In our international Mortgage Insurance business, we have leading operations in Canada, Australia and the U.K., with a growing presence in Continental Europe. We believe our leading positions provide us with the scale necessary to compete effectively in these markets as they 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 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 Income Distribution Series of guaranteed income annuity products and riders that provide the contractholder with a guaranteed minimum income stream and an opportunity to participate in market appreciation. In our U.S. mortgage insurance business, we recently introduced our HomeOpenersSM products, which are designed, in part, to compete with simultaneous second loans. We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives. 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 breadth of products enable us to sustain strong relationships with our distributors. They also 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 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. We also offer a joint business improvement program, through which we help our independent sales intermediaries increase sales and realize greater cost and operational efficiencies in their businesses.
- **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, 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

Table of Contents

sophisticated technology 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 have developed 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. This platform has shortened the cycle time from receipt-of-application to issuance-of-policy and reduced policy acquisition costs. In addition, we have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina and Ireland. Through an outsourcing provider that is 40% owned by GE, we also have a substantial team of professionals in India who provide us with a variety of support services.

- **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 150 professionals dedicated exclusively to our risk management processes. 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. Throughout our company we instill a strong commitment to integrity in business dealings and compliance with applicable laws and regulations.
- **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 \$65.7 billion of invested assets, as of December 31, 2004. Approximately 94% 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, 2004. 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 18 years of experience in the financial services industry. We have an established track record for successfully developing managerial talent at all levels of our organization and have instilled a performance- and execution-oriented corporate culture.

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 and \$3.3 trillion of invested assets that are held by individuals who are under age 70 and consider themselves retired, in each case according to SRI Consulting Business Intelligence. Our products are designed to enable the growing retired population to convert their accumulated assets into reliable income throughout their retirement years.

[Table of Contents](#)

Protection, particularly long-term care insurance and payment protection insurance. In long-term care insurance, 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 from governments and employers to individuals. For example, according to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. age 65 and older will require long-term care at some time in their lives, but in 2003, less than 10% of the individuals in the U.S. age 55 and older had long-term care insurance. In our payment protection insurance business, we believe market growth will result from the increase in consumer borrowing across Europe, the expansion of the European Union and reduced unemployment benefits in the European markets where we offer our products.

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 45% for the three years ended December 31, 2004.

- **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 evidenced by new product introductions, such as the introduction of our Income Distribution Series of guaranteed income products and riders, our 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 automated underwriting platform in our mortgage insurance business.

Collaborative approach to key distributors, which includes our joint business improvement program and our tailored approach to our sales intermediaries addressing their unique service needs, which have benefited our distributors and helped strengthen our relationships with them.

Technology initiatives, such as our proprietary underwriting system, which has made it easier for distributors to do business with us, improved our term life and long-term care insurance underwriting speed and accuracy, and lowered 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 means:

Adding new business layers at targeted returns and optimizing mix. We have introduced revised pricing and new products in a number of business lines, which we believe will increase our expected returns. In U.S. mortgage insurance, we are targeting market segments in which we can generate new business at higher returns and limiting our growth from segments that have lower returns. We have exited or placed in run-off certain product lines in blocks of business with low returns, including, for example, our older, fixed GICs, facility-only long-term care insurance policies and certain payment protection insurance contracts, mostly in the U.K. As these blocks decrease, we expect to release capital over time to deploy to higher-return products and/or businesses.

Capital efficiency and management. We continually seek opportunities to use our capital more efficiently, while maintaining our ratings and strong capital position. We have developed a capital markets solution to fund additional statutory reserves on our term life insurance policies related to Regulation XXX, and we are working to develop similar structures for other product lines, including universal life insurance. In addition, we intend to complement our core growth strategy through selective acquisitions designed to enhance product and distribution capabilities 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. In addition to pursuing opportunities for core growth and accretive acquisitions, we also will consider making share repurchases and increasing dividends on our common stock.

Table of Contents

Investment income enhancements. The yield on our investment portfolio is affected by the practice, prior to our separation from GE, of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy had been pursued to offset impairments in our investment portfolio, fund consolidations and restructurings in our business and provide current income. As an independent public company, our investment strategy is to optimize investment income without relying on realized investment gains. Although the interest-rate environment since our IPO in mid-2004 has been challenging, we expect over time that the yield on our investment portfolio will stabilize, with the potential for yield increases in a rising interest rate environment. We also will seek to improve our investment yield by continuously evaluating our asset class mix, pursuing additional investment classes and accepting additional credit risk when we believe that it is prudent to do so.

Ongoing operating cost reductions and efficiencies. We continually focus on reducing our cost base while maintaining strong service levels for our customers. We expect to accomplish this goal 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 process improvement efforts, forming focused teams to identify opportunities for cost reductions and investing in new technology, particularly for web-based, digital end-to-end processes.

Protection

Through our Protection segment, we offer life insurance, long-term care insurance, 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:

(Dollar amounts in millions)	Historical			Pro forma
	As of or for the years ended December 31,			For the year ended December 31, 2004
	2004	2003	2002	
Net earned premiums				
Life insurance	\$ 759	\$ 698	\$ 685	\$ 759
Long-term care insurance	1,672	1,775	1,543	1,589
Payment protection insurance	1,427	1,507	1,242	1,427
Group life and health insurance	623	608	618	623
Total net earned premiums	\$ 4,481	\$ 4,588	\$ 4,088	\$ 4,398
Revenues, net of reinsurance				
Life insurance	\$ 1,518	\$ 1,443	\$ 1,432	\$ 1,518
Long-term care insurance	2,311	2,408	2,087	2,182
Payment protection insurance	1,549	1,615	1,372	1,549
Group life and health insurance	686	677	714	686
Total revenues, net of reinsurance	\$ 6,064	\$ 6,143	\$ 5,605	\$ 5,935
Segment net earnings				
Life insurance	\$ 245	\$ 211	\$ 252	\$ 245
Long-term care insurance	172	171	164	171
Payment protection insurance	81	64	82	81
Group life and health insurance	30	41	56	30
Total segment net earnings	\$ 528	\$ 487	\$ 554	\$ 527
Total segment assets	\$31,806	\$29,254	\$27,104	

Table of Contents

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 2003, and total life insurance coverage in the U.S. was \$16.8 trillion as of December 31, 2003. Excluding variable life insurance, the sales of which have been adversely affected by recent stock market volatility, annualized first-year premiums for life insurance increased by an average of 14.7% per year from 2000 to 2003, 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 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 run-off block of whole life insurance.

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. We also have significant expertise in evaluating people with health problems and offer appropriately priced coverage for people who meet our underwriting criteria.

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 and financial intermediaries. We believe there are opportunities to expand our sales through each of these distribution channels.

Table of Contents

The following table sets forth selected financial information regarding our life insurance products as of the dates and for the periods indicated:

(Dollar amounts in millions)	As of or for the years ended December 31,		
	2004	2003	2002
Term life insurance			
Net earned premiums	\$ 721	\$ 664	\$ 635
Annualized first-year premiums(1)	102	106	138
Revenues, net of reinsurance	831	746	720
Life insurance in force, net of reinsurance (face amount)	329,014	296,942	263,622
Life insurance in force, before reinsurance (face amount)	481,985	457,738	416,305
Universal and whole life insurance			
Net earned premiums and deposits	373	402	406
Annualized first-year deposits(1)	42	57	57
Revenues, net of reinsurance	687	697	712
Life insurance in force, net of reinsurance (face amount)	41,745	43,726	44,663
Life insurance in force, before reinsurance (face amount)	50,775	53,074	54,587
Total life insurance(2)			
Net earned premiums and deposits	1,094	1,066	1,041
Annualized first-year premiums(1)	102	106	138
Annualized first-year deposits(1)	42	57	57
Revenues, net of reinsurance	1,518	1,443	1,432
Life insurance in force, net of reinsurance (face amount)	370,759	340,668	308,285
Life insurance in force, before reinsurance (face amount)	532,760	510,812	470,892

- (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

Table of Contents

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, 2004, 53% 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 3.0% to 6.0% for the life of the policy.

Underwriting and pricing

We believe 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, thereby minimizing the premiums ceded to reinsurers. We generally reinsure 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. 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.

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. GENIUS[®] has shortened the cycle time from receipt-of-application to issuance-of-policy, reduced policy acquisition costs and improved the consistency and accuracy of our underwriting decisions by reducing decision-making variation.

Table of Contents

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 2004, 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 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 \$6.8 billion in 2004, according to LIMRA International. Industry-wide sales of individual long-term care insurance peaked in 2002 at approximately \$1.0 billion and decreased by 7% in 2003 and 25% in 2004. We believe this decrease was due primarily to decisions by several providers to cease offering long-term care insurance, to raise premiums on in force-policies, and to introduce new products with higher prices. These actions resulted in decreased purchases of long-term care insurance products and have caused some distributors to reduce their sales focus on these products. Notwithstanding these recent trends, we believe that over time, the long-term care insurance market will continue to expand as the result of aging demographics, increasing healthcare and nursing care costs, the uncertainty regarding government programs that currently cover these costs and the increasing public awareness of the benefits of private long-term care insurance.

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. In 2004, we also entered into a strategic alliance with the Corporation for Long-Term Care Certification, Inc., a nationally recognized long-term care training organization, to educate and train our independent producers in how to help solve clients' long-term care needs. Through our sponsorship, approximately 2,000 of our independent producers attended this program.

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, and advanced analytics and technology, that improve our risk assessment and operating efficiency. We believe we have one of

Table of Contents

the largest and most experienced claims organizations in the industry. Our claims adjudication process on reimbursement policies 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. 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 coverage 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 distribute our products through diversified sales channels consisting of more than 100,000 appointed independent producers, financial intermediaries and dedicated sales specialists. Approximately 300 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 for the periods indicated:

(Dollar amounts in millions)	Historical			Pro forma
	For the years ended December 31,			For the year ended
	2004	2003	2002	December 31, 2004
Net earned premiums	\$ 1,672	\$ 1,775	\$ 1,543	\$ 1,589
Annualized first-year premiums ⁽¹⁾	162	240	257	162
Revenues, net of reinsurance	2,311	2,408	2,087	2,182

- (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 and approved expenses for nursing home, assisted living facilities or home care expenses. As of December 31, 2004, our in-force policies consisted of approximately 84% reimbursement policies and 16% indemnity policies, measured on a 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 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

Table of Contents

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.

Our current long-term care insurance product is designed to offer comprehensive coverage with flexibility to adjust benefits and coverages to meet individual consumer needs. Features include no elimination period for home-care benefits, international coverage and a choice between monthly maximum expense limits and daily limits. Consumers also are able to design more economical long-term care insurance policies by customizing individual benefit features and reducing reimbursement on home-care benefits.

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 42,000 long-term care insurance policies and accounted for approximately \$25 million and \$24 million of net earned premiums for the years ending December 31, 2004 and 2003, respectively.

We also offer Medicare supplement insurance providing 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 the IPO, we ceded a block of in-force long-term care insurance business to UFLIC, and we assumed several small in-force blocks of Medicare supplement insurance from UFLIC.

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

Table of Contents

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 now use GENIUS® to process all our new 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 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, comprising independent experts from the medical technology and public policy fields, that provides insights on emerging morbidity and medical trends, enabling us to be more proactive in our risk segmentation, pricing and product development strategies.

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—Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

Finaccord, an industry research firm, estimated in 2002 that gross written premiums for payment protection insurance with an involuntary unemployment, temporary incapacity, permanent disability or death element were approximately €26 billion in the U.K. and the six other European countries it reviewed. Finaccord also estimated that the average annual growth rates in these seven countries would be approximately 10% for retail lending balances from 2003 to 2005. The U.K. is the largest and most mature market in 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

Table of Contents

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. 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.

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.

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, subject, in some cases, to a maximum period. 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 and product purchase protection. We continue to evaluate opportunities to take advantage of our European operations and distribution infrastructure to offer consumer protection insurance products throughout Europe.

The following table sets forth selected financial information regarding our payment protection insurance and other related consumer protection insurance products for the periods indicated:

(Dollar amounts in millions)	For for the years ended December 31,		
	2004	2003	2002
Gross written premiums	\$ 902	\$ 1,532	\$ 1,548
Net earned premiums	1,427	1,507	1,242
Total revenues, net of reinsurance	1,549	1,615	1,372
Losses and loss adjustment expenses	263	376	307

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.

Consistent with our focus on disciplined growth and returns on capital, as we enter into new arrangements and review existing arrangements with distributors, we 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,

Table of Contents

particularly in the U.K., we had arrangements in place that accounted for significant revenue without a corresponding benefit to return on capital. Accordingly, in the third quarter of 2003, we evaluated our contractual relationships with our payment protection insurance distributors against our targeted return thresholds and decided to terminate or not to renew certain relationships that we refer to as “run-off.” Although we expect our revenue to continue to decline over the next few years as existing policies from these less-profitable arrangements continue 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. Written premiums in our payment protection insurance business, gross of reinsurance and cancellations, decreased by 31% from \$2,175 million for the year ended December 31, 2003 to \$1,501 million for the year ended December 31, 2004. Excluding the run-off business, written premiums, gross of reinsurance and cancellations, increased by 21% from \$1,191 million for the year ended December 31, 2003 to \$1,441 million for the year ended December 31, 2004.

We are continuing to diversify and expand our base of distributors. We are also exploring additional growth opportunities in 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.

For the years ended December 31, 2004, 2003 and 2002, GE’s consumer finance division and other related GE entities accounted for 42%, 19% and 14% of our payment protection insurance gross written premiums, respectively. This increase in the percentage of business relating to GE entities was primarily attributable to the decline in total gross written premiums in our payment insurance business that was due to the significant decrease in premiums relating to our run-off block. In early 2004, we entered 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.

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 targeted primarily at 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 individual voluntary products. We purchase excess-of-loss reinsurance coverage to limit our exposure to losses from our group non-medical and medical insurance lines.

We use an independent network of approximately 4,000 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-

Table of Contents

based groups using a network of independent insurance producers. As of December 31, 2004, our Employee Benefits Group provided employment-based benefit products and services to more than 31,000 organizations, including approximately 2.7 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 for the periods indicated:

(Dollar amounts in millions)	For the years ended December 31,		
	2004	2003	2002
Net earned premiums	\$623	\$608	\$618
Annualized first-year premiums(1)	171	144	168
Revenues, net of reinsurance	686	677	714

- (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

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.

Table of Contents

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 also offer an integrated self-funded medical benefits program that provides employers with stop-loss reinsurance coverage coupled with administrative services.

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.

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.

[Table of Contents](#)

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 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 and variable deferred annuities and income annuities. We offer these products to a broad range of consumers who want to accumulate tax-deferred assets for retirement, desire a reliable source of income during their retirement, and/or seek to protect against outliving their assets during retirement. According to VARDS, we were the largest provider of variable income annuities, and according to LIMRA International, we were the second-largest provider of fixed income annuities in the U.S. for the year ended December 31, 2004, in each case based upon total premiums and deposits.

According to LIMRA International, sales of individual annuities were \$220 billion and \$219 billion in 2002 and 2003, the last years for which industry data regarding aggregate sales of individual annuities is available. We believe aggregate sales of individual annuities in 2003 and 2004 remained nearly constant from 2002 levels for two reasons. First, the low interest rates that persisted throughout 2003 and 2004 resulted in low crediting rates and limited market demand for certain annuities. Second, continued volatility in the equity markets caused potential purchasers to refrain from purchasing products, such as variable annuities and variable life insurance, that have returns linked to the performance of the equity markets. We believe that higher interest rates and greater stability in equity markets will result in increased demand for annuities and other investment products that help consumers accumulate assets and provide reliable retirement income.

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 fixed and variable income 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 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.

[Table of Contents](#)

We develop 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 Income Distribution Series of guaranteed income annuity products and riders that provide a guaranteed minimum income stream with an opportunity for the contractholder to participate in market appreciation but reduce some of the risks to insurers that generally accompany traditional products with guaranteed minimum income benefits.

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. We provide extensive training and support to our distributors through a wholesaling sales force that specializes in retirement income needs.

Table of Contents

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:

(Dollar amounts in millions)	As of or for the years ended December 31,		
	2004	2003	2002
Spread-Based Retail Products			
Fixed annuities			
Account value net of reinsurance, beginning of period	\$14,166	\$13,753	\$11,965
Deposits	1,741	1,069	2,663
Interest credited	600	603	606
Surrenders and benefits	(1,381)	(1,248)	(1,471)
Product charges	(13)	(11)	(10)
Account value net of reinsurance, end of period	\$15,113	\$14,166	\$13,753
Income annuities			
Account value net of reinsurance, beginning of period	\$ 5,008	\$ 4,673	\$ 4,002
Net earned premiums and deposits	760	717	979
Interest credited	303	292	277
Surrenders and benefits	(689)	(650)	(562)
Product charges	(28)	(24)	(23)
Account value net of reinsurance, end of period	\$ 5,354	\$ 5,008	\$ 4,673
Structured settlements(1)			
Account value, beginning of period	\$12,017	\$11,544	\$11,098
Net earned premiums and deposits	544	581	516
Interest credited	844	827	797
Surrenders and benefits	(1,060)	(912)	(847)
Product charges	(22)	(23)	(20)
Account value, end of period	\$12,323	\$12,017	\$11,544
Total annualized first-year premiums from spread-based retail products(2)	\$ 1,094	\$ 1,049	\$ 991
Total deposits on spread-based retail products(3)	1,951	1,318	3,167
Spread-Based Institutional Products			
GICs and funding agreements			
Account value, beginning of period	\$ 9,527	\$10,274	\$ 8,693
Deposits(4)	3,056	3,702	3,862
Interest credited	281	296	230
Surrenders and benefits(4)	(3,323)	(4,745)	(2,511)
Account value, end of period	\$ 9,541	\$ 9,527	\$10,274
Total deposits on spread-based institutional products(3)(4)	\$ 3,056	\$ 3,702	\$ 3,862
Fee-Based Products			
Variable annuities(1)			
Account value, beginning of period	\$10,904	\$ 9,048	\$10,168
Deposits	1,106	2,102	1,667
Interest credited and investment performance	1,116	1,356	(1,091)
Surrenders and benefits	(1,451)	(1,483)	(1,571)
Product charges	(120)	(119)	(125)
Account value, end of period	\$11,555	\$10,904	\$ 9,048
Variable life insurance			
Deposits	\$ 39	\$ 45	\$ 47
Future policy benefits/policy account balances, net of reinsurance	16	12	8
Separate account liability	297	269	220
Life insurance in force	3,472	3,636	3,628
Asset management			
Revenues	47	32	40
Deposits(5)	691	760	650
Assets under management	2,753	2,395	1,762
Total deposits on fee-based products(3)	1,836	2,907	2,364

Table of Contents

- (1) Effective as of January 1, 2004, we ceded to UFLIC all of our structured settlement contracts and substantially all of our variable annuity contracts that were in-force as of December 31, 2003.
- (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, 2004, 2003 and 2002, surrenders and benefits of spread based institutional products included \$927 million, \$1,675 million and \$800 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:

(Dollar amounts in millions)	Historical			Pro forma
	As of or for the years ended December 31,			For the year ended December 31,
	2004	2003	2002	2004
Net earned premiums				
Spread-based retail products	\$ 1,094	\$ 1,049	\$ 991	\$ 1,094
Spread-based institutional products	—	—	—	—
Fee-based products	—	—	—	—
Total net earned premiums	\$ 1,094	\$ 1,049	\$ 991	\$ 1,094
Revenues, net of reinsurance				
Spread-based retail products	\$ 2,712	\$ 3,122	\$ 3,028	\$ 2,347
Spread-based institutional products	332	346	419	332
Fee-based products	317	335	309	212
Total revenues, net of reinsurance	\$ 3,361	\$ 3,803	\$ 3,756	\$ 2,891
Segment net earnings				
Spread-based retail products(1)	\$ 79	\$ 109	\$ 119	\$ 71
Spread-based institutional products	30	29	47	30
Fee-based products	44	13	20	47
Total segment net earnings(1)	\$ 153	\$ 151	\$ 186	\$ 148
Assets				
Spread-based retail products	\$34,972	\$ 34,255	\$ 33,493	
Spread-based institutional products	9,359	9,346	10,175	
Fee-based products	12,279	12,013	9,956	
Total assets	\$56,610	\$ 55,614	\$ 53,624	

- (1) Total segment net earnings for the year ended December 31, 2004 exclude the cumulative effect of a change in accounting principles, net of taxes, of \$5 million.

Table of Contents

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. 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 generally for one year but may be guaranteed for up to seven years, at the contractholders' option, and thereafter is subject to change at our discretion, 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 any contractual penalty. Approximately \$11.2 billion, or 75% of the total account value of our fixed annuities as of December 31, 2004, 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. In 2004, we introduced a product that has flexible pricing features. Most of our recently issued annuity contracts have minimum guaranteed crediting rates between 1.5% and 3.0%.

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 fixed 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. Income annuities also include variable income annuities, which provide for an accumulation period, followed by a guaranteed minimum income stream for the life of the annuitant, with the possibility of additional income depending upon underlying investment account performance.

Our income annuities differ from deferred annuities in that they provide for contractually guaranteed payments that begin within one year of issue. Income annuities do not provide for surrender or policy loans 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 generally 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.

Table of Contents

Structured settlements

Structured settlement contracts provide an alternative to a lump sum settlement, generally in a personal injury lawsuit or worker's compensation claim, 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. Structured settlement contracts also may provide for irregularly scheduled payments to coincide with anticipated medical or other claimant needs. 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 the IPO, we ceded all of our in-force structured settlements business to UFLIC. We continue to write structured settlements when we believe we will be able to achieve our targeted returns, capitalizing on our experience and relationships in this product.

Spread-Based Institutional Products

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.

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. As of December 31, 2004, we had an aggregate of \$2.8 billion of floating-rate funding agreements outstanding, compared to \$2.9 billion as of December 31, 2003. Of the \$2.8 billion aggregate amount outstanding as of December 31, 2004, \$1.6 billion had put option features, including \$1.5 billion with put option features of 90 days and the remaining \$0.1 billion with put option features of 180 days. General Electric Capital Corporation, or GE Capital, has guaranteed certain obligations under floating-rate funding agreements with a final maturity on or before June 30, 2005. This guarantee covers our obligations to contractholders and requires us to reimburse GE Capital for any payments made to contractholders under the guarantee. As of December 31, 2004, GE Capital's guarantee covered \$1.4 billion of outstanding floating-rate funding agreements.

We also issue funding agreements to trust accounts to back medium-term notes purchased by investors. These contracts typically are issued for terms of one to seven years. As of December 31, 2004, we had an aggregate of \$3.4 billion of these funding agreements, compared to \$3.0 billion as of December 31, 2003. Of the \$3.4 billion of these funding agreements outstanding as of December 31, 2004, \$0.4 billion permitted early termination provisions upon twelve months' notice. The remainder of these funding agreements did not permit early termination.

Table of Contents

Fee-Based Products

Variable annuities

We offer variable annuities that allow the contractholder to make payments into a guaranteed-rate account and separate accounts that invest in underlying mutual funds, 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. Assets allocated to each separate account track the performance of selected mutual funds, including offerings from GE, Fidelity and Oppenheimer. 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 and, in some cases, a distribution fee from the underlying 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. New deposits to the fixed account within the variable annuity are limited to 25% of the total deposit. 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.

Our variable annuity contracts provide for a guaranteed minimum death benefit, or GMDB, which provides a minimum account value to be paid upon the annuitant's death. Our contractholders also have the option to purchase, at an additional charge, a GMDB rider that provides for an enhanced death benefit. Assuming every annuitant died on December 31, 2004, as of that date, contracts with GMDB features not covered by reinsurance had an account value of \$1.1 billion and a related death benefit exposure of \$1 million net amount at risk. In May 2003, we raised prices of, and reduced certain benefits under, our newly issued GMDBs. We continue to evaluate our pricing and hedging of GMDB features and intend to change prices if appropriate. In addition, in July 2004, we introduced a variable annuity product with a guaranteed minimum withdrawal benefit, or GMWB. This product provides a guaranteed annual withdrawal of a fixed portion of the initial deposit over a fixed period of time but requires a balanced asset allocation of the customer's separate account deposit.

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

Table of Contents

minimum accumulation benefits, or GMABs. Traditional GMIB products guarantee a specified minimum appreciation rate for a defined period of time, after which 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 GE Retirement Answer[®], or GERA. 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. The income stream may exceed the guaranteed minimum based upon the performance of the mutual fund underlying the separate accounts. As of December 31, 2004, we had \$1.23 billion of lump-sum deposits, collected scheduled periodic deposits, and future scheduled periodic deposits for this product since its inception in April 2002. 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.

GERA is a component of our Income Distribution Series of variable annuity products and riders. The Income Distribution Series also includes the GE Guaranteed Income Advantage, or GIA, and the GE Principal Protection Advantage, or PPA. The GIA is a rider to several of our variable annuity products that provides retirement benefits similar to the GERA but requires contractholders to allocate assets among a group of available investment options. Whereas the GERA and the GIA require a minimum ten-year accumulation period, the PPA is designed for purchasers nearing retirement and requires only a three-year accumulation period before annuitization.

Prior to the completion of the IPO, we ceded our in-force variable annuities business, excluding the GERA product and a small block of contracts in run-off, to UFLIC.

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 allow 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. Assets allocated to each separate account track the performance of selected mutual funds, including funds from GE, Fidelity and Oppenheimer. There is no guaranteed minimum rate of return in these subaccounts, and the policyholder bears the entire investment risk associated with the performance of the 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 capital, and our principal asset management strategy is to help protect their assets while taking advantage of opportunities for capital appreciation. Our asset management clients are referred to us

Table of Contents

through 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.

Separately managed accounts are individually managed client portfolios that we structure based on the clients' needs and investment objectives, with securities recommended by multiple institutional investment advisors according to defined investment strategies. Our clients directly own the stocks in their individual portfolios, and we continuously monitor and evaluate each investment advisor and the investment performance in each portfolio. We also offer advisory services to help clients invest in a variety of mutual funds and other securities. By working in cooperation with our clients' financial advisers, we seek to achieve each client's investment objectives by selecting the appropriate mutual funds.

Our asset management services generally require minimum investments of \$50,000. As of December 31, 2004, we managed more than \$2.6 billion for more than 17,000 accounts worldwide.

Our broker dealers have approximately 2,000 affiliated personal financial advisers, including approximately 1,700 accountants, who sell our annuity and insurance products, as well as third party mutual funds and other investment products. In connection with these sales, we receive commission and fee income from purchasers, and we pay a portion of the commissions and fees to personal financial advisers.

Prior to the completion of the IPO, 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 did 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 has agreed to pay us a fee of up to \$10 million per year for four years following the completion of the IPO 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.

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 have agreed to 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 receive an administration fee of 0.165% per annum of the maximum program size for those GE affiliates, which is \$15 billion. 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 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 \$1.6 billion as of December 31, 2004. The fee we receive on the contracts issued by that affiliate before January 1, 2003 is based upon a pricing arrangement that varies 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 \$1.5 billion as of December 31, 2004 and is expected to generate a weighted average fee of approximately 0.35% in 2005. 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.

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

Table of Contents

account mortality improvements in the general population and our historical experience. We price 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, Europe and New Zealand. We also are exploring opportunities in Latin America and Asia.

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. According to *Inside Mortgage Finance*, we were the fifth-largest provider in 2004 of mortgage insurance in the U.S., based on 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 2004, we believe we were the leading provider in Australia based upon flow new insurance written, and one of two major insurers in Canada. We also are one of the leading private mortgage insurance providers in the U.K., based upon flow new insurance written, 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.

Table of Contents

The following table sets forth selected financial information regarding our U.S. and international mortgage insurance business, as of and for the periods indicated:

(Dollar amounts in millions)	As of or for the years ended December 31,		
	2004	2003	2002
Assets			
U.S. mortgage insurance	\$ 3,239	\$ 3,806	\$ 4,650
International mortgage insurance	3,189	2,304	1,416
Total assets	\$ 6,428	\$ 6,110	\$ 6,066
Primary insurance in force			
U.S. mortgage insurance	\$ 108,900	\$ 122,200	\$ 120,600
International mortgage insurance	192,600	136,300	79,800
Total primary insurance in force	\$ 301,500	\$ 258,500	\$ 200,400
Risk in force			
U.S. mortgage insurance	\$ 23,700	\$ 26,900	\$ 29,600
International mortgage insurance(1)	62,000	43,400	25,700
Total risk in force	\$ 85,700	\$ 70,300	\$ 55,300
New insurance written			
U.S. mortgage insurance	\$ 28,100	\$ 67,400	\$ 46,900
International mortgage insurance	51,800	39,200	28,200
Total new insurance written	\$ 79,900	\$ 106,600	\$ 75,100
Net premiums written			
U.S. mortgage insurance	\$ 453	\$ 486	\$ 529
International mortgage insurance	620	464	311
Total net premiums written	\$ 1,073	\$ 950	\$ 840
Net premiums earned			
U.S. mortgage insurance	\$ 460	\$ 501	\$ 550
International mortgage insurance(2)	340	215	127
Total net premiums earned	\$ 800	\$ 716	\$ 677
Total revenues, net of reinsurance			
U.S. mortgage insurance	\$ 609	\$ 665	\$ 750
International mortgage insurance	481	317	196
Total revenues, net of reinsurance	\$ 1,090	\$ 982	\$ 946
Benefits and expenses			
U.S. mortgage insurance	\$ 321	\$ 358	\$ 254
International mortgage insurance	157	93	64
Total benefits and expenses	\$ 478	\$ 451	\$ 318
Segment net earnings			
U.S. mortgage insurance	\$ 224	\$ 225	\$ 366
International mortgage insurance	202	144	85
Total segment net earnings	\$ 426	\$ 369	\$ 451

Table of Contents

As of or for the years
ended December 31,

	2004	2003	2002
Loss ratio(3)			
U.S. mortgage insurance	28%	20%	6%
International mortgage insurance	11%	7%	9%
Total loss ratio	21%	16%	7%
Expense ratio(4)			
U.S. mortgage insurance	43%	53%	41%
International mortgage insurance	19%	17%	17%
Total expense ratio	29%	35%	32%

- (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, 2004, this factor was 35%.
- (2) Most of our international mortgage insurance policies provide for single premiums at the time that loan proceeds are advanced. We initially record the single premiums to unearned premium reserves and recognize the premiums earned over time in accordance with the expected expiration of risk. As of December 31, 2004, our unearned premium reserves in our international mortgage insurance business were \$1.5 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 the first nine months of 2004, Fannie Mae purchased approximately 21.3% of all the mortgage loans originated in the U.S., and Freddie Mac purchased approximately 14.8%, according to information published by *Inside the GSEs*. Mortgages guaranteed by Fannie Mae or Freddie Mac totaled more than \$3.52 trillion as of December 31, 2004, or approximately 44% 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. In addition, Fannie Mae’s and Freddie Mac’s current eligibility requirements provide that they will accept private mortgage insurance only from insurers that maintain financial strength ratings of at least “AA-” by S&P and “Aa3” by Moody’s. Fannie Mae and Freddie Mac are “government sponsored enterprises,” and we refer to them 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 \$359,650 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

Table of Contents

with private mortgage insurance. Fannie Mae and Freddie Mac purchased approximately 68% of the flow loans we insured as of December 31, 2004.

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 each of the years ended December 2004, 2003 and 2002.

In addition to flow and bulk primary mortgage insurance business, we have 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). We may consider writing pool insurance with state housing finance agencies and others where we believe we will be able to achieve our target returns.

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:

(Dollar amounts in millions)	As of or for the years ended December 31,		
	2004	2003	2002
New risk written			
Flow insurance	\$ 6,216	\$ 12,612	\$ 10,547
Bulk insurance(1)	46	189	53
Pool insurance	—	2	—
Total	\$ 6,262	\$ 12,803	\$ 10,600
Risk in force			
Flow insurance	\$ 22,666	\$ 25,396	\$ 27,573
Bulk insurance	303	409	431
Pool insurance	736	1,046	1,638
Total	\$ 23,705	\$ 26,851	\$ 29,642

(1) A portion of our bulk insurance is classified as pool insurance under MICA reporting rules.

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.

Table of Contents

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 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.

The level of new mortgage originations decreased to \$2,810 billion for the year ended December 31, 2004, from \$3,760 billion and \$2,680 billion for the years ended December 31, 2003 and 2002, respectively. This resulted in decreased levels of new mortgage insurance written. We believe the decrease in mortgage originations was due to two principal factors. First, increasing interest rates in 2004 made refinancings of existing mortgages less attractive to consumers than in recent years. Second, historically low interest rates in 2002 and 2003 contributed to substantial refinancing activity, which did not recur in 2004 because many mortgages for which refinancing would otherwise have been economically attractive were already refinanced prior to 2004. The lower level of refinancing activity resulted in an increase in our flow persistency rates from 46% for the year ended December 31, 2003 to 65% for the year ended December 31, 2004, excluding bulk transactions and the effect of a periodic payoff reconciliation on one structured transaction involving single premium mortgage insurance that today would be classified as bulk insurance. We expect the market for mortgage originations and new mortgage insurance written to stabilize as anticipated home sales in future years offset the recent decline in mortgage originations due to decreased refinancing activity.

We also are developing innovative mortgage insurance products that are designed to attract first-time home buyers and expand the scope of the traditional mortgage insurance market. For example, we recently launched our HomeOpenersSM products: MonthlyPlus, PaymentPlus and LenderPlus. Our MonthlyPlus product combines a

Table of Contents

mortgage insurance policy with payment protection on mortgage payments for a specified period of time in the event of involuntary job loss or accidental death. Our PaymentPlus and LenderPlus products are designed to compete with simultaneous second mortgages, as described below under “—Competition—Mortgage lenders and other investors.”

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 has related 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%. 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 we will be able to achieve our target returns. 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 we wrote for state housing finance agencies 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 may consider writing pool insurance for state housing finance agencies and others where we believe we will be able to achieve our target returns.

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 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

Table of Contents

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 we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria, subject to contractual limitations on liability.

New risk written by our contract underwriters represented 24% of our new risk written for the year ended December 31, 2004, compared to 23% and 26% for the years ended December 31, 2003 and 2002, respectively.

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:

	As of or for the years ended December 31,		
	2004	2003	2002
Primary risk in force subject to captive reinsurance arrangements, as a percentage of total primary risk in force	66%	64%	55%
Gross written premiums ceded pursuant to captive reinsurance arrangements, as a percentage of total gross written premiums	24%	23%	18%
Primary new risk written subject to captive reinsurance arrangements, as a percentage of total primary new risk written	70%	75%	77%

We believe that the increase in the percentage of primary risk in force subject to captive reinsurance agreements was 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 or purchased 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.

Many large U.S. mortgage lenders whose policies we insure have developed reinsurance operations that provide for net premium cessions from mortgage insurers of 25% to 40%. Starting in late 2003, we generally sought to exit or restructure a portion of our excess-of-loss risk sharing arrangements with premium cessions in excess of 25% to improve profitability. This resulted in a significant reduction in business from several of these lenders and a reduction in the percentage of primary new risk written that is subject to captive reinsurance.

Table of Contents

arrangements. We then re-evaluated these relationships on a case-by-case basis, assessing various factors, including ceding terms, attachment points and quality of portfolios. As a result, we reinstated or restructured some of these arrangements.

As of December 31, 2004, 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. Our top ten lenders accounted for an aggregate of 27% of our flow new insurance written for the year ended December 31, 2004.

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 credit strength and history, 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 where income is disclosed;
- 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 requiring 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 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

Table of Contents

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 we have reviewed and approved their system. AUS have automated many of the underwriting steps 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 factors 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, 2004, compared to 59% and 56% as of December 31, 2003 and 2002, respectively. The percentage of new risk written by delegated underwriters was 58% for the year ended December 31, 2004, compared to 62% and 61% for the years ended December 31, 2003 and 2002, respectively.

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 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. Some of our products require a minimum FICO score and/or have rates based on FICO scores. As of December 31, 2004, 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, 2004, on a risk in force basis, approximately 91% of our bulk insurance loans had FICO credit scores of at least 620, approximately 5% had FICO credit scores between 575 and 619, and approximately 4% 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.

We also provide mortgage insurance for "Alt A" loans, which are originated under programs in which there is a reduced level of verification or disclosure of the borrower's income or assets. For an Alt A loan, the borrower's credit strength and history and the appraised value of the property are carefully reviewed. We also impose limitations on Alt A loans, including limitations with respect to the purpose of the loan and the type of property. Alt A loans represented 2.8%, 1.9% and 2.5% of our risk in force as of December 31, 2004, 2003 and 2002, respectively.

Table of Contents

Loan portfolio

The following table sets forth selected financial information regarding our U.S. primary mortgage insurance loan portfolio as of the dates indicated:

(Dollar amounts in millions)	December 31,		
	2004	2003	2002
Primary risk-in-force lender concentration (by original applicant)	\$ 22,969	\$ 25,805	\$ 28,004
Top 10 lenders	9,755	12,047	12,538
Top 20 lenders	11,938	14,392	15,360
Loan-to-value ratio			
95.01% and above	3,601	3,431	2,538
90.01% to 95.00%	9,450	10,759	12,313
80.01% to 90.00%	9,555	10,868	11,681
80.00% and below	363	747	1,472
Total	\$ 22,969	\$ 25,805	\$ 28,004
Loan grade			
Prime	\$ 20,704	\$ 23,408	\$ 26,025
A minus and sub-prime	2,265	2,397	1,979
Total	\$ 22,969	\$ 25,805	\$ 28,004
Loan type			
Fixed rate mortgage	\$ 21,492	\$ 24,354	\$ 26,619
Adjustable rate mortgage	1,477	1,451	1,385
Total	\$ 22,969	\$ 25,805	\$ 28,004
Type of documentation			
Alt A	\$ 633	\$ 503	\$ 708
Standard	22,336	25,302	27,296
Total	\$ 22,969	\$ 25,805	\$ 28,004
Mortgage term			
15 years and under	\$ 1,163	\$ 1,489	\$ 1,214
More than 15 years	21,806	24,316	26,790
Total	\$ 22,969	\$ 25,805	\$ 28,004

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 ten 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.

Table of Contents

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:

	December 31,		
	2004	2003	2002
Primary Insurance			
Insured loans in force	830,688	950,157	993,906
Loans in default	28,467	32,207	33,278
Percentage of loans in default (default rate)	3.4%	3.4%	3.3%
Flow loans in force	719,533	839,891	948,224
Flow loans in default	26,737	29,787	30,194
Percentage of flow loans in default (default rate)	3.7%	3.5%	3.2%
Bulk loans in force	111,155	110,266	45,682
Bulk loans in default	1,730	2,420	3,084
Percentage of bulk loans in default (default rate)	1.6%	2.2%	6.8%
A minus and sub-prime loans in force	69,817	75,584	63,646
A minus and sub-prime loans in default	7,068	6,881	5,547
Percentage of A minus and sub-prime loans in default (default rate)	10.1%	9.1%	8.7%
Pool Insurance			
Insured loans in force	25,303	37,702	55,195
Loans in default	777	855	1,505
Percentage of loans in default (default rate)	3.1%	2.3%	2.7%

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, 2004. 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, 2004	Default rate December 31,		
		2004	2003	2002
U.S. Regions				
Southeast(1)	22%	3.87%	3.59%	3.51%
South Central(2)	17%	3.82%	3.65%	3.45%
Northeast(3)	13%	3.79%	3.88%	3.87%
North Central(4)	13%	2.80%	2.71%	2.94%
Pacific(5)	11%	2.11%	2.54%	2.94%
Great Lakes(6)	9%	4.61%	4.33%	4.08%
Plains(7)	6%	2.57%	2.54%	2.43%
Mid-Atlantic(8)	5%	2.85%	2.94%	3.25%
New England(9)	4%	2.46%	2.79%	2.82%
Total	100%	3.43%	3.38%	3.34%

- (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) Illinois, Minnesota, Missouri and Wisconsin.
- (5) Alaska, California, Hawaii, Nevada, Oregon and Washington.
- (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.

[Table of Contents](#)

	Percent of primary risk in force as of December 31, 2004	Default Rate December 31,		
		2004	2003	2002
Florida	8.15%	2.80%	2.75%	3.08%
Texas	6.92%	4.70%	4.15%	3.80%
New York	5.87%	3.06%	3.47%	3.46%
Illinois	5.55%	3.26%	3.23%	3.66%
California	4.72%	1.39%	1.91%	2.45%
North Carolina	3.90%	4.33%	4.12%	3.68%
Pennsylvania	3.87%	4.79%	4.38%	4.49%
Georgia	3.67%	4.92%	4.68%	4.40%
Arizona	3.64%	2.63%	3.18%	3.52%
Ohio	3.63%	5.13%	4.64%	4.20%

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, 1997 through December 31, 2001 represented 13% of our primary insurance in force as of December 31, 2004. 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 4.4% and 3.5% of our primary risk in force as of December 31, 2004 and 2003, respectively, and “sub-prime” loans represented 5.5% and 5.8% of our primary risk in force as of December 31, 2004 and 2003, respectively.

The following table sets forth the dispersion of our primary insurance in force and risk in force as of December 31, 2004, by year of policy origination and average annual mortgage interest rate since we began operations in 1981:

<u>(Dollar amounts in millions)</u>					
Policy Year	Average rate	Primary insurance in force	Percent of total	Primary risk in force	Percent of total
1981-92	9.21%	\$ 1,423	1.31%	\$ 316	1.38%
1993	7.41%	989	0.91%	205	0.89%
1994	7.68%	1,103	1.01%	241	1.05%
1995	8.22%	820	0.75%	220	0.96%
1996	7.92%	902	0.83%	244	1.06%
1997	7.82%	825	0.76%	221	0.96%
1998	7.11%	2,301	2.11%	583	2.54%
1999	7.23%	2,559	2.35%	640	2.79%
2000	8.15%	1,546	1.42%	385	1.68%
2001	7.42%	6,457	5.93%	1,546	6.73%
2002	6.50%	15,398	14.14%	3,570	15.54%
2003	5.62%	48,962	44.95%	9,108	39.65%
2004	5.81%	25,634	23.53%	5,690	24.77%
Total portfolio	6.30%	\$108,919	100.00%	\$22,969	100.00%

Primary mortgage insurance claims paid, including loss adjustment expenses, or LAE, for the year ended December 31, 2004 were \$146 million, compared to \$117 million and \$105 million for the years ended December 31, 2003 and 2002, respectively. Pool insurance claims paid for the year ended December 31, 2004 were \$1 million, compared to \$1 million and \$4 million for the years ended December 31, 2003 and 2002, respectively.

Table of Contents

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. 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, 2004, we settled a majority of the primary insurance claims processed for payment on the basis of a pre-arranged sale.

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 94%, 93% and 93% for the years 2004, 2003 and 2002, 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.

Table of Contents

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:

	December 31,				
	2004	2003	2002	2001	2000
FHA/VA	32.8%	36.4%	35.6%	37.3%	41.4%
Private mortgage insurance	67.2%	63.6%	64.4%	62.7%	58.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Inside Mortgage Finance.

Loans insured by the FHA cannot exceed maximum principal amounts that are determined by a percentage of the conforming loan limit. For 2005, the maximum FHA loan amount for homes with one dwelling unit in “high cost” areas is \$312,859 and the maximum VA loan amount is \$359,650. We and other private mortgage insurers are not limited as to maximum individual loan amounts 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.

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 single 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.

Table of Contents

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 and adjustable rate 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);
- negative consumer, broker and realtor perceptions of private mortgage insurance; and
- the desire by some investors to hold second mortgages.

We are developing mortgage insurance products that seek to enhance the appeal of private mortgage insurance in view of the increasing volume of simultaneous second loans. For example, in 2004, we launched our HomeOpenersSM suite of products designed to compete more effectively with simultaneous second loans by offering consumers lower monthly payments, more deductible interest and involuntary job loss protection at no additional cost.

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.

The GSEs are currently subject to oversight by the Department of Housing and Urban Development, or HUD. In November 2004, HUD announced new GSE mortgage purchase requirements, known as affordable housing goals. Under these goals, which became effective January 1, 2005, the minimum percent of all loans purchased by the GSEs that must support low- and moderate-income homebuyers increases annually from 50% in 2004 to 56% in 2008, and the minimum percent of such loans that must be on properties in underserved areas increases annually from 36% in 2004 to 39% in 2008. 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.

Table of Contents

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. In October 2000, the FHF Board approved the Mortgage Purchase Programs, or MPPs, to purchase single-family conforming mortgage loans, similar to the MPF Programs.

The MPF and MPP Programs are 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 and MPP Programs 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 45% for the three years ended December 31, 2004. Insurance in-force for our international mortgage insurance business contributed 64% of our total insurance in-force as of December 31, 2004 compared to 53% as of December 31, 2003 and 40% as of December 31, 2002. In addition, earnings from our international mortgage insurance business represented 47%, 39% and 19% of our mortgage insurance net earnings for the years ended December 31, 2004, 2003 and 2002, respectively, representing a compound annual growth rate of 54% from 2002 to 2004.

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, Latin America and Asia and provide 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 governmental and policymaking agencies throughout our markets adopt legislative and regulatory policies supporting increased homeownership and capital relief for lenders and mortgage investors that insure

Table of Contents

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 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 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 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. Basel II was finalized and issued in June 2004; however, its adoption by individual countries is ongoing. 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 believe certain markets in Europe, Latin America and Asia have strong demand for housing, but are underserved by the existing housing finance systems. As a result, we believe that mortgage insurance could enhance the overall scale, effectiveness and efficiency of these mortgage markets.

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.

Products

We offer two products in Canada: primary flow insurance and portfolio credit enhancement insurance. 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 include the single premium as a part of the aggregate loan amount and pay a single premium to us as the mortgage insurer. We, in turn, record the proceeds to unearned premium reserves, invest those proceeds and recognize the premiums over time in accordance with the expected expiration of risk.

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

Table of Contents

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.

Regulations in Canada require the use of mortgage insurance for all mortgage loans extended by banks, trust, companies and insurers with loan-to-value ratios greater than 75%. In February 2005, as part of a periodic review of the federal financial services regulatory framework, the Canadian Department of Finance issued a consultation document seeking comment on a wide variety of potential initiatives relating to the regulation of financial services, including whether to remove the statutory requirement for mortgage insurance on all loans with loan-to-value ratios greater than 75%. The removal of the statutory requirement for mortgage insurance, in whole or in part, may result in a reduction in the amount of business we write in future years in Canada. See “—Regulation—Mortgage Insurance—International Regulation—Canada.”

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 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 the IPO. A reduction in GE’s equity ownership of us to below 50% 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 87%, 85% and 86% of our new insurance written for the years ended December 31, 2004, 2003 and 2002, respectively. Other market participants include regional banks, trust companies, and credit unions.

Table of Contents

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 or other actions taken by the CMHC to reduce rates or compete with us in other ways may cause our 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, which 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.

Products

In Australia and New Zealand, we offer primary flow insurance, known as “lenders mortgage insurance,” or LMI, and portfolio credit enhancement policies. 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 record the proceeds to unearned premium reserves, invest those proceeds and recognize the premiums over time in accordance with the expected expiration of risk.

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, under requirements currently in effect, an “A” rated, or equivalently rated, mortgage insurance company that is regulated by the Australian Prudential Regulation Authority, or APRA. After October 1, 2004, “non-standard” loans with a loan to value ratio above 60% are entitled to a reduced capital requirement only if they meet strict requirements as established by APRA or are insured by a qualified LMI. APRA’s regulations currently require APRA-regulated lenders to determine the criteria for determining if a loan is a non-standard type loan. 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. The “AA” rating is the third-highest of S&P’s 20 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

Table of Contents

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%, 78% and 77% of our new insurance written for the years ended December 31, 2004, 2003 and 2002, 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 flow mortgage insurance markets currently are served by one other independent LMI company, as well as various lender-affiliated captive mortgage insurance companies. We compete 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, our products also compete in Australia and New Zealand with alternative products and financial structures that are designed to transfer credit default risk on mortgage loans. We believe other U.S. mortgage insurance providers are considering opportunities in Australia.

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.

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 2004, and we continue to explore opportunities in other European countries. Mortgage insurance originating in the U.K. accounted for approximately 54% of our European mortgage insurance in force as of December 31, 2004 as compared to 84% 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 growth in other European countries has helped to diversify our risk.

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.

Table of Contents

Customers

As a result of our strategy to expand organically into new markets in Europe with attractive growth potential, we have diversified our risk among six countries, thereby reducing our historical concentration in the U.K. 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 represented 31% of our new insurance written for the year ended December 31, 2004.

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 a number of countries, which may compete with our products. 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 and Legal & General.

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:

(Dollar amounts in millions)	December 31,		
	2004	2003	2002
Loan-to-value ratio			
95.01% and above	\$ 515	\$ 132	\$ 12
90.01% to 95.00%	14,707	11,549	6,884
80.01% to 90.00%	23,841	15,762	8,718
80.00% and below	22,944	15,926	10,091
Total	\$ 62,007	\$ 43,369	\$ 25,705
Loan type			
Fixed rate mortgage	\$ —	\$ —	\$ —
Adjustable rate mortgage	62,007	43,369	25,705
Total	\$ 62,007	\$ 43,369	\$ 25,705
Mortgage term			
15 years and under	\$ 26,138	\$ 17,486	\$ 11,813
More than 15 years	35,869	25,883	13,892
Total	\$ 62,007	\$ 43,369	\$ 25,705

Table of Contents

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 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, 2004, this factor was 35%.

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:

	December 31,		
	2004	2003	2002
Primary insurance			
Insured loans in force	1,591,485	1,282,731	1,054,703
Loans in default	5,304	4,926	3,641
Percentage of loans in default (default rate)	0.3%	0.4%	0.4%
Flow loans in force	1,346,035	1,044,131	753,314
Flow loans in default	5,084	4,679	3,268
Percentage of flow loans in default (default rate)	0.4%	0.5%	0.4%
Portfolio credit enhancement loans in force	245,450	238,600	301,389
Portfolio credit enhancement loans in default	220	247	373
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 the existing treaties are in run-off, with the remaining program expiring gradually through 2008.

Vendor Financial Services ceased 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

Table of Contents

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 Viking is projected to receive as reinsurer from the date of discontinuation of any credit insurance program through December 31, 2008.

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 major Mexican cities.

Viking, GE Seguros and other small, non-core businesses had aggregate net earnings of \$44 million, \$28 million and \$42 million for the years ended December 31, 2004, 2003 and 2002, respectively.

International Operations

Information regarding our U.S. and international operations is presented in note 23 to our financial statements, included in Item 8. of this Annual Report.

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 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. 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, or BGAs, 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 payment protection insurance)

Table of Contents

business), categorized by each of our distribution channels. For our payment protection insurance business, the following table sets forth written premiums, gross of reinsurance and cancellations, because historically we have not tracked annualized first-year premiums for this business.

(Dollar amounts in millions)	Year ended December 31, 2004				Year ended December 31, 2003			
	Financial intermediaries	Independent producers	Dedicated sales specialists	Total	Financial intermediaries	Independent producers	Dedicated sales specialists	Total
Annualized first-year premiums and deposits(1)								
<i>Protection</i>								
Life insurance	\$ 7	\$ 135	\$ 2	\$ 144	\$ 10	\$ 145	\$ 8	\$ 163
Long-term care insurance	41	47	74	162	53	48	139	240
Group life and health insurance	—	171	—	171	—	144	—	144
<i>Retirement Income and Investments</i>								
Spread-based retail products	2,136	848	34	3,018	1,361	812	82	2,255
Spread-based institutional products	—	2,151	—	2,151	—	1,911	—	1,911
Fee-based products	1,018	678	542	2,238	1,934	767	378	3,079
Written premiums(2)								
<i>Protection</i>								
Payment protection insurance	1,501	—	—	1,501	2,175	—	—	2,175

- (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) Reflects written premiums, gross of reinsurance and cancellations.

Financial intermediaries

We have selling agreements with approximately 1,000 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 deferred 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 200 wholesalers in the U.S. who are our employees and who work to develop sales relationships with new financial intermediaries and to expand sales with existing financial intermediaries. In addition, we have 174 distributors, most of whom are financial intermediaries, for our 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 565 independent BGAs located throughout the U.S. BGAs market our products, and those of other insurance companies, through a network of approximately 290,000 independent brokers who sell our products.

Affluent market producer groups. Through strong relationships with several industry-leading affluent market producer groups, we have access to approximately 6,300 producers who 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

Table of Contents

approximately 600 specialized independent brokers to distribute 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 4,000 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 1,200 active sales agents who specialize in selling our long-term care insurance products. These sales agents 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, accountants provide us with an opportunity for growth as a distribution channel. We primarily distribute annuities and other investment products through this 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 smaller lenders, 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

We promote and differentiate our products and services through breadth of offerings, technology services, specialized support for our distributors and innovative marketing programs tailored to particular consumer groups.

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. We also have developed sophisticated

Table of Contents

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.

Since the completion of our IPO, we have customized our marketing approach to promote our new brand to key constituencies, including sales intermediaries, employees, investors and consumers. These programs include advertising on television shows and in trade and business periodicals that are likely to reach those demographic groups. We also seek to build recognition of our new brand and 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. In addition, we 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.

In order to further meet the needs of our sales intermediaries, we also market our new brand and our products to key consumer groups through targeted marketing programs. For example, we sponsor the Genworth Center for Financial Learning, which provides a web site to promote financial literacy. 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 and services 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 Spanish media and participate in Latin American cultural events. We operate a Spanish-language website devoted to financial education for U.S. Latinos. We also introduced our new emerging market web-based mortgage platform, TuCasaAhora.com, which was designed to help Latinos become homeowners. The product combines bilingual education, discounts, and incentives to support Latino first time homeownership.

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 have begun to transition some of our marketing and distribution activities to replace the GE brand name and monogram with our Genworth brand and logo. At the same time, we continue to use the GE brand name and monogram in marketing and distribution activities that we will replace with the Genworth brand in the future. Pursuant to a transitional trademark license agreement, GE granted us the right to use the "GE" mark and the "GE" monogram for up to five years following the IPO in connection with our products and services.

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 150 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.

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

Table of Contents

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 we can take prompt corrective action when necessary. Significant product introductions 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

Our Risk Committee includes our President and Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Investment Officer, Chief Actuary, and the Presidents of our three operating segments. The Risk Committee reviews each of the products in all our operating segments 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. In addition, in our Mortgage Insurance segment, we also review the profitability of lender accounts on a quarterly basis to assess whether our business with these lenders is achieving anticipated performance levels and to identify trends requiring remedial action, including changes to underwriting guidelines, product mix or other customer performance. 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.

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 portfolios 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 limits to ensure a spread of risk in our business. We have strict limitations on credit risk to avoid concentration in our investment portfolio. Our product portfolios have considerable diversification due to the wide variety of products we have sold over a number of years. We also manage unique product exposures in our business segments. For example, 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 OmniMarketSM 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

Table of Contents

claims with 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 has lowered our operating costs and increased the speed, 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. We have approximately 200 professionals dedicated to legal and regulatory 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 an outsourcing provider in India that is 40% owned by GE) 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 that 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.

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.

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. For the year ended December 31, 2004, we issued approximately 86% of our U.S. mortgage insurance commitments electronically, compared to 82% for the year ended December 31, 2003 and 78% for the year ended December 31, 2002.

Table of Contents

Operating centers

We have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina 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. In addition, through an arrangement with an outsourcing provider that is 40% owned by 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.

Technology capabilities and process improvement

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 also work with associates from GE's Global Research Center to develop new technologies that help deliver competitive advantages to our company. We also may work in the future on new projects with the GE Global Research Center, other research organizations or academic institutions.

We believe we have greatly enhanced our operating efficiency and generated significant cost savings by using a variety of process tools, including 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. The program uses a disciplined methodology to define, measure, analyze, improve and control the features and performance of a company's products and processes. As part of our transition services agreement with GE, we will be able to continue to use the Six Sigma program as we have in the past, at no cost to us.

Reserves

We calculate and maintain reserves for estimated future benefit payments to our policyholders and contractholders in accordance with U.S. GAAP and industry accounting practices. We release these reserves as those future obligations are extinguished. The reserves we establish necessarily reflect estimates and actuarial assumptions with regard to our future experience. These estimates and actuarial assumptions involve the exercise of significant judgment. Our future financial results depend significantly upon the extent to which our actual future experience is consistent with the assumptions we have used in pricing our products and determining our reserves. Many factors can affect future experience, including economic and social conditions, inflation, healthcare costs, changes in doctrines of legal liability and damage awards in litigation. Therefore, we cannot determine with complete precision the ultimate amounts we will pay for actual future benefits or the timing of those payments.

Protection

We establish reserves for life insurance policies based upon generally recognized actuarial methods. We use mortality tables in general use in the U.S. and Europe, modified where appropriate, to reflect relevant historical experience and our underwriting practices. Persistency, expense and interest rate assumptions are based upon relevant experience and expectations for future development. We establish reserves at amounts which, including the receipt of assumed additional premiums and interest assumed to be earned on the assets underlying the reserves, we expect to be sufficient to satisfy our policy obligations.

Table of Contents

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.

We establish reserves for long-term care insurance policies based upon factors including mortality, persistency, expenses, claim likelihood, benefit utilization levels, claim continuance, and any applicable coverage limitations. Long-term care insurance does not have the extensive historical claims experience of life insurance, and therefore, our ability to forecast future experience for long-term care insurance products is more limited than for life products.

Our reserves for unpaid group life and health insurance claims, including our medical and non-medical lines, are estimates of the ultimate net cost of both reported losses that have not yet been settled and incurred but as yet unreported losses. For reported claims, our reserves are based upon an evaluation of the claims, including anticipated run-out patterns, and include a provision for adverse claim development and fluctuation. Reserves for incurred but not reported claims are based upon historic incidence rates, severity rates, reporting delays and any known events which we believe will materially affect claim levels.

Reserves for long-term disability claims are based upon factors including recovery, mortality, expenses, Social Security and other benefit offsets, and investment income. They represent the actuarial present value of benefits and associated expenses for current claims, reported claims that have not yet completed the applicable elimination period and for covered disabilities that have been incurred but have not yet been reported. Claims on long-term disability insurance policies consist of payments to be made periodically, generally monthly, in accordance with the contractual terms of the policy.

We establish reserves for our payment protection insurance using a number of actuarial models. Claim 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, less withdrawals, plus investment earnings and interest credited to the account, less expense, mortality, and profit charges, if applicable. We also maintain a separate reserve for any expected future payments in excess of the account value due to the potential death of the contractholder.

Reserves for future policy benefits on our immediate fixed annuity contracts are calculated based upon actuarial assumptions regarding the interest to be earned on the assets underlying the reserves and, if applicable, the annuitant's life expectancy.

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.

Table of Contents

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 the IPO, we entered into reinsurance transactions with UFLIC, which resulted in a significant concentration of reinsurance risk with UFLIC.

The following table sets forth our exposure to our principal reinsurers, along with the reinsurance recoverable as of December 31, 2004, and the A.M. Best ratings of those reinsurers as of that date:

<u>(Dollar amounts in millions)</u>	<u>Reinsurance recoverable</u>	<u>A.M. Best rating</u>
UFLIC(1)	\$ 16,179	A-
IDS Life Insurance Company(2)	746	A+
Phoenix Life Insurance Company(3)	618	A
Swiss Re Life & Health America Inc.	154	A+
Munich American Reassurance Company	96	A+
ERC(4)	92	A-
Revios Reinsurance	77	A-

(1) See note 10 to the financial statements included in Item 8 of this Annual Report.

(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).

Table of Contents

As discussed above under “—Mortgage Insurance—Products and Services—Risk mitigation arrangements—Captive reinsurance,” in the U.S., 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, 2004, our total mortgage insurance risk reinsured to all captive reinsurers was \$2.8 billion, and the total capital held in trust for our benefit by all captive reinsurers was \$528 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.

Our principal life insurance subsidiaries are rated by A.M. Best, S&P, Moody’s and Fitch as follows:

Company	A.M. Best rating	S&P rating	Moody’s rating	Fitch rating
American Mayflower Life Insurance Company of New York	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)	AA- (Very Strong)
Federal Home Life Insurance Company	A+ (Superior)	Not rated	Aa3 (Excellent)	AA- (Very Strong)
First Colony Life Insurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)	AA- (Very Strong)
GE Capital Life Assurance Company of New York	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)	AA- (Very Strong)
GE Life and Annuity Assurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)	AA- (Very Strong)
GE Group Life Assurance Company	A (Excellent)	AA- (Very Strong)	Not Rated	Not Rated
General Electric Capital Assurance Company	A+ (Superior)	AA- (Very Strong)	Aa3 (Excellent)	AA- (Very Strong)

Our mortgage insurance subsidiaries are 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 Residential Mortgage Insurance Corporation of NC	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 are not designed to be, and do not serve as, measures of protection or valuation offered to investors in this offering. 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”.

Table of Contents

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 20 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” and “AA-” ratings are the third- and fourth-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, 2004, we had total cash and invested assets of \$67.1 billion (including \$0.9 billion of restricted investments held by securitization entities) and an additional \$8.9 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 seeks to optimize investment income without relying on realized investment gains. Our investment strategy focuses 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.

Table of Contents

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 "Item 7A.—Quantitative and Qualitative Disclosures About Market Risk."

The following table sets forth our cash, cash equivalents and invested assets as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Fixed-maturities, available-for-sale				
Public	\$40,150	60%	\$ 51,336	64%
Private	12,274	18%	14,149	18%
Mortgage loans	6,051	9%	6,114	8%
Other investments	3,996	6%	3,789	4%
Policy loans	1,224	2%	1,105	1%
Restricted investments held by securitization entities	860	1%	1,069	1%
Equity securities, available for sale	374	1%	600	1%
Cash, cash equivalents and short-term investments	2,210	3%	2,513	3%
Total cash and invested assets	\$67,139	100%	\$ 80,675	100%

Organization

Prior to the IPO, GE Asset Management Incorporated, or GEAM, provided investment management services for substantially all of the investment portfolios for the U.S. companies in our Protection and Retirement Income and Investments segments and portions of the investment portfolios of the U.S. and Canadian companies in our Mortgage Insurance segment pursuant to various investment management agreements. In connection with the IPO, we established our own investment department which consists of more than 140 individuals, led by our Chief Investment Officer, who presides over our Investment Committee, which reports to our Board of Directors and the boards of directors of our insurance company subsidiaries. Our investment department includes portfolio management, risk management, finance and accounting functions and, under the direction of the Investment Committee, is responsible for establishing investment policies and strategies, reviewing asset liability management and performing asset allocation. In addition, we manage certain asset classes for our domestic insurance operations that until the IPO were managed by GEAM, including commercial mortgage loans, privately placed debt securities and derivatives.

Table of Contents

GEAM continues to provide investment management services for our U.S. and Bermudan investment portfolios pursuant to these investment management and services agreements and investment guidelines approved by the boards of directors of our insurance subsidiaries. We have agreed to pay GEAM a management fee for these services on a quarterly basis equal to a percentage of the value of the assets under management to be paid quarterly in arrears. The percentage is established annually by agreement between GEAM and us and is intended to reflect the cost to GEAM of providing its services.

We incurred expenses for investment management and related administrative services of \$50 million, \$67 million and \$61 million for the years ended December 31, 2004, 2003 and 2002, respectively, of which \$33 million, \$61 million and \$39 million was paid to GEAM for the years ended December 31, 2004, 2003 and 2002, respectively. GEAM is a registered investment adviser providing a full range of investment management services, primarily to the GE Pension Trust, the funding vehicle for GE's defined benefit pension plan, and our subsidiaries as well as a wide range of affiliated and non-affiliated institutional clients, including certain other GE-affiliated insurance entities.

Management of investments for our non-U.S. operations is 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 payment protection and mortgage insurance businesses are managed by GE Asset Management Limited, or 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 continue to be managed by unaffiliated investment managers located in their respective countries. As of December 31, 2004 and 2003, approximately 8% and 5%, respectively, of our invested assets were held by our international operations and were invested primarily in non-U.S.-denominated securities.

Investment results

The annualized yield on general account cash and invested assets, excluding net realized investment gains and losses was 5.5%, 5.8% and 6.0% for the years ended December 31, 2004, 2003 and 2002, respectively. The decline in investment yields is primarily attributable to purchases of assets in an interest rate environment where current market yields are lower than the existing portfolio yields.

The following table sets forth information about our investment income, excluding realized gains and losses, for the components of our investment portfolio for the periods indicated:

(Dollar amounts in millions)	For the years ended December 31,					
	2004		2003		2002	
	Yield	Amount	Yield	Amount	Yield	Amount
Fixed maturities – taxable	5.5%	\$2,827	6.2%	\$3,354	6.2%	\$3,333
Fixed maturities – non-taxable	5.1%	150	4.0%	128	4.9%	158
Mortgage loans	7.3%	438	7.2%	410	7.4%	361
Equity securities	5.5%	25	2.8%	27	2.2%	39
Other investments	11.5%	75	2.4%	17	2.7%	41
Policy loans	9.3%	107	8.3%	88	7.7%	71
Restricted investments held by securitization entities	6.6%	64	4.9%	36	0.0%	—
Cash, cash equivalents and short-term investments	0.5%	12	1.6%	58	2.2%	37
Gross investment income before expenses and fees	5.6%	3,698	5.9%	4,118	6.1%	4,040
Expenses and fees		(50)		(67)		(61)
Net investment income	5.5%	\$3,648	5.8%	\$4,051	6.0%	\$3,979

Table of Contents

Yields are based on average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities and equity securities are based on amortized cost and cost, respectively. Yields for securities lending activity, which is included in other investments, are calculated net of the corresponding securities lending liability.

Fixed maturities

Fixed maturities, including tax-exempt bonds, consist principally of publicly traded and privately placed debt securities, and represented 78%, 82% and 83% of total cash and invested assets as of December 31, 2004, 2003 and 2002, respectively.

Based upon estimated fair value, public fixed maturities represented 77%, 78% and 81% of total fixed maturities as of December 31, 2004, 2003 and 2002, respectively. Private fixed maturities represented 23%, 22% and 19% of total fixed maturities as of December 31, 2004, 2003 and 2002, respectively. 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 National Association of Insurance Commissioners, or 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 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.

		December 31,					
		2004			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
Public fixed maturities							
(Dollar amounts in millions)							
1	Aaa/Aa/A	\$ 27,839	\$ 28,635	71%	\$ 32,095	\$ 33,212	64%
2	Baa	8,847	9,344	23%	13,866	14,778	29%
3	Ba	1,339	1,415	4%	1,829	1,896	4%
4	B	646	651	2%	1,023	979	2%
5	Caa and lower	73	63	0%	295	272	1%
6	In or near default	13	15	0%	96	104	0%
	Not rated	26	27	0%	92	95	0%
	Total public fixed maturities	\$ 38,783	\$ 40,150	100%	\$ 49,296	\$ 51,336	100%

Table of Contents

		December 31,					
		2004			2003		
NAIC Rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
Private fixed maturities							
(Dollar amounts in millions)							
1	Aaa/Aa/A	\$ 6,272	\$ 6,501	53%	\$ 7,029	\$ 7,388	52%
2	Baa	4,587	4,768	39%	5,182	5,442	38%
3	Ba	574	605	5%	691	728	5%
4	B	198	202	2%	234	228	2%
5	Caa and lower	112	103	1%	192	177	1%
6	In or near default	44	43	0%	93	86	1%
	Not rated	52	52	0%	99	100	1%
Total private fixed maturities		\$ 11,839	\$ 12,274	100%	\$ 13,520	\$ 14,149	100%

		December 31,					
		2004			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
Total fixed maturities							
(Dollar amounts in millions)							
1	Aaa/Aa/A	\$ 34,111	\$ 35,136	67%	\$ 39,124	\$ 40,600	62%
2	Baa	13,434	14,112	27%	19,048	20,220	31%
3	Ba	1,913	2,020	4%	2,520	2,624	4%
4	B	844	853	2%	1,257	1,207	2%
5	Caa and lower	185	166	0%	487	449	1%
6	In or near default	57	58	0%	189	190	0%
	Not rated	78	79	0%	191	195	0%
Total fixed maturities		\$ 50,622	\$ 52,424	100%	\$ 62,816	\$ 65,485	100%

The following table sets forth the amortized cost and estimated fair value of fixed maturities by contractual maturity dates (excluding scheduled sinking funds) as of the dates indicated:

		December 31,			
		2004		2003	
		Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
(Dollar amounts in millions)					
Due in one year or less		\$ 2,026	\$ 2,040	\$ 1,747	\$ 1,761
Due after one year through five years		10,450	10,749	11,400	11,817
Due after five years through ten years		11,395	11,842	13,318	13,901
Due after ten years		15,002	15,916	24,288	25,754
Subtotal		38,873	40,547	50,753	53,233
Mortgage-backed and asset-backed		11,749	11,877	12,063	12,252
Total fixed maturities		\$ 50,622	\$ 52,424	\$ 62,816	\$ 65,485

Table of Contents

We diversify our fixed maturities by security sector. The following table sets forth 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:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Estimated fair value	% of total	Estimated fair value	% of total
U.S. government and agencies	\$ 572	1%	\$ 1,055	2%
State and municipal	3,030	6%	3,350	5%
Government—Non-U.S.	1,744	3%	1,551	2%
U.S. corporate	21,893	42%	33,025	50%
Corporate—Non-U.S.	6,913	13%	7,949	12%
Mortgage-backed	8,577	17%	7,848	12%
Asset-backed	3,300	6%	4,404	7%
Public utilities	6,395	12%	6,303	10%
Total fixed maturities	\$52,424	100%	\$65,485	100%

The following table sets forth 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:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Estimated fair value	% of total	Estimated fair value	% of total
Finance and insurance	\$10,357	30%	\$13,069	28%
Utilities and energy	7,056	20%	10,345	22%
Consumer—non cyclical	4,351	12%	6,036	13%
Consumer—cyclical	2,666	8%	4,356	9%
Industrial	2,475	7%	3,340	7%
Capital goods	2,240	6%	2,928	6%
Technology and communications	2,223	6%	2,972	6%
Transportation	1,063	3%	1,970	4%
Other	2,770	8%	2,258	5%
Total	\$35,201	100%	\$47,274	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, 2004, our combined corporate bond holdings in the ten issuers to which we had the greatest exposure was \$2,154 million, which was approximately 3% of our total cash and invested assets as of such date. The exposure to the largest single issuer of corporate bonds held as of December 31, 2004 was \$257 million, which was less than 1% of our total cash and invested assets as of such date.

We do not have 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 financial instruments.

Table of Contents

Mortgage-backed securities

The following table sets forth the types of mortgage backed securities we held as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Estimated fair value	% of total	Estimated fair value	% of total
Commercial mortgage-backed securities	\$ 6,007	70%	\$ 5,348	68%
Collateralized mortgage obligations	1,014	12%	799	10%
Sequential pay class bonds	787	9%	922	12%
Planned amortization class bonds	239	3%	265	4%
Pass-through securities	108	1%	32	0%
Other	422	5%	482	6%
Total	\$ 8,577	100%	\$ 7,848	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. 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. This separation generally provides for greater cash flow stability than other mortgage-backed securities.

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.

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.

Table of Contents

Asset-backed securities

The following table sets forth the types of asset-backed securities we held as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Estimated fair value	% of total	Estimated fair value	% of total
Credit card receivables	\$ 1,139	34%	\$ 1,131	26%
Home equity loans	786	24%	1,043	24%
Automobile receivables	496	15%	1,425	32%
Other	879	27%	805	18%
Total	\$ 3,300	100%	\$ 4,404	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, 2004, approximately \$1.99 billion, or 60%, of the total amount of our asset-backed securities 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 property type and geographic region. The following table sets forth the distribution across property type and geographic region for commercial mortgage loans as of the dates indicated:

Property Type (Dollar amounts in millions)	December 31,			
	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Office	\$ 1,822	30%	\$ 2,024	33%
Industrial	1,797	30%	1,812	30%
Retail	1,574	26%	1,500	25%
Apartments	650	11%	573	9%
Mixed use/other	208	3%	205	3%
Total	\$ 6,051	100%	\$ 6,114	100%

[Table of Contents](#)

Geographic Region (Dollar amounts in millions)	December 31,			
	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Pacific	\$ 1,796	30%	\$ 1,867	31%
South Atlantic	1,239	20%	1,194	20%
Middle Atlantic	953	16%	932	15%
East North Central	682	11%	771	12%
Mountain	463	8%	478	8%
West South Central	306	5%	288	5%
West North Central	252	4%	271	4%
East South Central	225	4%	226	4%
New England	135	2%	87	1%
Total	\$ 6,051	100%	\$ 6,114	100%

The following table sets forth the distribution of our commercial mortgage loans by loan size as of the dates indicated:

(Dollar amounts in millions)	December 31,					
	2004			2003		
	Number of loans	Principal balance	% of total	Number of loans	Principal balance	% of total
Under \$5 million	3,119	\$ 3,073	50%	1,627	\$ 3,153	51%
\$5 million but less than \$10 million	409	1,442	24%	207	1,394	23%
\$10 million but less than \$20 million	142	1,009	17%	67	948	15%
\$20 million but less than \$30 million	26	334	5%	13	309	5%
More than \$30 million	12	237	4%	8	358	6%
Total	3,708	\$ 6,095	100%	1,922	\$ 6,162	100%

The following table sets forth the scheduled maturities for our commercial mortgage loans as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Due in 1 year or less	\$ 50	1%	\$ 68	1%
Due after 1 year through 2 years	86	1%	60	1%
Due after 2 year through 3 years	50	1%	122	2%
Due after 3 year through 4 years	333	5%	64	1%
Due after 4 year through 5 years	232	4%	389	6%
Due after 5 years	5,300	88%	5,411	89%
Total	\$ 6,051	100%	\$ 6,114	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.

Table of Contents

The following table sets forth the changes in allowance for losses on mortgage loans as of the dates indicated:

(Dollar amounts in millions)	As of or for the years ended December 31,	
	2004	2003
Balance, beginning of period	\$ 50	\$ 45
Additions	7	8
Deductions for writedowns and dispositions	(5)	(3)
Balance, end of period	\$ 52	\$ 50

Equity securities

Our equity securities, which are classified as available-for-sale, primarily consist of retained interests in our securitization transactions, as well as mutual funds and investments in publicly-traded preferred and common stocks of U.S. and non-U.S. companies.

Other investments

The following table sets forth the carrying values of our other investments as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Securities lending	\$ 3,202	80%	\$ 3,026	80%
Limited partnerships	183	5%	253	7%
Real estate	—	—	120	3%
Other investments	611	15%	390	10%
Total	\$ 3,996	100%	\$ 3,789	100%

We participate in a securities lending program whereby blocks of securities included in our portfolio 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. Real estate consists of ownership of real property, primarily commercial property. Other investments are primarily swaps, 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 certain risks, including interest rate risk, currency risk and equity 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;
- reducing our exposure to fluctuations in equity market indices that underlie some of our products; and
- protecting against the early termination of an asset or liability.

Table of Contents

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 our positions in derivative financial instruments as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Notional value	% of total	Notional value	% of total
Interest rate swaps	\$ 8,185	89%	\$ 9,960	86%
Foreign currency swaps	542	6%	697	6%
Equity index options	459	5%	457	4%
Foreign exchange contracts	27	—	30	—
Swaptions	—	—	474	4%
Total	\$9,213	100%	\$11,618	100%

Employees

As of December 31, 2004, we had approximately 6,150 full-time and 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.

Directors and Executive Officers

See Part III, Item 10. of this Annual Report for information about our Directors and Executive Officers.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available, without charge, on our website, www.genworth.com, as soon as reasonably practicable after they are filed electronically with the Securities and Exchange Commission. Copies are also available, without charge, from Genworth Investor Relations, 6620 West Broad Street, Richmond, VA 23230.

Our website also includes the charters of our Audit Committee, Nominating and Corporate Governance Committee and Management Development and Compensation Committee, the key practices of each of these committees, our Corporate Governance Principles, and our company integrity manual, *Integrity: The Spirit and the Letter of Our Commitment* (which comprises our “code of ethics”). Copies of these materials also are available, without charge, from Genworth Investor Relations, at the above address.

On October 28, 2004, our President and Chief Executive Officer certified to the New York Stock Exchange that he was not aware of any violation by us of the New York Stock Exchange’s corporate governance listing standards.

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) increasingly 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.

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.

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

Table of Contents

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 financial 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 such subsidiaries 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 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, an insurance company subsidiary 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 (or, 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. In addition, insurance regulators may prohibit the payment of ordinary dividends or other payments by our insurance subsidiaries to us (such as a payment under a tax sharing agreement or for employee or other services) if they determine that such payment could be adverse to our policyholders or contractholders.

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 jurisdictions. 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.

Table of Contents

In the three-year period ended December 31, 2004, 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. insurance subsidiaries totaled \$2.7 million, \$0.2 million and \$0.2 million for the years ended December 31, 2004, 2003 and 2002, 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, such 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. In considering an application to acquire control of an insurer, the insurance commissioner generally will consider such factors as the experience, competence and financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquiror'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 submit these opinions annually 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'

Table of Contents

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, 2004, 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 or become subject to 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. Stockholders' 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 maturities, 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.

Table of Contents

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, tax incentives for lifetime annuity payouts, simplification bills affecting tax-advantaged or tax-exempt savings and retirement vehicles, and proposals to modify or make permanent the estate tax repeal enacted in 2001. In addition, various forms of direct federal regulation of insurance have been proposed in recent years. These proposals have included “The Federal Insurance Consumer Protection Act of 2003” and “The State Modernization and Regulatory Transparency Act.” The Federal Insurance Consumer Protection Act of 2003 would have established comprehensive and exclusive federal regulation over all “interstate insurers,” including all life insurers selling in more than one state. This proposed legislation was not enacted. The State Modernization and Regulatory Transparency Act would maintain state-based regulation of insurance but would change the way that states regulate certain aspects of the business of insurance including rates, agent and company licensing, and market conduct examinations. This proposed legislation remains pending. We cannot predict whether this or other proposals will be adopted, or what impact, if any, such proposals or, if adopted, such laws may have on our business, financial condition or results of operation.

Changes in tax laws

Changes in tax laws could make some of our products less attractive to consumers. For example, the gradual repeal of the federal estate tax, begun in 2001, is continuing to be phased in through 2010. The repeal and continuing uncertainty created by the repeal of the federal estate tax has resulted in reduced sales, and could continue to adversely affect sales and surrenders, of some of our estate planning products, including survivorship/second-to-die life insurance policies. In May 2003, U.S. President George Bush signed into law the Jobs and Growth Tax Relief Reconciliation Act of 2003, which lowered the federal income tax rate on capital gains and certain ordinary dividends. 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, that are designed to defer taxes payable on investment returns.

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.

Table of Contents

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.

In addition, on January 14, 2005, the FSA began to supervise the sale of general insurance, including payment protection insurance and mortgage insurance. Under FSA rules, persons who are involved in the sale of general insurance (including insurers and distributors) are prohibited from offering or accepting any inducement in connection with the sale of general insurance that is likely to conflict materially with their duties to insureds. Although the rules do not generally require disclosure of broker compensation, the insurer or distributor must disclose broker compensation at the insured's request.

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 that is part of a group, is required to perform and submit to the FSA a solvency margin calculation return in respect of the following:

- The solvency capital resources available to the European group to which the U.K. insurance company belongs. The European group is defined by reference to the U.K. insurance company's ultimate parent company domiciled in the European Economic Area. Currently, this requirement is only a reporting requirement. However, after December 31, 2006, the FSA will be required to take action where the solvency capital requirements of the European group exceed that group's available capital resources.
- The solvency capital resources available to the worldwide group to which the U.K. insurance company belongs. The worldwide group is defined by reference to the U.K. insurance company's ultimate insurance parent company. This requirement is only a reporting requirement.

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.

Store card investigation

Antitrust authorities in the U.K. currently are investigating the store card sector of the retail financial services market in the U.K. to ascertain whether there are any characteristics that restrict or distort competition in this market. As part of the investigation, the authorities also are examining various insurance products sold to store card holders. These products include payment protection insurance, purchase protection and price protection. Our U.K. payment protection insurance business currently underwrites each of these products that are sold by one of the largest providers of store cards in the U.K. As part of that investigation, we recently received an information request and we intend to respond to that request in a timely manner.

The antitrust authorities have until March 2006 to publish their report and findings. We cannot predict the effect this investigation may have on the store card sector in the U.K., the sale of insurance products linked to store cards or our payment protection insurance business in the U.K.

Table of Contents

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.

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, 2004, none of our U.S. 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 the greater of (i) 50% of earned premiums or (ii) the required level of policyholders position, as defined by state insurance laws. These contingency reserves generally are held until the earlier of (i) the time that loss ratios exceed 35% or (ii) ten years. The statutory contingency reserve as of December 31, 2004 for our U.S. mortgage insurance subsidiaries was approximately \$2.2 billion. This reserve effectively reduces 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

Table of Contents

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 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. In addition, RESPA prohibits persons from giving or accepting any portion or percentage of a charge for a real estate settlement service, other than for services actually performed. 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 may be enforced by HUD, state insurance departments and state attorneys general 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 were 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." In March 2004, HUD withdrew the proposed rule but stated that it would reexamine and possibly revise the proposed rule and resubmit it for public comment. It is unclear whether a revised rule will be proposed and adopted 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 impermissible 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. OSFI does not have enforcement powers over market conduct issues in the insurance industry. Market conduct issues are a provincial responsibility. 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.

In February 2005, as part of a periodic review of the federal financial services regulatory framework, the Canadian Department of Finance issued a consultation document seeking comment on a wide variety of potential initiatives relating to the regulation of financial services, including whether to remove the statutory requirement for mortgage insurance on all loans with loan-to-value ratios greater than 75%. The consultation period

Table of Contents

concludes June 1, 2005, after which the Canadian government may produce draft policy proposals and its recommendations for regulatory changes, if any. To the extent that amendments to this requirement are adopted, they are expected to become effective in October 2006. The removal of the statutory requirement for mortgage insurance, in whole or in part, may result in a reduction in the amount of business we write in future years in Canada.

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.

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% (in the case of standard loans) and, from October 1, 2004, with loan-to-value ratios above 60% (in the case of non-standard type loans). APRA's regulations currently require APRA-regulated lenders to determine the criteria for determining if a loan is a non-standard type loan. Currently, to be entitled to this reduced capital requirement, the loan must be insured 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 proposing to increase the capital requirements that govern mortgage insurers in Australia, particularly in the event of a severe recession accompanied by a significant decline in housing values. If, after completing its review process, 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

Table of Contents

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 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, certain 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, the Investment Advisers 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

Table of Contents

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

Table of Contents

privacy authorities, where applicable, and the use of appropriate information security measures against the access or use of personal information by unauthorized persons. Similar laws and regulations protecting the security and confidentiality of consumer and financial information are also in effect in Canada, Australia and other countries in which we operate.

Item 2. Properties

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 900,000 square feet of office space in 85 locations throughout the U.S. We also own two buildings outside the U.S. with approximately 40,000 square feet, and we lease approximately 445,000 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 ten years. Our aggregate annual rental expense under all these leases was \$31 million during the year ended December 31, 2004.

We believe our properties are adequate for our business as presently conducted.

Item 3. Legal Proceedings

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. 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, payment of contingent or other sales commissions, claims payments 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 or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages, which may remain unknown for substantial periods of time. We are also subject to various regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state and federal regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have an adverse effect on our business, 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, financial condition and results of operations.

Recently, the insurance industry has become the focus of increased scrutiny by regulatory and law enforcement authorities concerning certain practices within the insurance industry. This scrutiny includes the commencement of investigations and other proceedings by the New York State Attorney General and other governmental authorities relating to allegations of improper conduct in connection with the payment of, and the failure to disclose, contingent commissions by insurance companies to insurance brokers and agents, the solicitation and provision of fictitious or inflated quotes and the use of inducements to brokers or companies in the sale of insurance products. We have not received a subpoena or inquiry from the State of New York with respect to these matters. As part of industry-wide inquiries in this regard, we have received inquiries and informational requests from federal and state regulatory authorities. We are cooperating with these regulatory authorities in connection with their inquiries.

Recent industry-wide inquiries also include those regarding market timing and late trading in variable annuity contracts, variable annuity sales practices/exchanges and electronic communication document retention practices. In this regard, we responded in late 2003 to a New York State Attorney General subpoena regarding market timing and late trading in variable products and mutual funds. We have not received any further inquiries from the New York State Attorney General regarding this matter.

Table of Contents

Although we do not believe that the current investigations and proceedings will have a material adverse effect on our business, financial condition or results of operations, we cannot assure you that this will be the case. In addition, it is possible that related investigations and proceedings may be commenced in the future, and we could become subject to further investigations and have lawsuits filed against us. In any event, increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal precedents and industry-wide regulations or practices that could adversely affect our business, financial condition and results of operation.

In our investment-related operations, we are subject to, and may become subject to further, 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.

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. 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 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 court gave final approval to the settlement on August 12, 2004. 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 the number of individuals who ultimately will seek relief in the claim form process of the 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. That process is currently underway. In addition, approximately 650 class members elected to exclude themselves from the class action settlement. In the fourth quarter of 2004, we reached an agreement in principle to settle the threatened claims of policyholders who had excluded approximately 500 policies from the class action settlement. At that time, we accrued a reserve for the settlement in principle. We have also been named as a defendant in six lawsuits brought by 67 class members who elected to exclude themselves from the class action settlement. We cannot determine at this point whether or how many other class members who have excluded themselves from the class action will initiate individual actions against us, or the effect of such suits or claims, including the six pending lawsuits, on our financial condition, results of operations or business reputation.

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 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 were filed against six other mortgage insurers. Two of those

Table of Contents

cases, both in the Middle District of Florida, were dismissed after class certification was denied. Class allegations have been stricken from the complaint in a third case because plaintiffs' counsel failed to meet a filing deadline. We intend to defend vigorously against the actions to which we are a party, 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 by individuals or governmental authorities for monetary relief and/or additional injunctive relief under RESPA and 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 or state laws after the expiration of the injunction. We cannot predict whether our pricing structure or business practices, including any changes adopted 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, any future injunction that might be issued, or state laws.

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 currently approximately \$20 million. 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 five 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. The five cases are *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), *Hanrick v. Allen, Maynard and GELAAC* (filed March 10, 2004), *Modlin v. Allen, et al.* (filed June 17, 2004), and *Clark v. Allen, 66 et al.* (filed June 25, 2004). The *Monger* and *Hanrick* cases have been settled. The remaining three cases 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* alleged conversion, negligence, fraudulent misrepresentation, constructive fraud, unfair and deceptive trade practices, violations of the Investment Company Act of 1940 and negligent supervision. *Warfel* alleged breach of contract, conversion, breach of fiduciary duty, fraud, constructive fraud, negligent misrepresentation, negligent supervision and unfair and deceptive trade

Table of Contents

practices. *Hanrick* alleged conversion, negligence, fraudulent misrepresentation, constructive fraud, unfair and deceptive trade practices and negligent supervision. *Modlin* and *Clark* make similar allegations. The total amount allegedly invested by the plaintiffs in the three unresolved actions is approximately \$883,000. The plaintiff in *Warfel* seeks damages of \$1.4 million, and the plaintiffs in *Modlin* and *Clark* seek unspecified compensatory damages. In addition, each plaintiff seeks treble damages, as well as punitive damages of an unspecified amount. Additionally, in the fourth quarter of 2004, we reached an agreement in principle to settle the threatened claims of a putative class of individuals who had dealings with Allen and Maynard. At that time we accrued a reserve for the settlement in principle. 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. Although we cannot determine the ultimate outcome of these suits, we do not believe they will have a material effect on our financial condition or results of operations. However, we cannot determine whether any related or similar suits or claims will be asserted against us in the future, or the effect of such suits or claims on our financial condition, results of operations or reputation.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market for Common Stock

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol "GNW." The following table sets forth the high and low intraday sales prices per share of our Class A Common Stock, as reported by The New York Stock Exchange, since the IPO for the periods indicated.

	High	Low
2004		
Second Quarter (from May 25, 2004)	\$23.04	\$ 18.75
Third Quarter	\$23.99	\$ 20.75
Fourth Quarter	\$27.84	\$ 22.77

As of December 31, 2004, we had 48 holders of record of our Class A Common Stock.

All the shares of Class B Common Stock are owned by GEFAHI, and there is no public market for these shares.

Dividends

Since the IPO, we declared quarterly dividends of \$0.065 per share of common stock on September 8, 2004 and December 1, 2004 and paid those dividends on October 27, 2004 and January 27, 2005, respectively. 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 as 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 "Item 1.—Business—Regulation."

Table of Contents

Recent Sales of Unregistered Securities

Genworth Financial, Inc. was incorporated on October 23, 2003 under the laws of the State of Delaware. In connection with our formation, we issued 1,000 shares of common stock for \$1,000 to GEFAHI, pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933.

In connection with our corporate reorganization on May 24, 2004, we issued 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, a \$2.4 billion short-term note and a \$550 million contingent non-interest-bearing note, all pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933.

Item 6. 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, 2004 and 2003, and for the years ended December 31, 2004, 2003 and 2002 has been derived from our financial statements, which have been audited by KPMG LLP and are included elsewhere in this annual report. The selected pro forma financial information for the year ended December 31, 2004 is unaudited and has been derived from our financial statements. You should read this information in conjunction with the information under “Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our financial statements, the related notes and the accompanying independent registered public accounting firm’s report (which refers to a change in accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003 and goodwill and other intangible assets in 2002), which are included elsewhere in this Annual Report.

In connection with the IPO, we acquired substantially all of the assets and liabilities of GEFAHI. We also acquired certain other insurance businesses that were owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, payment protection insurance based in Europe, a Bermuda reinsurer and mortgage contract underwriting. In consideration for the assets that we acquired and the liabilities that we assumed in connection with our corporate reorganization, we issued 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, a \$2.4 billion note and the \$550 million Contingent Note. Shortly after the completion of the IPO, we refinanced the \$2.4 billion note with \$1.9 billion of senior notes and \$500 million of commercial paper.

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

Prior to the completion of the IPO, we entered into several significant reinsurance transactions with UFLIC, an indirect, wholly-owned subsidiary of GE. As part of these transactions, effective as of January 1, 2004, we ceded to UFLIC 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 ceded 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 did not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions have the effect of transferring the financial results of the reinsured blocks to UFLIC. In addition, as part of the reinsurance transactions, UFLIC ceded 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 financial information set forth below reflects our historical financial information, as adjusted to give effect to the transactions described under “Item 6.—Selected Historical and Pro Forma

Table of Contents

Financial Information,” as if each had occurred as of January 1, 2004. The following transactions are reflected in the pro forma financial information:

- the removal of certain businesses of GEFAHI that were not transferred to us in connection with our corporate reorganization;
- the reinsurance transactions with UFLIC, including a capital contribution of \$1.836 billion to UFLIC;
- the issuance of equity and debt securities to GEFAHI in exchange for the assets that we acquired and the liabilities that we assumed in connection with our corporate reorganization;
- the issuance and sale of \$1.9 billion aggregate principal amount of senior notes and \$500 million of commercial paper; and
- the other adjustments described below in the notes to the unaudited pro forma financial information.

The unaudited pro forma financial 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 results of operations would have been had the transactions described above occurred on the dates indicated. The unaudited pro forma financial information also should not be considered representative of our future results of operations.

In addition to the pro forma adjustments to our historical statement of earnings, various other factors will have an effect on our financial condition and results of operations, including those discussed under “Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

For information regarding dividends we declared since the IPO, see “Item 5.—Market for Registrant’s Common Equity and Related Stockholder Matters—Dividends.” For information regarding dividends we declared before the IPO, see “Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

(Amounts in millions, except per share amounts)	Historical					Pro forma
	Years ended December 31,					Year ended
	2004	2003(1)	2002	2001	2000(2)	December 31, 2004
Statement of Earnings Information						
Revenues:						
Premiums	\$ 6,559	\$ 6,707	\$ 6,107	\$ 6,012	\$ 5,233	\$ 6,388
Net investment income	3,648	4,051	3,979	3,895	3,678	3,160
Net realized investment gains	26	10	204	201	262	23
Policy fees and other income	824	915	939	993	1,053	664
Total revenues	11,057	11,683	11,229	11,101	10,226	10,235
Benefits and expenses:						
Benefits and other changes in policy reserves	4,804	5,270	4,640	4,474	3,586	4,340
Interest credited	1,432	1,624	1,645	1,620	1,456	1,319
Underwriting, acquisition, and insurance expenses, net of deferrals	1,812	1,916	1,808	1,823	1,813	1,657
Amortization of deferred acquisition costs and intangibles(3)	1,154	1,351	1,221	1,237	1,394	1,052
Interest expense	217	140	124	126	126	243
Total benefits and expenses	9,419	10,301	9,438	9,280	8,375	8,611
Earnings from continuing operations before income taxes	1,638	1,382	1,791	1,821	1,851	1,624
Provision for income taxes	493	413	411	590	576	494
Net earnings from continuing operations	\$ 1,145	\$ 969	\$ 1,380	\$ 1,231	\$ 1,275	\$ 1,130(4)
Net earnings from continuing operations per share(5):						
Basic	\$ 2.34	\$ 1.98	\$ 2.82			\$ 2.31
Diluted	\$ 2.33	\$ 1.98	\$ 2.82			\$ 2.30
Shares outstanding(5):						
Basic	489.5	489.5	489.5			489.5
Diluted	490.5	489.5	489.5			490.5

Table of Contents

(Amounts in millions, except per share amounts)	Historical					Pro forma
	Years ended December 31,					Year ended
	2004	2003(1)	2002	2001	2000(2)	December 31, 2004
Selected Segment Information						
Total revenues:						
Protection	\$ 6,064	\$ 6,143	\$ 5,605	\$ 5,443	\$ 4,917	\$ 5,935
Retirement Income and Investments	3,361	3,803	3,756	3,721	3,137	2,891
Mortgage Insurance	1,090	982	946	965	895	1,090
Affinity(6)	218	566	588	687	817	—
Corporate and Other	324	189	334	285	460	319
Total	\$ 11,057	\$ 11,683	\$ 11,229	\$ 11,101	\$ 10,226	\$ 10,235
Net earnings (loss) from continuing operations:						
Protection	\$ 528	\$ 487	\$ 554	\$ 538	\$ 492	\$ 527
Retirement Income and Investments	153	151	186	215	250	148
Mortgage Insurance	426	369	451	428	414	426
Affinity(6)	(14)	16	(3)	24	(13)	—
Corporate and Other	52	(54)	192	26	132	29
Total	\$ 1,145	\$ 969	\$ 1,380	\$ 1,231	\$ 1,275	\$ 1,130

(Dollar amounts in millions)	December 31,				
	2004	2003(1)	2002	2001	2000(2)
Statement of Financial Position Information					
Total investments	\$ 65,747	\$ 78,693	\$ 72,080	\$ 62,977	\$ 54,978
All other assets	38,131	24,738	45,277	41,021	44,598
Total assets	\$ 103,878	\$ 103,431	\$ 117,357	\$ 103,998	\$ 99,576
Policyholder liabilities	\$ 69,262	\$ 66,545	\$ 63,195	\$ 55,900	\$ 48,291
Non-recourse funding obligations(7)	900	600	—	—	—
Short-term borrowings	559	2,239	1,850	1,752	2,258
Long-term borrowings	2,442	529	472	622	175
All other liabilities	17,849	17,718	35,088	31,559	35,865
Total liabilities	\$ 91,012	\$ 87,631	\$ 100,605	\$ 89,833	\$ 86,589
Accumulated nonowner changes in stockholders' interest	\$ 1,609	\$ 1,672	\$ 835	\$ (664)	\$ (424)
Total stockholders' interest	12,866	15,800	16,752	14,165	12,987
U.S. Statutory Information(8)					
Statutory capital and surplus	6,463	7,021	7,207	7,940	7,119
Asset valuation reserve	427	413	390	477	497

- (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 5 to our financial statements, included in Item 8 of this Annual Report.
- (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 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 and \$70 million for the years ended December 31, 2001 and 2000, respectively, excluding goodwill amortization included in discontinued operations.
- (4) Net operating earnings for the year ended December 31, 2004 were \$1,044 million. We define net operating earnings as pro forma net earnings from continuing operations, excluding pro forma after-tax net realized investment gains and

Table of Contents

losses (which can fluctuate significantly from period to period), changes in accounting principles and non-recurring, infrequent or unusual items. There were no non-recurring, infrequent or unusual items excluded from pro forma net operating earnings for the year ended December 31, 2004, other than an IPO-related net tax benefit and a gain related to our waiver of contractual rights under an outsourcing services agreement with GE's global business processing operation, 60% of which was sold in the fourth quarter of 2004. We believe that analysis of net operating earnings enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers. However, net operating earnings should not be viewed as a substitute for GAAP net earnings. In addition, our definition of net operating earnings may differ from the definitions used by other companies. The following table provides a reconciliation of pro forma net operating earnings (as defined above) to pro forma net earnings from continuing operations:

(Dollar amounts in millions)	Year ended December 31, 2004
Pro forma net earnings from continuing operations	\$ 1,130
Pro forma net realized (gains) on investments, net of taxes	(15)
Net tax benefit related to initial public offering	(46)
Gain on outsourcing services agreement, net of taxes	(25)
Net operating earnings	\$ 1,044

- (5) Basic and diluted net earnings from continuing operations per share for the year ended December 31, 2004 are calculated by dividing the net earnings from continuing operations by 489.5 million weighted average basic shares outstanding and by 490.5 million weighted average diluted shares outstanding, respectively. Basic and diluted net earnings from continuing operations per share for the years ending December 31, 2003 and 2002 were calculated by dividing net earnings from continuing operations by 489.5 million pro forma shares outstanding. The number of shares used in our calculation of diluted earnings per share increased in 2004 due to additional shares of Class A Common Stock issuable under stock options and restricted stock units and is calculated using the treasury method.
- (6) Reflects the results of businesses that were owned by GEFAHI but were not 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 were not part of our core ongoing business. See "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information."
- (7) For a description of the non-recourse funding obligations, see note 14 to the financial statements included in Item 8 of this Annual Report.
- (8) Includes statutory capital and surplus and statutorily required contingency reserves held by our U.S. mortgage insurance subsidiaries. In December 2004, our U.S. mortgage insurance business released \$700 million of statutory contingency reserves and paid that amount as a dividend to the holding company of that business.

[Table of Contents](#)

Pro Forma Financial Information

Year ended December 31, 2004

(Amounts in millions, except per share amounts)	Historical	Pro forma adjustments — excluded assets and liabilities	Pro forma adjustments — reinsurance transactions	Pro forma adjustments — capital structure	Pro forma
Revenues:					
Premiums	\$ 6,559	\$ (80)(a)	\$ (91)(d)	\$ —	\$ 6,388
Net investment income	3,648	(27)(a)	(431)(d)	—	3,160
		(1)(b)	(29)(e)		
Net realized investment gains	26	(3)(c)	—	—	23
Policy fees and other income	824	(103)(a)	(57)(d)	—	664
Total revenues	11,057	(214)	(608)	—	10,235
Benefits and expenses:					
Benefits and other changes in policy reserves	4,804	(71)(a)	(393)(d)	—	4,340
Interest credited	1,432	—	(113)(d)	—	1,319
Underwriting, acquisition, and insurance expenses, net of deferrals	1,812	(117)(a)	(38)(d)	—	1,657
Amortization of deferred acquisition costs and intangibles	1,154	(46)(a)	(56)(d)	—	1,052
Interest expense	217	—	—	(40)(f)	243
				12 (g)	
				9 (h)	
				45 (i)	
Total benefits and expenses	9,419	(234)	(600)	26	8,611
Earnings from continuing operations before income taxes	1,638	20	(8)	(26)	1,624
Provision for income taxes	493	14 (a)	(4)(d)	(8)(j)	494
		(1)(c)			
Net earnings from continuing operations	\$ 1,145	\$ 7	\$ (4)	\$ (18)	\$ 1,130
Net earnings from continuing operations per share:					
Basic	\$ 2.34				\$ 2.31
Diluted	\$ 2.33				\$ 2.30
Number of shares outstanding:					
Basic	489.5				489.5
Diluted	490.5				490.5

Table of Contents

Notes to unaudited pro forma financial information

- (a) Reflects adjustments to exclude amounts included in our historical earnings relating to results of operations of businesses (formerly reported in our Affinity segment) that were not transferred to us. The exclusion of these businesses from our historical financial statements was accounted for as a pre-IPO dividend to GEFAHI in 2004.
- (b) Reflects adjustments to exclude amounts included in our historical earnings relating to results of operations of certain investment partnerships that were not transferred to us. The exclusion of these partnerships from our historical financial statements was accounted for as a pre-IPO dividend to GEFAHI in 2004.
- (c) Reflects adjustments to exclude amounts included in our historical earnings relating to net realized investment (gains) losses and related income tax benefits, attributable to sales of Affinity segment assets. In our historical financial statements, net realized (gains) losses are reflected in the Corporate and Other segment.
- (d) Reflects adjustments to record the effects of the reinsurance transactions we entered into with, and the related contribution we made to, UFLIC, an indirect subsidiary of GE. As part of these transactions, effective as of January 1, 2004, we ceded to UFLIC policy obligations under our structured settlement contracts and our variable annuity contracts. In addition, effective as of January 1, 2004, we ceded to UFLIC policy obligations under a block of long-term care insurance policies. As part of the reinsurance transactions, UFLIC ceded to us substantially all of its in-force blocks of Medicare supplement insurance. Prior to the completion of our corporate reorganization on May 24, 2004, the results of operation of UFLIC were included in our historical results. The unaudited pro forma earnings information gives effect to the reinsurance transactions as if each occurred as of January 1, 2004 and excludes the effects of all ceded reinsured contracts that were issued before January 1, 2004. We have continued to sell variable annuities and structured settlements after completion of the reinsurance transactions and we are retaining that business for our own account, subject to third party reinsurance in the ordinary course of business.

Under the reinsurance transactions, we 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.

- (e) Concurrently with the reinsurance transactions described in note (d), we contributed \$1.836 billion of capital to UFLIC, which primarily represented the excess statutory capital in our insurance subsidiaries, after giving effect to the reinsurance transactions. Because a significant portion of the assets contributed to UFLIC were not owned for the entire period from January 1, 2004 until the date of the capital contribution, 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 (1) supporting the blocks of business reinsured in the reinsurance transactions, and (2) representing surplus of the subsidiaries providing assets that were contributed to UFLIC.
- (f) Reflects adjustments to exclude the interest expense included in our historical earnings, adjusted for qualified hedge effects, on commercial paper issued by GEFAHI of \$1,696 million and short-term borrowings from GE Capital of \$800 million. The commercial paper, short-term borrowings and related derivative contracts liabilities were not transferred to us in connection with our corporate reorganization.
- (g) Reflects adjustments to record (1) interest expense and contract adjustment payments on \$600 million of our Equity Units and (2) dividends payable on \$100 million of our mandatorily redeemable Series A Cumulative Preferred Stock. The senior notes forming part of the Equity Units accrue interest at the rate of 3.84% per year, and the purchase contracts forming part of the Equity Units accrue contract adjustment payments at the rate of 2.16% per year. The Series A Preferred Stock accrues dividends at the rate of 5.25% per year, which is recorded as interest expense. Both the Equity Units and the Series A Preferred Stock were issued to

Table of Contents

GEFAHI on May 24, 2004 in connection with our corporate reorganization, and the interest expense and contract adjustment payments on these securities are included in our historical financial results from that date. GEFAHI sold all the Equity Units and Series A Preferred Stock in public offerings concurrent with our IPO.

- (h) Reflects adjustments to record interest expense on our obligation under the Tax Matters Agreement with GE. Interest accretion on the Tax Matters Agreement is reflected in our historical financial results from May 24, 2004, the date of our corporate reorganization, at the rate of 5.72% per year.
- (i) Reflects adjustments to record interest expense, net of the impact of hedging arrangements, on long-term borrowings pursuant to \$1.9 billion aggregate principal amount of senior notes and \$500 million of commercial paper. The effective interest rates for the senior notes (giving effect to hedging arrangements) are as follows: 3.53% per year for the \$500 million of 2007 notes, 4.48% per year for the \$500 million of 2009 notes, 5.51% per year for the \$600 million of 2014 notes, and 6.35% per year for the \$300 million of 2034 notes. The weighted-average interest rate on commercial paper outstanding as of December 31, 2004 was 2.38%; the pro forma adjustments have been prepared using the rate assumed at the time of our corporate reorganization, which was 1.07%. Interest expense on these borrowings is included in our historical financial results from the issuance of the senior notes on June 15, 2004 and the commercial paper on June 9, 2004.
- (j) Reflects an adjustment to record the tax impact on other pro forma earnings adjustments at a rate of 35%.

[Table of Contents](#)

Item 7. 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 historical financial statements and related notes as well as the pro forma financial information and related notes included herein.

Risk Factors

Our business is subject to a number of important risks, including the following:

- *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, illiquidity of 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 or investigations, political or economic instability and the threat of terrorism and terrorist acts;
- *Risks relating to our Protection and Retirement Income and Investments segments*, including unexpected changes in mortality, morbidity and unemployment rates, accelerated amortization of deferred acquisition costs and present value of future profits, goodwill impairments, medical advances such as genetic mapping research, unexpected changes in persistency rates, increases in statutory reserve requirements, the failure of demand for long-term care insurance to increase as we expect and changes in tax and securities laws;
- *Risks relating to our Mortgage Insurance segment*, including the influence of Fannie Mae, Freddie Mac and a small number of large mortgage lenders and investors, increased regulatory scrutiny of Fannie Mae and Freddie Mac resulting in possible regulatory changes, 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 and reductions by lenders in the level of coverage they select, unexpected increases in mortgage insurance default rates or severity of defaults, deterioration in economic conditions, insufficiency of premium rates to compensate us for risks associated with mortgage loans bearing high loan-to-value ratios, 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, legal or regulatory actions or investigations under applicable laws and regulations, including the Real Estate Settlement Practices Act and the Federal Fair Credit Reporting Act, potential liabilities in connection with contract underwriting services and growth in the European mortgage insurance market that is lower than we expect; and
- *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, the lack of comparability between our financial information for periods before the IPO and for periods after the IPO, the possibility that we will not be able to replace services previously provided by GE on terms that are at least as favorable, the possibility that in certain circumstances we will be obligated to make payments to GE under our tax matters agreement even if our corresponding tax savings either are delayed or never materialize, the possibility that in the event of a change in control of our company we would have insufficient funds to meet accelerated obligations under the tax matters agreement, GE’s control over certain tax matters that could have an impact on us, potential conflicts of interest with GE and GE’s engaging in the same type of business as we do in the future.

Cautionary note regarding forward-looking statements

This Annual Report contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will,” or words of similar meaning

Table of Contents

and include, but are not limited to, statements regarding the outlook for our future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors, including the items identified above under "—Risk Factors."

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

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, primarily 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, 2004, our Protection segment had pro forma segment net earnings of \$527 million.
- **Retirement Income and Investments.** We offer U.S. customers fixed and variable deferred annuities, 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, 2004, our Retirement Income and Investments segment had pro forma segment net earnings of \$148 million.
- **Mortgage Insurance.** In the U.S., Canada, Australia, New Zealand and Europe, we offer mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. For the year ended December 31, 2004, our Mortgage Insurance segment had pro forma segment net earnings of \$426 million.

We also have a Corporate and Other segment, which consists primarily of unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), the results of small, non-core businesses that are managed outside our operating segments, most of our interest and other financing expenses and net realized investment gains (losses). For the year ended December 31, 2004, our Corporate and Other segment had pro forma segment net earnings of \$29 million.

Our corporate reorganization

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization and the IPO. In connection with the IPO, we acquired substantially all of the assets and liabilities of GEFAHI. GEFAHI is an indirect subsidiary of GE and prior to the completion of the IPO, was 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 acquired certain other insurance businesses that were owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, payment protection insurance based in Europe, a Bermuda reinsurer and mortgage contract underwriting. In consideration for the assets that we acquired and the liabilities that we assumed in connection with our corporate reorganization, we issued 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, a \$2.4 billion short-term note and a \$550 million contingent non-interest-bearing note. We refinanced the \$2.4 billion note with \$1.9 billion of senior notes and \$500 million of commercial paper shortly after the IPO, and we repaid the contingent note in December 2004.

[Table of Contents](#)

Our historical and pro forma financial information

The historical financial information has been derived from our financial statements, which have been prepared as if Genworth had been in existence throughout all relevant periods. Our historical financial information and statements include all businesses that were owned by GEFAHI, including those that were not transferred to us in connection with our corporate reorganization, as well as the other insurance businesses that we acquired from other GE subsidiaries in connection with our corporate reorganization. In addition to our three operating segments and our Corporate and Other segment, our historical 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. In connection with the IPO, GEFAHI transferred UFLIC to General Electric Capital Services, Inc., a direct wholly-owned subsidiary of GE. We did not acquire the Partnership Marketing Group business, the institutional asset management business or these other small businesses from GEFAHI, and their results are presented as a separate operating segment under the caption Affinity.

Our historical 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 financial statements as discontinued operations.

The unaudited pro forma information presented herein reflects our historical financial information, as adjusted to give effect to the transactions described under "Item 6. —Selected Historical and Pro Forma Financial Information" as if each had occurred as of January 1, 2004.

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 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.

Table of Contents

- **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 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 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 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 the amount of capital allocated to 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 industry-wide and product-specific trends and conditions.

Market and economic environment

Aging U.S. population with growing retirement income needs. According to the U.S. Social Security Administration, from 1945 to 2003, U.S. life expectancy at birth increased from 62.9 years to 74.4 years for men and from 68.4 years to 79.5 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 22% (65 million) in 2004 to more than 29% (97 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 will be available to be converted to income as those people retire, and approximately \$3.3 trillion of invested financial assets are held by individuals who are under age 70 and consider themselves retired, in each case 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.

Table of Contents

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 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 care 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 10.8% in 1984 to 1.0% in 2004. 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 internationally and in the U.S. We believe a number of factors have contributed and will contribute to the growth of mortgage insurance in Canada, Australia and the U.S., where we have significant mortgage insurance operations. These factors include increasing homeownership levels (spurred in part by government housing policies that favor homeownership and demographic factors driving demand for housing); 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, Latin American, 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 may have a significant effect on our sales of insurance and investment products and our margins on these products. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. In our Retirement Income and Investments and Protection segments, low market interest rates may reduce the spreads between the amounts we credit to policyholders and contractholders and the yield we earn on the investments that support these obligations. In response to the unusually low interest rates that have prevailed during the last several years, we have reduced the guaranteed minimum crediting rates on newly issued fixed annuity contracts and have reduced crediting rates on in-force contracts where permitted to do so. These actions have helped mitigate the adverse impact of low interest rates on our spreads and profitability on these products. A gradual increase in interest rates generally would have a favorable effect on the profitability of these products. However, rapidly rising interest rates also could result in reduced persistency in our spread-based retail products as contractholders shift assets into higher yielding investments.

In our Protection segment, the pricing and expected future profitability of our term life and long-term care insurance products are based in part on expected investment returns. Over time, term life and long-term care insurance products generally produce positive cash flows as customers pay periodic premiums, which we invest as we receive them. Low interest rates may reduce our ability to achieve our targeted investment margins and may adversely affect the profitability of our term life and long-term care insurance products. The impact of interest rate fluctuations on our universal life insurance products is similar to their impact on spread-based products in our Retirement Income and Investments segment.

In our Mortgage Insurance segment, increasing interest rates in 2004 have contributed to a decrease in new mortgage originations in the U.S. and a resulting decrease in new mortgage insurance written. Our U.S. new insurance written decreased by 58% from \$67.4 billion for the year ended December 31, 2003 to \$28.1 billion for the year ended December 31, 2004 primarily because of increased interest rates. Higher interest rates in 2004 and

Table of Contents

the significant refinancing activity in 2002 and 2003 also resulted in reduced refinancing activity in 2004, which had a positive impact on U.S. flow persistency. U.S. flow persistency rates increased from 46% for the year ended December 31, 2003 to 65% for the year ended December 31, 2004, excluding the effect of a periodic payoff reconciliation on one structured transaction involving single premium mortgage insurance that today would be classified as bulk insurance. We expect that continued interest rate increases will have a favorable impact on persistency and an adverse impact on new mortgage originations and new mortgage insurance written.

Volatile equity markets. Equity market volatility may discourage purchases of separate account products, such as variable annuities and variable life insurance, that have returns linked to the performance of the equity markets and may cause some existing customers to withdraw cash values or reduce investments in those products. Equity market volatility also affects the value of the assets in our separate accounts, which, in turn, affects our earnings from fee-based products. After several years of declines, equity markets increased in 2003 and 2004, and we expect that increases or relative stability in equity markets could have a favorable impact on our sales of variable products and our earnings from those products. The potential impact of volatile equity markets on our results has been significantly reduced as a result of our reinsurance arrangements with UFLIC, pursuant to which we reinsured, effective as of January 1, 2004, substantially all of our in-force blocks of variable annuities. We 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 bear the risk of any adverse impact of future equity market fluctuations on those annuities. In addition, fluctuations in the equity markets may affect revenues and returns from our private asset management products and services, which depend on fees related primarily to the value of assets under management.

Credit default risk. As a result of the economic downturn in 2000 through 2002 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 resulted in impairment charges. Credit defaults have decreased in recent years as the economy has improved. Charges associated with impairments of investments were \$26 million, \$224 million, and \$343 million for the years ended December 31, 2004, 2003 and 2002, respectively. A weakening in the economic recovery could lead to increased credit defaults.

Investment portfolio. The yield on our investment portfolio is affected by the practice, prior to our separation from GE, of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy had been 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 and \$790 million for the years ended December 31, 2003 and 2002, 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 is most significant in the Retirement Income and Investments segment, which has a higher percentage of our fixed maturities allocated to it than to our other segments.

Since our separation from GE, our investment strategy has been to optimize investment income without relying on realized investment gains. As a result, our gross realized gains decreased to \$90 million for the year ended December 31, 2004. We also are currently experiencing a challenging interest-rate environment in which the yields that we can achieve on new investments are lower than the aggregate yield on our existing portfolio. This environment has resulted in a decline in our overall investment yield, from 6.0% for the year ended December 31, 2002 to 5.8% and 5.5% for the years ended December 31, 2003 and 2004, respectively. We seek to mitigate this decline in investment yields by continuously evaluating our asset class mix, pursuing additional investment classes and accepting additional credit risk when we believe that it is prudent to do so. A continued increase in prevailing interest rates also will mitigate this decline, whereas a decrease in interest rates could lead to further declines.

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

Table of Contents

financial condition and results of operations. For the years ended December 31, 2004, 2003 and 2002, 19%, 18% and 14% of our revenues, respectively, and 29%, 26% and 12% of our net earnings from continuing operations, respectively, were generated by our international operations. These increases were largely due to growth in our international mortgage insurance business. Our 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 financial statements. As a result, period-to-period comparability of our results of operations is affected by fluctuations in exchange rates. Our net earnings for the years ended December 31, 2004 and 2003 included approximately \$31 million and \$25 million, respectively, due to the favorable impact of changes in foreign exchange rates. Our four principal foreign currencies are the Canadian dollar, the Australian dollar, the British pound and the euro.

Ongoing operating cost reductions and efficiencies. Our underwriting, acquisition, and insurance expenses, net of deferrals, have decreased to 16% of our revenues in 2004 from 18% in 1999. We continually focus on reducing our cost base while maintaining strong service levels for our customers. We expect to accomplish this goal 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 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

The following business trends and conditions have had a significant impact on our products during the last three years:

Life insurance. Regulation XXX 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 increased term and universal life insurance statutory reserves, implemented reinsurance and capital management actions and increased our premium rates for term life insurance products in March 2003. This increase in premium rates has contributed to lower term life insurance sales in 2003 and 2004. Our annualized first-year premiums and deposits for term and universal life insurance products decreased by 16% from \$195 million for the year ended December 31, 2002 to \$164 million for the year ended December 31, 2003 and by 12% to \$144 million for the year ended December 31, 2004. Our pricing, reinsurance and capital management actions in response to Regulation XXX have collectively enabled us to improve our new business returns on equity, and in October 2003 and June 2004, we decreased our premium rates for term life insurance products. This decrease has led to an increase in term life insurance sales at the end of 2004. Our annualized first-year premiums for term life insurance products increased by 42% from \$19 million for the three months ended December 31, 2003 to \$27 million for the three months ended December 31, 2004, and we further decreased our premium rates for term life insurance in January 2005. We believe our recent price reductions, together with ongoing service and distribution support initiatives, will continue to lead to increased term life insurance sales over time.

Long-term care insurance. Total individual long-term care insurance premiums for in-force policies in the U.S. increased from approximately \$2.4 billion in 1997 to \$6.8 billion in 2004, according to LIMRA International. Industry-wide sales of individual long-term care insurance peaked in 2002 at approximately \$1.0 billion and decreased by 7% in 2003 and 25% in 2004. We believe this decrease was due primarily to decisions by several providers to cease offering long-term care insurance, to raise premiums on in force-policies, and/or to introduce new products with higher prices. These actions resulted in decreased purchases of long-term care insurance products and have caused some distributors to reduce their sales focus on these products. 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 states. 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, along with declines in overall industry sales, have contributed to lower sales in recent periods. Our annualized first-year premiums for the long-term care business

Table of Contents

decreased by 33% from \$240 million for the year ended December 31, 2003 to \$162 million for the year ended December 31, 2004. In late fourth quarter of 2004, we began selling these products in the majority of the remaining states, and we expect there may be a similar adverse impact on sales in those states, potentially resulting in uneven sales in our long-term care business. We believe that our pricing strategy is appropriate and that over time, the long-term care insurance market will continue to expand as the result of aging demographics, increasing healthcare and nursing care costs, the uncertainty regarding government programs that currently cover these costs and the increasing public awareness of the benefits of private long-term care insurance.

On January 27, 2005 the NAIC Capital Adequacy Task Force recommended a new formula that ties the calculation of risk-based capital for long-term care insurance more closely to claims than to collected premiums, which is the current practice. The new formula is subject to approval by the NAIC. If approved, the new formula may enable us to release capital temporarily from our long-term care insurance business for use in other business lines in December 2005.

Payment protection insurance. Our payment protection insurance business has expanded as a result of our strategy to enter additional markets in Continental Europe and Ireland and to develop new relationships with distributors in those markets. However, 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. As a result, in the third quarter of 2003, we evaluated our contractual relationships with our payment protection insurance distributors against our targeted return thresholds and decided to terminate or not to renew certain relationships that we refer to as “run-off.” In the aggregate, written premiums, gross of reinsurance and cancellations, in our payment protection insurance business decreased by 31% from \$2,175 million for the year ended December 31, 2003 to \$1,501 million for the year ended December 31, 2004. However, excluding run-off business, written premiums, gross of reinsurance and cancellations, increased by 21% from \$1,191 million for the year ended December 31, 2003 to \$1,441 million for the year ended December 31, 2004. Although we expect the total revenue from our payment protection business to continue to decline over the next few years as our run-off business diminishes, 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.

Annuities. 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. For example, our deposits in fixed annuities increased by 67% from \$1,028 million for the twelve months ended December 31, 2003 to \$1,719 million for the twelve months ended December 31, 2004 primarily as a result of our expanded distribution relationships with financial intermediaries and a new fixed annuity product we introduced in 2004 that incorporates flexible product features. We believe that a gradual increase in market interest rates will have a favorable impact on consumer demand for these products. We also recently introduced the Income Distribution Series of guaranteed income annuity products and riders that provide the contractholder with a guaranteed minimum income stream and an opportunity to participate in market appreciation but reduce some of the risks to insurers that generally accompany traditional products with guaranteed minimum income benefits. Sales of these products increased by 82% from \$142 million for the year ended December 31, 2003 to \$258 million for the year ended December 31, 2004.

Our new deposits in variable annuities decreased by 48% from \$2,048 million for the year ended December 31, 2003 to \$1,075 million for the year ended December 31, 2004. We believe this decline was primarily driven by a market shift to variable annuity products with certain guaranteed benefit features that we chose not to offer due to their risk profile.

Table of Contents

Mortgage insurance. As discussed above under “—Overview—Business trends and conditions—General conditions and trends affecting our businesses,” increasing interest rates in 2004 have contributed to a significant decrease in U.S. new mortgage insurance written. Our U.S. new insurance written also has been adversely affected by our actions in connection with our captive reinsurance arrangements. Starting in late 2003, we generally sought to exit or restructure a portion of our excess-of-loss risk sharing arrangements with premium cessions in excess of 25% to improve profitability. This resulted in a significant reduction in business from several of these lenders. We later re-evaluated these relationships on a case-by-case basis, assessing various factors, including ceding terms, attachment points and quality of portfolios. As a result, we reinstated or restructured some of these arrangements in a form that we believe allows us to achieve acceptable returns. For the foregoing reasons, as well as the continued popularity of simultaneous second, or “80-10-10,” loans as an alternative to private mortgage insurance, our U.S. new insurance written decreased by 58% from \$67.4 billion for the year ended December 31, 2003 to \$28.1 billion for the year ended December 31, 2004. As a result of the significant U.S. refinancing activity in 2002 and 2003 and the significant expansion of our international business in recent years, as of December 31, 2004, approximately 80% of our U.S. risk in force and 72% of our international 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. We expect our loss experience on these loans will increase as policies continue to age.

Our international mortgage insurance business has continued to expand and has had a favorable impact on our results of operations. International new insurance written increased by 32% from \$39.2 billion for the year ended December 31, 2003 to \$51.8 billion for the year ended December 31, 2004. This increase was driven by a larger mortgage origination market in Canada and increased account penetration in both Canada and Australia, as well as growth in new insurance written in Europe and favorable foreign exchange rate movements, partially offset by a smaller mortgage origination market in Australia. We expect that the growth of our international mortgage insurance business will continue to contribute an increasing portion of this segment’s total revenues and profits.

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. In connection with the IPO, we entered into a transition services agreement and various other agreements with GE that, together with a number of agreements that were in effect before the IPO, govern the relationship between GE and us.

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 an outsourcing provider in India that was wholly owned by GE until December 2004 and is now 40% owned by GE;
- 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 \$65 million, \$87 million and \$74 million for these services for the years ended December 31, 2004, 2003 and 2002, respectively.

Table of Contents

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 \$14 million, \$50 million and \$49 million for the years ended December 31, 2004, 2003 and 2002, respectively. We have not reimbursed these amounts to GE, and have recorded them as a capital contribution in each year. Following the completion of the IPO, GE no longer allocates any of its corporate expenses to us.

GE continues to provide us with many of the corporate services described above on a transitional basis, and we are arranging to procure other services pursuant to arrangements with third parties or through our own employees. 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 have incurred and expect to continue to incur incremental advertising, marketing, investor relations and legal entity transition expenses to establish a new brand identity. We also incurred 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. We have negotiated and are continuing to negotiate our own arrangements with third-party providers for these products and services, and we do not believe these arrangements 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 were, with limited exceptions, amended in connection with the IPO. We also entered into new agreements with GE Asset Management Limited, or GEAML, an affiliate of GEAM, for investment management services in the U.K. and Continental Europe. Pursuant to these agreements, the fees charged by GEAM and GEAML are based on a percentage of the value of the assets under management. This percentage is established annually by agreement between us and GEAM or GEAML 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, 2004, 2003 and 2002, our aggregate costs for investment management and related administration services provided by GEAM and GEAML were approximately \$33 million, \$61 million and \$39 million, respectively.

Reinsurance transactions. In addition to our arrangements with UFLIC, 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 \$39 million, \$56 million and \$60 million for the years ended December 31, 2004, 2003 and 2002, 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 insurance policies. We have paid premiums to this affiliate of \$100 million and \$94 million for the years ended December 31, 2003 and 2002, respectively. This agreement was terminated as of December 31, 2003.

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 \$108 million, \$109 million and \$112 million for the years ended December 31, 2004, 2003 and 2002, 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 note 13 to our financial statements included in Item 8 of this Annual Report. In addition to these expenses for which we have reimbursed GE, we have incurred expenses of \$2 million, \$9 million and \$6 million for certain GE stock option and restricted stock unit grants for the years ended December 31, 2004, 2003 and 2002, 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. In connection with the IPO, we established our own equity compensation plans. See "—Equity plans" below.

Table of Contents

Services provided to GE

We have provided various products and services to GE on terms comparable to those we provide to third-parties and we expect to continue to provide many of these products and services to GE.

In addition, in connection with the IPO, we entered 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 provide services to certain of GE's insurance businesses that we did not acquire. These services include finance, information systems, network services and regulatory support. We continue to provide these services and will do so for a minimum of two years and a maximum of three years, in most cases, following the IPO. For the two years following the completion of the IPO, GE generally may not terminate any of the services we provide. GE has agreed to pay us \$40 million in equal quarterly installments during each of the first two years following the completion of the IPO 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.
- *Management consulting services.* We have agreed to provide certain management consulting services to GE for a period of five years following the IPO. These services 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 completion of the IPO and \$0.5 million per month during the fifth year. GE cannot terminate this arrangement before the expiration of the five-year term.
- *GIC investment administration services.* We entered into three agreements with affiliates of GE, effective as of January 1, 2004, to manage a pool of municipal guaranteed investment contracts, or GICs, issued by those affiliates. Pursuant to these agreements, we have agreed to 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 receive an administration fee of 0.165% per annum of the maximum program size for those GE affiliates, which is \$15 billion. 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 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 \$1.6 billion as of December 31, 2004. The fee we receive on the contracts issued by that affiliate before January 1, 2003 is based upon a pricing arrangement that varies 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 \$1.5 billion as of December 31, 2004 and is expected to generate a weighted average fee of approximately 0.35% in 2005. 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.
- *Institutional asset management services.* Prior to the completion of the IPO, 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 did not acquire the institutional asset management services business from GEFAHI, but we 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 has agreed to pay us a fee of up to \$10 million per year for four years following the completion of the IPO 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.

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 entered into the following additional arrangements with GE:

- *Tax Matters Agreement.* As a consequence of our separation from GE, and our election jointly made with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to become entitled to additional tax deductions for periods after our corporate reorganization. We expect to realize tax savings from these deductions and have recorded our estimate of these tax savings on our statement of financial position as a \$718 million reduction in net deferred income tax liabilities. We are obligated, pursuant to our Tax Matters Agreement with GE, to pay to GE, on an after-tax basis, 80% of the amount of tax we are projected to save for each tax period as a result of these increased tax benefits, up to a maximum of \$640 million. We have recorded the \$389 million present value of this obligation to GE as our estimate of this liability in our statement of financial position. Since our initial estimates recorded at the time of the IPO, our estimate of the expected tax savings has increased significantly, while the present value of our obligation to GE has increased slightly. This is because (1) a portion of the future savings now exceeds the \$640 million maximum payment to GE, (2) the discount rate increased from that estimated at the time of the IPO, and (3) the average life of the obligation increased. Under the Tax Matters Agreement, we would also be required to pay to GE additional amounts in the event we realize certain other contingent benefits, or if we choose to defer certain payments and thereby incur interest on any such deferrals.

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 5.72% per annum (estimated, in accordance with the Tax Matters Agreement, to be our cost of funds as of the date of our initial public offering for a borrowing of like duration) from the time that we were scheduled to make the payments.

In certain circumstances, we may realize tax savings later than projected in calculating the schedule of corresponding payments to GE pursuant to the Tax Matters Agreement, but our payment schedule to GE would not be changed. In these circumstances, we will remain obligated to pay amounts to GE even before we realize the corresponding tax savings, although we can choose to defer such payments. There are two categories of such circumstances. First, in certain limited instances the Tax Matters Agreement establishes binding factual assumptions pursuant to which we are scheduled to make payments to GE in advance of the time we anticipate realizing the corresponding tax savings. We estimate that the interest expense we will incur with respect to such advance payments over the entire life of the Tax Matters Agreement, if we choose to defer them, will be approximately \$25 million. The second, broader category of these circumstances are those situations in which our actual tax savings are delayed beyond the time we currently project for any reason other than a change in the tax returns on which the section 338 sales are reported. In the case of either the first or second category, we may defer the scheduled payments to GE until we actually realize the corresponding tax savings or, alternatively, we may make the payments from sources other than the projected tax savings. Any deferred payments would bear interest until made at the rate of 5.72% per annum.

The \$329 million difference between the \$718 million benefit we have recorded as the expected future tax savings and the \$389 million liability to GE we have recorded is part of our net stockholders' interest. These amounts reflect considered judgments and assessments as to the underlying facts and assumptions. However, if and to the extent our final section 338 tax savings exceed (or fall short of) the amount of tax savings we currently project, our additional paid-in capital would increase (or decrease) accordingly. As our obligation to make payments under the Tax Matters Agreement accretes over time, we will record interest expense at a rate of 5.72% per annum. Under the Tax Matters Agreement, GE also is responsible for 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 our

Table of Contents

separation from GE (other than the reinsurance with UFLIC). We record (or will record) these non-recurring taxes as a current tax expense (or benefit) when incurred, and we record (or will record) GE's payment of the taxes (or receipt of the benefit) as an equity contribution (or dividend).

- *UFLIC reinsurance arrangements.* Prior to the completion of the IPO, we entered into several significant reinsurance transactions with UFLIC, an indirect subsidiary of GE. Under the terms of the agreements governing these reinsurance transactions, we transferred to UFLIC assets equal to the policyholder liabilities related to the ceded blocks of business and recorded 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 did not transfer to UFLIC. We 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 transferred to us cash and other investments, and we recorded a reinsurance liability, equal to the policyholder liabilities related to this assumed block of business. As of December 31, 2004, our total reinsurance recoverable for all our reinsurance arrangements with UFLIC was \$16.2 billion.

The reinsurance transactions 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 retained an interest in the future profitability of the block if it exceeds certain thresholds. We also are continuing 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.

Equity plans

Prior to the IPO, our key employees participated in a number of GE's equity compensation plans. For grants issued prior to January 1, 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 recorded 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*.

In connection with the IPO, we established 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 were canceled and converted into awards of our company, and we also granted new stock options in our company in connection with our separation from GE and the IPO. The GE stock options, stock appreciation rights and restricted stock units were converted based upon a ratio equal to the initial offering price of our common stock in the IPO (\$19.50), divided by the weighted average stock price of GE common stock for the trading day immediately preceding the pricing date of the IPO (\$30.52). The converted securities, if unvested, generally continue to vest over their original vesting periods. The unvested converted awards had approximately the same fair value at the date of the conversion as the GE awards that were replaced.

We incurred compensation expense of \$29 million and \$9 million for the years ended December 31, 2004 and 2003, respectively, and expect to incur expenses of \$41 million and \$31 million in the years ended December 31, 2005 and 2006, respectively, for 2004 and prior awards to our employees' under these plans.

Branding costs

We expect to incur aggregate expenses of approximately \$35 million in each of the years ending December 31, 2005, 2006 and 2007 on marketing, advertising and legal entity transition expenses, relating to the costs of establishing our new brand throughout our business, including with sales intermediaries, employees, investors and consumers.

[Table of Contents](#)

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 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.

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 expense, 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 7-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

Table of Contents

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. 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. 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, risk and asset management teams, as well as the portfolio management and research capabilities of GEAM and other third-party managers, as required. 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” and note 6 to our financial statements.

Historical and Pro Forma Results of Operations

The following table sets forth our historical and pro forma results of operations. The pro forma financial information reflects our historical results of operations as adjusted to reflect the various adjustments described under “Item 6.—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 ceded 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 were not transferred to us in connection with our corporate reorganization; the inclusion in our results of operations of incremental interest expense associated with the consideration that we 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 \$550 million Contingent Note; and the issuance of \$1.9 billion of senior notes and \$500 million of commercial paper.

Table of Contents

Our historical results of operations include the results of operations of the Affinity segment and the blocks of business that we ceded to UFLIC through for all periods presented through May 24, 2004, the date of our corporate reorganization. Pro forma revenues and benefits and expenses (except interest expense) are lower than our historical revenues and benefits and expenses primarily as the results of the exclusion of revenues and expenses related to the reinsured blocks of business and the to the Affinity segment. Pro forma interest expense is higher than historical interest expense as the result of our revised capital structure following our corporate reorganization and the IPO.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended
	2004	2003	2002	December 31, 2004
Revenues:				
Premiums	\$ 6,559	\$ 6,707	\$ 6,107	\$ 6,388
Net investment income	3,648	4,051	3,979	3,160
Net realized investment gains	26	10	204	23
Policy fees and other income	824	915	939	664
Total revenues	11,057	11,683	11,229	10,235
Benefits and expenses:				
Benefits and other changes in policy reserves	4,804	5,270	4,640	4,340
Interest credited	1,432	1,624	1,645	1,319
Underwriting, acquisition and insurance expenses, net of deferrals	1,812	1,916	1,808	1,657
Amortization of deferred acquisition costs and intangibles	1,154	1,351	1,221	1,052
Interest expense	217	140	124	243
Total benefits and expenses	9,419	10,301	9,438	8,611
Earnings from continuing operations before income taxes and accounting change	1,638	1,382	1,791	1,624
Provision for income taxes	493	413	411	494
Net earnings from continuing operations before accounting change	\$ 1,145	\$ 969	\$ 1,380	\$ 1,130

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

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 and mortgage insurance policies. Premiums decreased \$148 million, or 2%, to \$6,559 million for the year ended December 31, 2004, compared to \$6,707 million for the year ended December 31, 2003, primarily as the result of a \$156 million decrease in our Affinity segment, a \$107 million decrease in our Protection segment, partially offset by an \$84 million increase in our Mortgage Insurance segment and a \$45 million increase in our Retirement Income and Investment segment. The decrease in our Affinity segment relates to the exclusion of this segment as a result of our corporate reorganization. The decrease in our Protection segment was primarily attributable to a decrease in long-term care insurance premiums as the result of the reinsurance transactions with UFLIC, as well as a decrease in payment protection insurance premiums as the result of the continued run-off of low return books of business. The increase in our Mortgage Insurance segment was primarily attributable to an increase in international mortgage insurance premiums, attributable to the aging of our international in-force block, which resulted in increased earned premiums from prior-year new insurance written, offset in part by a decrease in U.S. mortgage insurance premiums, attributable to decreased demand for mortgage insurance as the result of a smaller U.S. market for mortgage originations. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in premiums from life-

Table of Contents

contingent income annuities attributable to new distribution relationships in 2004, offset in part by a decrease in premiums from life- contingent structured settlements attributable to our decision to write those contracts only when we believe we will be able to achieve our targeted returns.

Net investment income. Net investment income represents the income earned on our investments. Net investment income decreased \$403 million, or 10%, to \$3,648 million for the year ended December 31, 2004 from \$4,051 million for the year ended December 31, 2003. This decrease in net investment income was primarily the result of a decrease in average invested assets, primarily due to the transfer of assets to UFLIC in connection with the reinsurance transactions, partially offset by new asset purchases. The decrease in net investment income was also the result of a decrease in weighted average investment yields to 5.5% for the year ended December 31, 2004 from 5.8% for the year ended December 31, 2003. The decrease in weighted average investment yields was primarily attributable to purchases of new assets in an interest rate environment where current market yields are lower than existing portfolio yields.

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 increased \$16 million to \$26 million for the year ended December 31, 2004 from \$10 million for the year ended December 31, 2003. For the year ended December 31, 2004, gross realized gains and (losses) were \$90 million and \$(64) million, respectively. Realized losses for the year ended December 31, 2004 included \$26 million of impairments. These impairments were attributable to fixed maturities, equity securities and other investments (\$17 million, \$5 million and \$4 million, respectively). The fixed maturities impairments primarily related to securities issued by companies in the timber products, healthcare, consumer products industries (\$6 million, \$4 million and \$3 million, respectively). The equity securities impairments primarily related to mutual fund investments. The other investments impairments related to impairment of limited partnership investments. 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.

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 decreased \$91 million, or 10%, to \$824 million for the year ended December 31, 2004 from \$915 million for the year ended December 31, 2003. This decrease was the result of a \$156 million decrease in our Affinity segment and a \$12 million decrease in our Mortgage Insurance segment. The decreases were partially offset by a \$46 million increase in our Corporate and Other segment, and a \$28 million increase in our Retirement Income and Investments segment. The decrease in our Affinity segment relates to the exclusion of this segment as a result of our corporate reorganization. The decrease in our Mortgage Insurance segment was primarily the result of a decrease in fees for contract underwriting services attributable to lower refinancing activity in the U.S. The increase in our Corporate and Other segment was primarily attributable to a gain related to our waiver of contractual rights under an outsourcing services agreement with GE's global outsourcing provider, 60% of which was sold in the fourth quarter. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in commission income due to increased sales of third-party products and fee income earned in connection with investment and administrative services related to a pool of municipal GICs issued by affiliates of GE, offset by a decrease in fee income attributable to the reinsurance transactions with UFLIC.

Table of Contents

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 decreased \$466 million, or 9%, to \$4,804 million for the year ended December 31, 2004 from \$5,270 million for the year ended December 31, 2003. This decrease was primarily the result of a \$253 million decrease in our Retirement Income and Investments segment, a \$116 million decrease in our Affinity segment, a \$107 million decrease in our Protection segment and a \$40 million decrease in our Corporate and Other segment, offset partially by a \$50 million increase in our Mortgage Insurance segment. The decrease in our Retirement Income and Investments segment was primarily attributable to a decrease related to the reinsurance transactions with UFLIC and a reclassification of variable annuity sales inducements paid to contractholders, which were classified as underwriting, acquisition and insurance expenses, net of deferrals, in 2003. The decrease in our Affinity segment relates to the exclusion of this segment as a result of our corporate reorganization. The decrease in our Protection segment was primarily related to a decrease in our payment protection insurance business attributable to the lower loss ratio in the payment protection insurance run-off block. The decrease in our Corporate and Other segment was primarily attributable to lower litigation expenses and higher reserves at our Bermuda reinsurer. The increase in our Mortgage Insurance segment was primarily attributable to an increase in paid claims as well as an increase in loans in default associated with higher insurance in-force in our international mortgage insurance business.

Interest credited. Interest credited represents interest credited on behalf of policyholder and contractholder general account balances. Interest credited decreased \$192 million, or 12%, to \$1,432 million for the year ended December 31, 2004 from \$1,624 million for the year ended December 31, 2003. This decrease was primarily the result of a \$189 million decrease in our Retirement Income and Investments segment that was primarily attributable to a decrease in interest credited associated with the reinsurance transactions with UFLIC. The decrease in interest credited was also the result of lower interest credited on institutional products due to a decrease in the average size of the in-force block.

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 decreased \$104 million, or 5%, to \$1,812 million for the year ended December 31, 2004, compared to \$1,916 million for the year ended December 31, 2003, primarily as the result of a \$121 million decrease in our Affinity segment, a \$37 million decrease in our Mortgage Insurance segment and a \$32 million decrease in our Corporate and Other Segment, partially offset by a \$75 million increase in our Protection segment and a \$11 million increase in our Retirement Income and Investments segment. The decrease in our Affinity segment relates to the exclusion of this segment as a result of our corporate reorganization. The decrease in our Mortgage Insurance segment was primarily attributable to a decrease in expenses primarily from lower underwriting expenses due to a decline in refinancing activity in the U.S., lower administrative costs and a decrease in the provision for indemnity liabilities related to a decline in mortgage loan origination. The decrease in our Corporate and Other segment was primarily attributable to a decrease in allocated expenses from GE as the result of our corporate reorganization and lower litigation expenses. The increase in our Protection segment was primarily attributable to an increase in our payment protection insurance business related primarily to an increase in commissions and other compensation arrangements in our run-off block, partially offset by decreased legal fees in our life insurance business following an agreement in principle to settle a class-action lawsuit in 2003 and lower other expenses and a decrease in the long-term care business primarily attributable to the reinsurance transactions with UFLIC. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in commission and other expenses incurred in our fee-based products primarily due to increased sales.

Table of Contents

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. Amortization of deferred acquisition costs and intangibles decreased \$197 million, or 15%, to \$1,154 million for the year ended December 31, 2004 from \$1,351 million for the year ended December 31, 2003. This decrease was primarily the result of a \$132 million decrease in our Protection segment, a \$58 million decrease in our Affinity segment, and a \$20 million decrease in our Retirement Income and Investments segment, partially offset by a \$14 million increase in our Mortgage Insurance segment. The decrease in our Protection segment was primarily attributable to a decrease in payment protection insurance due to our decision not to renew certain distribution relationships, partially offset by the impact of favorable changes in foreign exchange rates. The decrease in our Affinity segment relates to the exclusion of this segment as a result of our corporate reorganization. The decrease in our Retirement Income and Investments segment was primarily attributable to the reinsurance transactions with UFLIC. The increase in the Mortgage Insurance segment was primarily attributable to accelerated amortization reflecting higher-than-expected early-year margins on recently written policies in the U.S. and the continued growth of our international business.

Interest expense. Interest expense increased \$77 million, or 55%, to \$217 million for the year ended December 31, 2004 from \$140 million for the year ended December 31, 2003. This increase was primarily the result of our revised debt structure following our corporate reorganization, as well as the full-year contribution of interest expense associated with securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46 on July 1, 2003 and interest paid on non-recourse funding obligations issued in the third and fourth quarters of 2003 and the fourth quarter of 2004.

Provision for income taxes. Provision for income taxes increased \$80 million, or 19%, to \$493 million for the year ended December 31, 2004 from \$413 million for the year ended December 31, 2003. The effective tax rate increased to 30.1% for the year ended December 31, 2004 from 29.9% for the year ended December 31, 2003. The increase in effective tax rate was primarily due to the loss of foreign tax benefits as a result of the separation from GE, a decrease in benefits related to dividends received, and favorable examination developments in 2003, which did not recur in 2004, offset in part by tax benefits recognized in connection with our corporate reorganization.

Net earnings from continuing operations. Net earnings from continuing operations increased by \$176 million, or 18%, to \$1,145 million for the year ended December 31, 2004 from \$969 million for the year ended December 31, 2004. The increase in net earnings from continuing operations reflects increases in segment net earnings in each of our segments, except for our Affinity segment, whose net earnings decreased as a result of its exclusion as a result of our corporate reorganization.

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

Premiums. Premiums increased \$600 million, or 10%, to \$6,707 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 \$58 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 increased \$72 million, or 2%, to \$4,051 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 an 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 5.8% for the year ended December 31, 2003 from 6.0% for the year ended December 31, 2002.

Table of Contents

Net realized investment gains. 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 decreased \$24 million to \$915 million for the year ended December 31, 2003 from \$939 million for the year ended December 31, 2002. This decrease was primarily the result of a \$25 million decrease in our Protection segment and an \$11 million decrease in our Affinity segment, partially offset by a \$10 million increase in our Mortgage Insurance segment. 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 our Affinity segment was primarily attributable to the decision to discontinue certain products and distribution relationships that did not meet our target return thresholds. 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.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased \$630 million, or 14%, to \$5,270 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 \$117 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 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.

Table of Contents

Underwriting, acquisition and insurance expenses, net of deferrals. Underwriting, acquisition and insurance expenses, net of deferrals, increased \$108 million, or 6%, to \$1,916 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 \$89 million increase in our Protection segment, a \$66 million increase in our Mortgage Insurance segment, partially offset by a \$68 million decrease in our 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 decrease in our 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 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, partially offset 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 additional 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 on July 1, 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 partially offset 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 increased to 29.9% for the year ended December 31, 2003 from 22.9% for the year ended December 31, 2002. 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, partially offset 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, partially offset by increased segment net earnings in our Affinity segment.

[Table of Contents](#)

Historical and Pro Forma Results of Operations by Segment

Set forth below is historical financial information for each of our operating segments (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 and Corporate and Other segments. There were no pro forma adjustments to the results of operations of our Mortgage Insurance segment, and pro forma financial information is not provided for the Affinity segment because we did not acquire that segment from GEFAHI. All pro forma segment information is prepared on the same basis as the segment information presented in our unaudited financial statements.

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) most of our interest and other financing expenses, (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.

(Dollar amounts in millions)	Historical			Pro forma
	As of or for the years ended December 31,			Year ended December 31, 2004
	2004	2003	2002	
Revenues by segment:				
Protection	\$ 6,064	\$ 6,143	\$ 5,605	\$ 5,935
Retirement Income and Investments	3,361	3,803	3,756	2,891
Mortgage Insurance	1,090	982	946	1,090
Affinity	218	566	588	—
Corporate and Other	324	189	334	319
Total revenues	\$ 11,057	\$ 11,683	\$11,229	\$ 10,235
Segment net earnings (loss) from continuing operations:				
Protection	\$ 528	\$ 487	\$ 554	\$ 527
Retirement Income and Investments	153	151	186	148
Mortgage Insurance	426	369	451	426
Affinity	(14)	16	(3)	—
Corporate and Other	52	(54)	192	29
Total segment net earnings (loss) from continuing operations	\$ 1,145	\$ 969	\$ 1,380	\$ 1,130
Total assets by segment (as of the period ended):				
Protection	\$ 31,806	\$ 29,254		
Retirement Income and Investments	56,610	55,614		
Mortgage Insurance	6,428	6,110		
Affinity	—	2,315		
Corporate and Other	9,034	10,138		
Total assets	\$103,878	\$103,431		

Table of Contents

Protection segment

The following table sets forth the historical and pro forma results of operations relating to our Protection segment. Prior to our corporate reorganization, we entered into several significant reinsurance transactions in which we ceded to UFLIC a block of long-term care insurance policies that we reinsured from Travelers in 2000, and we assumed from UFLIC in-force blocks of Medicare supplement insurance policies.

We ceded the Travelers long-term care block to UFLIC in connection with our corporate reorganization on May 24, 2004, and therefore its results are not included in our historical results after that date. Similarly, we assumed the Medicare supplement blocks from UFLIC in connection with our corporate reorganization on May 24, 2004, and therefore their results are included in our historical results after that date. As a result of the foregoing, our historical results of operations for the year ended December 31, 2004 are not comparable to our results of operations for the years ended December 31, 2003 and 2002. The pro forma earnings information below reflects adjustments to record the effects of the reinsurance transactions as if they had been effective as of January 1, 2004. There were no pro forma adjustments to interest credited or interest expense because the long-term care insurance policies we ceded to UFLIC, and the Medicare supplement insurance policies UFLIC ceded 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 the results of the exclusion of revenues and expenses related to the reinsured block of long-term care insurance.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended
	2004	2003	2002	December 31, 2004
Revenues:				
Premiums	\$4,481	\$4,588	\$4,088	\$ 4,398
Net investment income	1,224	1,199	1,136	1,178
Policy fees and other income	359	356	381	359
Total revenues	6,064	6,143	5,605	5,935
Benefits and expenses:				
Benefits and other changes in policy reserves	2,890	2,997	2,630	2,788
Interest credited	362	365	362	362
Underwriting, acquisition and insurance expenses, net of deferrals	1,094	1,019	930	1,077
Amortization of deferred acquisition costs and intangibles	869	1,001	846	861
Interest expense	15	3	—	15
Total benefits and expenses	5,230	5,385	4,768	5,103
Earnings before income taxes	834	758	837	832
Provision for income taxes	306	271	283	305
Segment net earnings	\$ 528	\$ 487	\$ 554	\$ 527

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Premiums. Premiums decreased \$107 million, or 2%, to \$4,481 million for the year ended December 31, 2004 from \$4,588 million for the year ended December 31, 2003. This decrease was primarily the result of a \$102 million decrease in long-term care insurance premiums, consisting of a \$124 million decrease attributable to the reinsurance transactions with UFLIC, partially offset by a \$22 million increase in premiums associated with the growth of the in-force block. The decrease was also the result of a \$81 million decrease in payment protection insurance premiums, consisting of a \$231 million decrease on a constant-currency basis, net of a \$150 million increase attributable to changes in foreign exchange rates. The \$231 million decrease consisted of a \$393 million decrease in premiums in our run-off block, offset by a \$162 million increase in our continuing business.

Table of Contents

due to new distribution relationships and the growth of consumer lending in Continental Europe. These decreases were offset in part by a \$61 million increase in life insurance premiums that was primarily attributable to growth of the term life insurance in-force block. The decreases were also offset in part by a \$15 million increase in group life and health insurance premiums attributable to growth of the in-force block that was primarily attributable to an increase in sales of non-medical products as the result of enhancements in our life insurance and disability product offerings and the expansion of our dental network.

Net investment income. Net investment income increased \$25 million, or 2%, to \$1,224 million for the year ended December 31, 2004 from \$1,199 million for the year ended December 31, 2003. This increase, which included \$13 million due to changes in foreign exchange rates, was primarily the result of an increase in average invested assets, offset in part by declining yields on investments and by a decrease in invested capital allocated to this segment in preparation for our corporate reorganization and initial public offering.

Policy fees and other income. Policy fees and other income increased \$3 million, or 1%, to \$359 million for the year ended December 31, 2004 from \$356 million for the year ended December 31, 2003. This increase was primarily the result of a \$13 million increase in our life insurance business primarily attributable to an increase in policy fees and other income in our universal life insurance business. This increase was partially offset by a \$9 million decrease in administrative fees from our group life and health insurance business that was primarily attributable to higher lapse rates in 2004.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves decreased \$107 million, or 4%, to \$2,890 million for the year ended December 31, 2004 from \$2,997 million for the year ended December 31, 2003. This decrease was primarily the result of a \$113 million decrease in our payment protection insurance business attributable to the lower loss ratio in the payment protection insurance run-off block, \$27 million of which was attributable to changes in foreign exchange rates. The decrease was also attributable to a \$85 million decrease in long-term care benefits and other changes in policy reserves, consisting of a \$150 million decrease primarily attributable to the reinsurance transactions with UFLIC, partially offset by a \$65 million increase primarily attributable to increased reserves and benefit payments resulting from the normal, expected increases in claims volume associated with the aging and continued growth of the long-term care in-force block. The decrease was partially offset by a \$71 million increase in our life insurance business attributable to growth of the in-force block and less favorable claim experience compared to 2003, as well as a \$19 million increase in our group life and health insurance business primarily attributable to growth in the in-force block and loss ratios that were more in line with expectations after favorable results in 2003.

Interest credited. Interest credited decreased \$3 million, or 1%, to \$362 million for the year ended December 31, 2004 from \$365 million for the year ended December 31, 2003. This decrease was primarily the result of decreased crediting rates for universal life insurance policies, offset in part by increased policyholder account balances on corporate owned life insurance policies.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals increased \$75 million, or 7%, to \$1,094 million for the year ended December 31, 2004 from \$1,019 million for the year ended December 31, 2003. The increase was primarily attributable to an \$116 million increase in our payment protection insurance business related primarily to an increase in commissions and other compensation arrangements in our run-off block. This increase was partially offset by a \$27 million decrease in our life insurance business primarily attributable to decreased legal fees following the agreement in principle to settle a class action lawsuit in 2003 and lower other expenses. The increase was also partially offset by an \$18 million decrease in our long-term care insurance business primarily attributable to the reinsurance transactions with UFLIC.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased \$132 million, or 13%, to \$869 million for the year ended December 31, 2004 from \$1,001 million for the year ended December 31, 2003. This decrease was primarily the result of a \$184 million decrease

Table of Contents

in payment protection insurance due to our decision not to renew certain distribution relationships, partially offset by an increase of \$69 million due to changes in foreign exchange rates. The decrease was also partially attributable to a \$20 million decrease in our life insurance business due to lower 2004 lapses in our term life insurance block and lower amortization on our universal life insurance block due to additional investment income related to bond calls and favorable universal life insurance claims experience, both of which resulted in accelerated amortization in 2003 and did not recur in 2004. Long-term care amortization decreased \$3 million primarily as a result of a \$14 million decrease related to the reinsurance transactions with UFLIC, partially offset by an increase in our long-term care business due to growth in the in-force block.

Interest expense. Interest expense increased \$12 million to \$15 million for the year ended December 31, 2004 from \$3 million for the year ended December 31, 2003. This increase was primarily the result of interest paid on non-recourse funding obligations, issued in the third and fourth quarters of 2003 and the fourth quarter of 2004, supporting certain term life insurance policies.

Provision for income taxes. Provision for income taxes increased \$35 million, or 13%, to \$306 million for the year ended December 31, 2004 from \$271 million for the year ended December 31, 2003. The effective tax rate was 36.7% and 35.8% for the years ended December 31, 2004 and 2003, respectively. The increase in effective tax rate was primarily due to a loss of foreign tax benefits as a result of the separation from GE.

Segment net earnings. Segment net earnings increased by \$41 million, or 8%, to \$528 million for the year ended December 31, 2004 from \$487 million for the year ended December 31, 2003. The increase in segment net earnings primarily reflects increases in net earnings in our life, payment protection and long-term care insurance businesses, offset in part by a decrease in net earnings in our group life and health insurance business. The increase in life insurance was primarily attributable to growth of the in-force block and lower legal expenses following the agreement in principle to settle a class action lawsuit. The increase in payment protection insurance was primarily attributable to \$10 million in one-time charges related to employee benefit costs, as well as an \$8 million increase due to the favorable impact of foreign exchange rates and an increase due to growth in our continuing business, partially offset by the loss of certain foreign tax benefits. The increase in our long-term care insurance business was primarily attributable to the growth of the block, partially offset by a loss of earnings on invested capital attributable to a reallocation of capital to our Corporate and Other segment and decreased earnings as a result of the reinsurance transactions. The decrease in our group life and health insurance business was attributable to loss experience that was more in line with expectations after favorable results in 2003.

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 \$25 million, or 7%, to \$356 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.

Table of Contents

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 \$89 million, or 10%, to \$1,019 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 increased to 35.8% for the year ended December 31, 2003 from 33.8% for the year ended December 31, 2002. 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.

[Table of Contents](#)

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. Prior to our corporate reorganization, we entered into several significant reinsurance transactions in which we ceded to UFLIC all of our in-force structured settlements contracts and substantially all of our in-force variable annuity contracts.

We ceded these blocks of business to UFLIC in connection with our corporate reorganization on May 24, 2004, and therefore their results are not included in our historical results after that date. As a result of the foregoing, our historical results of operations for the year ended December 31, 2004 are not comparable to our results of operations for the years ended December 31, 2003 and 2002. The pro forma earnings information below reflects adjustments to record the effects of the reinsurance transactions as if they had been effective as of January 1, 2004. Pro forma revenues (except premiums) and benefits and expenses are lower than our historical revenues and benefits and expenses primarily as the results of the exclusion of revenues and expenses related to the reinsured block of long-term care insurance. There were no pro forma adjustments to premiums because the structured settlements we ceded are single premium products and do not have renewal premiums, and the variable annuity products we ceded are deposit contracts and their deposits are not recorded as premiums.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended
	2004	2003	2002	December 31, 2004
Revenues:				
Premiums	\$1,094	\$1,049	\$ 991	\$ 1,094
Net investment income	1,996	2,511	2,522	1,582
Policy fees and other income	271	243	243	215
Total revenues	3,361	3,803	3,756	2,891
Benefits and expenses:				
Benefits and other changes in policy reserves	1,633	1,886	1,769	1,352
Interest credited	1,070	1,259	1,283	957
Underwriting, acquisition and insurance expenses, net of deferrals	250	239	221	229
Amortization of deferred acquisition costs and intangibles	170	190	210	122
Interest expense	1	—	—	1
Total benefits and expenses	3,124	3,574	3,483	2,661
Earnings before income taxes	237	229	273	230
Provision for income taxes	84	78	87	82
Segment net earnings	\$ 153	\$ 151	\$ 186	\$ 148

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Premiums. Premiums increased \$45 million, or 4%, to \$1,094 million for the year ended December 31, 2004 from \$1,049 million for the year ended December 31, 2003. This increase was primarily the result of a \$68 million increase in premiums for life-contingent income annuities that was primarily attributable to new distribution relationships in 2004. The increase was partially offset by a \$23 million decrease in premiums for life-contingent structured settlements that was primarily attributable to our decision to write those contracts only when we believe we will be able to achieve our targeted returns.

Net investment income. Net investment income decreased \$515 million, or 21%, to \$1,996 million for the year ended December 31, 2004 from \$2,511 million for the year ended December 31, 2003. This decrease was the result of a decrease in average invested assets, primarily associated with assets transferred to UFLIC in connection with the reinsurance transactions, partially offset by new asset purchases. The decrease in net investment income also was the result of declining yields on investments.

Table of Contents

Policy fees and other income. Policy fees and other income increased \$28 million, or 12%, to \$271 million for the year ended December 31, 2004 from \$243 million for the year ended December 31, 2003. This increase was primarily attributable to a \$38 million increase in commission income due to increased sales of third-party products. The increase was also attributable to \$34 million of fee income earned pursuant to new arrangements we entered into, effective as of January 1, 2004, to provide investment and administrative services related to a pool of municipal GICs issued by affiliates of GE. The increase was also attributable to a \$10 million increase in fee income attributable to increased assets under management and a \$10 million increase in asset management service fees. These increases were partially offset by a \$62 million decrease in fee income primarily attributable to the reinsurance transactions with UFLIC.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves decreased \$253 million, or 13%, to \$1,633 million for the year ended December 31, 2004 from \$1,886 million for the year ended December 31, 2003. This decrease was primarily the result of a \$341 million decrease related to the reinsurance transactions with UFLIC. The decrease was also partially attributable to a \$34 million reclassification in variable annuity sales inducements paid to contractholders, which were classified as underwriting, acquisition and insurance expenses, net of deferrals, in 2003. This reclassification was the result of the adoption of SOP 03-1 on January 1, 2004. The decrease was partially offset by a \$68 million increase in reserves relating to life-contingent income annuities and a \$17 million increase related to favorable mortality on income annuities in 2003 which did not recur in 2004. In addition, in the fourth quarter of 2004, we recorded a one-time charge of \$49 million, \$41 million of which was recorded in benefits and other changes in policy reserves. This charge related to a small run-off block of equity-indexed annuities and resulted from an adjustment of reserving processes.

Interest credited. Interest credited decreased \$189 million, or 15%, to \$1,070 million for the year ended December 31, 2004 from \$1,259 million for the year ended December 31, 2003. This decrease was primarily attributable to a \$172 million decrease in interest credited as the result of the reinsurance transactions with UFLIC. This decrease was also the result of a \$16 million decrease relating to lower interest credited on institutional products due to a decrease in the average size of the in-force block, as well as lower average interest crediting rates.

Underwriting, acquisition and insurance expenses, net of deferrals. Underwriting, acquisition and insurance expenses, net of deferrals, increased by \$11 million, or 5%, to \$250 million for the year ended December 31, 2004 from \$239 million for the year ended December 31, 2003. This increase was primarily the result of an increase of \$32 million in commission and other expenses incurred in our fee-based products primarily due to increased sales. The increase was also the result of the reclassification of \$33 million of variable annuity sales inducements paid to contractholders which were classified as deferred acquisition costs in the prior year. The increase was partially offset by a \$45 million decrease in expenses associated with blocks of business ceded as part of the reinsurance transactions with UFLIC and an \$7 million decrease in guarantee fund assessments.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased \$20 million, or 11%, to \$170 million for the year ended December 31, 2004 from \$190 million for the year ended December 31, 2003. This decrease was primarily the result of a \$33 million decrease attributable to the reinsurance transactions with UFLIC. The decrease was partially offset by \$8 million of accelerated amortization of deferred acquisition costs associated with variable life insurance.

Provision for income taxes. Provision for income taxes increased \$6 million, or 8%, to \$84 million for the year ended December 31, 2004 from \$78 million for the year ended December 31, 2003. The effective tax rate increased to 35.4% for the year ended December 31, 2004 from 34.1% for the year ended December 31, 2003. The increase in effective tax rate was primarily the result of the impact of higher dividends received deduction benefits related to separate account annuity products in 2003.

Segment net earnings. Segment net earnings increased \$2 million, or 1%, to \$153 million for the year ended December 31, 2004 from \$151 million for the year ended December 31, 2003. This increase was primarily the result

Table of Contents

of lower expenses due primarily to the reinsurance transactions with UFLIC, offset by declining yields on invested assets. The increase in segment net earnings also was attributable to an increase in fees received under new contracts with GE to manage its municipal GIC business, as well as growth in our asset management businesses, growth in assets under management overall, and improved spreads, offset by a one-time charge of \$32 million (post-tax) related to an adjustment of reserving processes related to a small run-off block of equity-indexed annuities.

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

Premiums. Premiums increased \$58 million, or 6%, to \$1,049 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 was offset in part by an increase in invested assets.

Policy fees and other income. Policy fees and other income were unchanged at \$243 million for the years ended December 31, 2003 and December 31, 2002.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased \$117 million, or 7%, to \$1,886 million for the year ended December 31, 2003 from \$1,769 million for the year ended December 31, 2002. This increase was primarily 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 \$18 million, or 8%, to \$239 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 additional 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 increased to 34.1% for the year ended December 31, 2003 from 31.9% for the year ended December 31, 2002. This increase in effective tax rate was primarily the result of the impact of higher dividends received deduction benefits related to separate account annuity products in 2002.

Table of Contents

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.

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.

(Dollar amounts in millions)	Years ended December 31,		
	2004	2003	2002
Revenues:			
Premiums	\$ 800	\$ 716	\$ 677
Net investment income	254	218	231
Policy fees and other income	36	48	38
Total revenues	1,090	982	946
Benefits and expenses:			
Benefits and other changes in policy reserves	165	115	46
Underwriting, acquisition and insurance expenses, net of deferrals	262	299	233
Amortization of deferred acquisition costs and intangibles	51	37	39
Total benefits and expenses	478	451	318
Earnings before income taxes	612	531	628
Provision for income taxes	186	162	177
Segment net earnings	\$ 426	\$ 369	\$ 451

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Premiums. Premiums increased \$84 million, or 12%, to \$800 million for the year ended December 31, 2004 from \$716 million for the year ended December 31, 2003. This increase was primarily the result of a \$125 million increase in premiums in our international mortgage insurance business, \$35 million of which was attributable to favorable foreign exchange rates. The increase also was partially attributable to the aging of our international in-force block, which resulted in increased earned premiums from prior-year new insurance written. The increase in international premiums was partially offset by a \$41 million decrease in our U.S. mortgage insurance premiums. This decrease in U.S. mortgage insurance premiums was primarily the result of the decline in our in-force block due to decreased demand for mortgage insurance as the result of a smaller market for mortgage originations, as well as a reduction in business from some mortgage lenders following our actions to restructure our captive reinsurance arrangements with premium risk cessions in excess of 25%.

Net investment income. Net investment income increased \$36 million, or 17%, to \$254 million for the year ended December 31, 2004 from \$218 million for the year ended December 31, 2003. This increase was primarily the result of a \$32 million increase in investment income in our international business, \$13 million of which was attributable to changes in foreign exchange rates, related to the growth in invested assets. Investment income in

Table of Contents

our U.S. mortgage insurance business increased \$4 million due to increasing yields on invested assets. As discussed below under “—Liquidity and Capital Resources,” our U.S. mortgage insurance business paid a \$700 million dividend to our parent holding company in December 2004. This dividend reduced the invested assets in our U.S. mortgage insurance business at the end of 2004.

Policy fees and other income. Policy fees and other income decreased \$12 million, or 25%, to \$36 million for the year ended December 31, 2004 from \$48 million for the year ended December 31, 2003. This decrease was primarily the result of a \$19 million decrease in fees for contract underwriting services attributable to lower refinancing activity in the U.S. This decrease was offset in part by a \$7 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 \$50 million, or 43%, to \$165 million for the year ended December 31, 2004 from \$115 million for the year ended December 31, 2003. This increase was primarily the result of a \$28 million increase in U.S. paid losses and a \$22 million increase primarily attributable to an increase in claims and loans in default associated with higher insurance in-force in our international mortgage insurance business, \$4 million of which was due to changes in foreign exchange rates.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, decreased \$37 million, or 12%, to \$262 million for the year ended December 31, 2004 from \$299 million for the year ended December 31, 2003. This decrease was primarily attributable to a \$54 million decrease in expenses primarily attributable to lower underwriting expenses due to a decline in refinancing activity in the U.S. and lower administrative costs, and a \$17 million decrease in the provision for indemnity liabilities related to a decline in mortgage loan origination primarily attributable to decreased mortgage refinancing activity. These declines were offset in part by a \$34 million increase in expenses to support the expansion of our international mortgage insurance business, \$8 million of which was attributable to changes in foreign exchange rates.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles increased \$14 million, or 38%, to \$51 million for the year ended December 31, 2004 from \$37 million for the year ended December 31, 2003. The increase was partially attributable to a \$6 million increase in mortgage insurance amortization in the U.S. primarily due to accelerated amortization reflecting higher-than-expected early-year margins on recently written policies. The increase was also attributable to an \$8 million increase in international insurance amortization due primarily to the continued growth of our international business, \$2 million of which was attributable to changes in foreign exchange rates.

Provision for income taxes. Provision for income taxes increased \$24 million, or 15%, to \$186 million for the year ended December 31, 2004 from \$162 million for the year ended December 31, 2003. The effective tax rate was 30.4% and 30.5% for the years ended December 31, 2004 and 2003, respectively. The decrease in effective tax rate was primarily due to a decrease in state income taxes and an increase in the benefit of tax-exempt investment income, offset by the loss of foreign tax benefits as a result of the separation from GE. Our Mortgage Insurance segment’s effective tax rate is below the statutory rate primarily as a result of tax-exempt investment income.

Segment net earnings. Segment net earnings increased \$57 million, or 15%, to \$426 million for the year ended December 31, 2004 from \$369 million for the year ended December 31, 2003. This increase in segment net earnings was primarily attributable to a \$58 million increase in net earnings attributable to continued growth in our international mortgage insurance business, \$23 million of which was due to favorable foreign exchange rates. The relatively constant net earnings in our U.S. mortgage insurance business were primarily attributable to lower expenses, offset by a continued decrease in the in-force block and an increase in our paid claims.

[Table of Contents](#)

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 an \$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 increased to 30.5% for the year ended December 31, 2003 from 28.2% for the year ended December 31, 2002. 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.

Table of Contents

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.

Affinity segment

The following table sets forth the historical results of operations relating to the Affinity segment. Because we did not acquire any of the Affinity segment businesses from GEFAHI in our corporate reorganization, this segment's results of operations are included in our results of operations only for periods through May 24, 2004 and are not included in our pro forma financial information.

(Dollar amounts in millions)	Years ended December 31,		
	2004	2003	2002
Revenues:			
Premiums	\$ 88	\$ 244	\$ 247
Net investment income	26	62	70
Policy fees and other income	104	260	271
Total revenues	218	566	588
Benefits and expenses:			
Benefits and other changes in policy reserves	80	196	180
Underwriting, acquisition and insurance expenses, net of deferrals	123	244	312
Amortization of deferred acquisition costs and intangibles	47	105	116
Total benefits and expenses	250	545	608
Earnings (loss) before income taxes	(32)	21	(20)
Provision (benefit) for income taxes	(18)	5	(17)
Segment net earnings (loss)	\$ (14)	\$ 16	\$ (3)

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Revenues, benefits and expenses, provision (benefit) for income taxes and segment net earnings for the Affinity segment decreased because the Affinity segment's results are not included in our results of operations for periods after May 24, 2004.

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

Table of Contents

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.

Corporate and Other segment

The following table sets forth the historical and pro forma results of operations relating to our Corporate and Other segment. 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 were ceded to UFLIC in connection with the reinsurance transactions. Pro forma net investment income is lower than our historical net investment income primarily as a result of a decrease attributable to reduced net investment income related to the \$1.836 billion capital contribution that we made to UFLIC in connection with our corporate reorganization, offset in part by an increase attributable to net investment income earned on excess surplus assets that were transferred from the Protection and Retirement Income and Investments segments to the Corporate and Other segment in 2004. Pro forma revenues are lower than our historical revenues primarily as a result of the adjustments to net investment income as described above, as well as 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 blocks we ceded to UFLIC in connection with the reinsurance transactions and net realized investment gains (losses) related to the Affinity segment. Pro forma expenses are higher than our historical expenses primarily as a result of the interest expense attributable to our debt structure following the IPO, including the offerings of senior notes and commercial paper.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended
	2004	2003	2002	December 31, 2004
Revenues:				
Premiums	\$ 96	\$ 110	\$ 104	\$ 96
Net investment income	148	61	20	146
Net realized investment gains	26	10	204	23
Policy fees and other income	54	8	6	54
Total revenues	324	189	334	319
Expenses:				
Benefits and other changes in policy reserves	36	76	15	35
Underwriting, acquisition and insurance expenses, net of deferrals	83	115	112	89
Amortization of deferred acquisition costs and intangibles	17	18	10	18
Interest expense	201	137	124	227
Total expenses	337	346	261	369
Earnings (loss) before income taxes	(13)	(157)	73	(50)
Provision (benefit) for income taxes	(65)	(103)	(119)	(79)
Segment net earnings (loss)	\$ 52	\$ (54)	\$ 192	\$ 29

Table of Contents

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Premiums. Premiums decreased \$14 million, or 13%, to \$96 million for the year ended December 31, 2004 from \$110 million for the year ended December 31, 2003. This decrease was primarily the result of decreased premiums from our Bermuda reinsurer attributable to the run-off of certain credit life insurance blocks.

Net investment income. Net investment income increased \$87 million, or 143%, to \$148 million for the year ended December 31, 2004 from \$61 million for the year ended December 31, 2003. This increase was primarily the result of an increase in investment income associated with an increase in invested assets not required to be allocated to our operating segments. The increase was also the result of a \$28 million increase in interest income from two securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46 on July 1, 2003 and an \$18 million increase in partnership income.

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

Policy fees and other income. Policy fees and other income increased \$46 million to \$54 million for the year ended December 31, 2004 from \$8 million for the year ended December 31, 2003. This was primarily the result of a \$40 million gain related to our waiver of contractual rights under an outsourcing services agreement with GE’s global outsourcing provider, 60% of which was sold in the fourth quarter.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves decreased \$40 million, or 53%, to \$36 million for the year ended December 31, 2004 from \$76 million for the year ended December 31, 2003. This decrease was primarily the result of lower litigation expenses and higher reserves at our Bermuda reinsurer.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, decreased \$32 million, or 28%, to \$83 million for the year ended December 31, 2004 from \$115 million for the year ended December 31, 2003. This decrease was primarily the result of \$36 million lower allocated expenses from GE resulting from our corporate reorganization, \$26 million of lower litigation expenses and \$13 million of lower operating and other expenses. These decreases were partially offset by expenses of \$20 million relating to the issuance of stock options and stock appreciation rights in connection with our corporate reorganization and \$23 million relating to the costs of establishing the Genworth brand.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles decreased \$1 million, or 6%, to \$17 million for the year ended December 31, 2004 from \$18 million for the year ended December 31, 2003.

Interest expense. Interest expense increased \$64 million, or 47%, to \$201 million for the year ended December 31, 2004 from \$137 million for the year ended December 31, 2003. This increase was primarily the result of \$45 million of interest expense associated with our revised debt structure following our corporate reorganization and a \$20 million increase attributable to the securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46 on July 1, 2003.

Provision (benefit) for income taxes. Provision (benefit) for income taxes decreased \$38 million to (\$65) million for the year ended December 31, 2004 from (\$103) million for the year ended December 31, 2003. The decreased benefit was primarily due to a lower pre-tax loss in 2004, a one-time reduction in U.K. taxes related to the restructuring of our U.K. legal entities and favorable examination developments in 2003, which did not recur in 2004. This decrease was partially offset by \$47 million of tax benefits recognized in connection with our corporate reorganization.

Table of Contents

Segment net earnings (loss). Segment net earnings (loss) increased \$106 million to \$52 million for the year ended December 31, 2004 from \$(54) million for the year ended December 31, 2003. The increase in segment net earnings was primarily the result of an \$87 million increase in net investment income primarily attributable to an increase in invested assets not required to be allocated to our operating segments, a \$46 million tax benefit recognized in connection with our corporate reorganization, a \$25 million after-tax gain related to our waiver of contractual rights under an outsourcing services agreement with GE's global outsourcing provider, 60% of which was sold in 2004, and an increase in invested assets not required to be allocated to our operating segments partially offset by a \$64 million increase in interest expense attributable to our revised debt structure following our corporate reorganization.

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. Net investment income increased \$41 million, or 205%, to \$61 million for the year ended December 31, 2003 from \$20 million for the year ended December 31, 2002. This increase was primarily the result of a \$36 million increase relating to the adoption of FIN 46 on July 1, 2003.

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

Policy fees and other income. Policy fees and other income increased \$2 million to \$8 million for the year ended December 31, 2003 from \$6 million for the year ended December 31, 2002.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves increased \$61 million, or 407%, to \$76 million for the year ended December 31, 2003 from \$15 million for the year ended December 31, 2002. This increase was primarily the result of certain litigation settlements resulting in an increase in reserves, as well as increased claims in our Mexican auto insurer due to unfavorable weather conditions and increased costs in our Viking reinsurer relating to experience payments on previously novated businesses.

Underwriting, acquisition, insurance and other expenses, net of deferrals. Underwriting, acquisition, insurance and other expenses, net of deferrals, increased \$3 million, or 3%, to \$115 million for the year ended December 31, 2003 from \$112 million for the year ended December 31, 2002. This increase was primarily the result of \$45 million higher litigation expense during 2003, partially offset by \$11 million of miscellaneous asset write-offs, \$10 million of expenses associated with the relocation of our long-term care insurance business and \$21 million of higher operating expenses during 2002.

Amortization of deferred acquisition costs and intangibles. Amortization of deferred acquisition costs and intangibles increased \$8 million, or 80%, to \$18 million for the year ended December 31, 2003 from \$10 million for the year ended December 31, 2002.

Interest expense. 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 on July 1, 2003. This increase was offset in part by a \$14 million decrease in interest expense that was primarily the result of lower average borrowings.

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

[Table of Contents](#)

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 U.K. taxes related to the restructuring of our U.K. 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.

Liquidity and Capital Resources

We 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 are our principal sources of cash to pay stockholder dividends and to meet our obligations, including payments of principal and interest on the notes.

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 currently pay quarterly cash dividends on our common stock at the rate of \$0.065 per share. 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 bears dividends at an annual rate of 5.25% of the liquidation value of \$50 per share. We also pay quarterly contract adjustment payments with respect to our Equity Units at an annual rate of 2.16% of the stated amount of \$25 per Equity Unit.

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 and paid dividends of \$3,168 million to our parent during 2003, including a dividend of \$2,930 million paid on December 15, 2003. This dividend 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. During 2004, as part of our corporate reorganization and prior to the IPO, we paid dividends of \$2,029 million to our parent. Since the completion of the IPO, we have declared a dividend on our common stock of \$32 million in each of the third and fourth quarters of 2004. The fourth quarter dividend was paid in January 2005.

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. During the years ended December 31, 2004, 2003 and 2002, we received dividends from our insurance subsidiaries of \$2,111 million (\$1,244 million of which were deemed "extraordinary"), \$1,472 million (\$1,400 million of which were deemed "extraordinary") and \$840 million (\$375 million of which were deemed "extraordinary"), respectively. In addition, during the years ended December 31, 2004, 2003 and 2002, we received dividends from insurance subsidiaries related to discontinued operations of \$0, \$495 million and \$62 million, respectively. The ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our stockholders, also are subject to various conditions imposed by the rating agencies for us to maintain our ratings.

Based on statutory results as of December 31, 2004, our subsidiaries could pay dividends of \$1,450 million to us in 2005 without obtaining regulatory approval. However, as a result of the dividends we paid in connection with our corporate reorganization, most of our insurance subsidiaries will not be able to pay us dividends until

Table of Contents

April 15, 2005. As part of our corporate reorganization, we retained 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, we received a dividend of \$700 million from our U.S. mortgage insurance business in December 2004 (included above in dividends paid by our insurance subsidiaries) following the release of statutory contingency reserves from that business. We used \$550 million of those proceeds to repay the Contingent Note, and we have retained the remaining \$150 million 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.

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, borrowings pursuant to our credit facilities, and proceeds from any additional issuance of commercial paper.

In consideration for the assets that we acquired and the liabilities that we assumed in connection with our corporate reorganization, we issued 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, a \$2.4 billion note and the \$550 million Contingent Note. As described above, the Contingent Note was repaid in December 2004 with a portion of the proceeds of a \$700 million dividend paid to us by our U.S. mortgage insurance business. We repaid the \$2.4 billion note upon the completion of the IPO with borrowings under a short-term credit facility. We repaid those borrowings shortly thereafter with proceeds from our offering of \$1.9 billion of senior notes and \$500 million of commercial paper. The \$1.9 billion aggregate principal amount of senior notes includes \$500 million LIBOR Floating Rate Notes due 2007, \$500 million 4.75% Notes due 2009, \$600 million 5.75% Notes due 2014, and \$300 million 6.50% Notes due 2034. As a result of hedging arrangements entered into with respect to these securities, our effective interest rates are 3.53% on the 2007 notes, 4.48% on the 2009 notes, 5.51% on the 2014 notes and 6.35% on the 2034 notes. The commercial paper was issued under a \$1 billion commercial paper program that we have established. We may issue additional commercial paper under this program from time to time.

The liabilities we assumed from GEFAHI include the Yen Notes, which are ¥60 billion aggregate principal amount of 1.60% notes due 2011 issued by GEFAHI, ¥3 billion of which GEFAHI held and transferred to us in connection with our corporate reorganization. In the third quarter of 2004, we retired the ¥3 billion of Yen Notes that were transferred to us. We have entered into arrangements to swap our obligations under the Yen 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.

In connection with our corporate reorganization, we entered into a Tax Matters Agreement with GE, which represents an obligation by us to GE that is estimated to have a present value of approximately \$389 million.

In connection with our corporate reorganization, we also entered into \$2 billion of revolving credit facilities, including a \$1.0 billion 364-day facility and a \$1.0 billion five-year facility. The revolving credit facilities support our commercial paper program and provide us with liquidity to meet general funding requirements. We expect to replace the 364-day facility upon its expiration with a similar or longer-term credit facility. Our ability to borrow under these facilities and to issue commercial paper in excess of \$500 million in the aggregate may 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).

We believe our revolving credit facilities, further issuances under our commercial paper program and anticipated cash flows from operations, will provide us with sufficient liquidity to meet our operating requirements for the foreseeable future. For further information about our borrowings, see note 14 to our financial statements, included in Item 8. of this Annual Report.

Net cash provided by operating activities was \$5,498 million, \$3,716 million and \$4,883 million for the years ended December 31, 2004, 2003 and 2002, respectively. Cash flows from operating activities are affected by the timing of premiums received, fees received and investment income. Principal sources of cash include sales

Table of Contents

of our products and services. The increase in cash from operating activities for the year ended December 31, 2004 compared to the year ended December 31, 2003 of \$1,782 million and the decrease in cash from operating activities for the year ended December 31, 2003 compared to the year ended December 31, 2002 of \$1,167 million was primarily the result of 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 from investing activities was \$(5,404) million, \$(681) million and \$(6,525) million for the years December 31, 2004, 2003 and 2002, respectively.

The decrease in net cash from investing activities for the year ended December 31, 2004 compared to December 31, 2003, of \$4,723 million was primarily the result of a \$1,621 million decrease in cash provided by the proceeds from the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses in 2003 that did not recur in 2004 and an increase of \$2,057 million in net investment purchases. 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 from financing activities was \$(791) million, \$(2,714) and \$2,293 million for the years ended December 31, 2004, 2003 and 2002, respectively. Changes in cash from financing activities primarily relate to the issuance and repayment of borrowings, dividends to our stockholders and other capital transactions, as well as the issuance of, and redemptions and benefit payments on, investment contracts. The \$1,923 million increase in cash from financing activities for the year ended December 31, 2004, compared to the year ended December 31, 2003, was primarily the result of an increase in net cash flows from our stockholder, primarily in transactions related to our corporate reorganization, of \$2,430 million, as well as the issuance of long-term borrowings of \$1,895 million and lower net redemptions and deposits in investment contracts of \$678 million, partially offset by the decrease in net short-term borrowings of \$2,713 million and the repayment of the \$550 million Contingent Note. The decrease 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 a decrease 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.

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.

Table of Contents

As of December 31, 2004, we had approximately \$2.8 billion of 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 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. Of the \$2.8 billion aggregate amount outstanding as of December 31, 2004, \$1.6 billion had put option features, none of which were less than 90 days. GE Capital has guaranteed certain obligations under floating-rate funding agreements with a final maturity on or before June 30, 2005. This guarantee covers our obligations to contractholders and requires us to reimburse GE Capital for any payments made to contractholders under the guarantee. As of December 31, 2004, GE Capital’s guarantee covered \$1.4 billion of outstanding floating-rate funding agreements.

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. As of December 31, 2004, our total cash and invested assets was \$67.1 billion. Our investments in privately placed fixed maturities, mortgage loans, policy loans, limited partnership interests 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, 2004.

Total assets were \$103.9 billion as of December 31, 2004, compared to \$103.4 billion as of December 31, 2003. Total assets remained relatively unchanged, with an increase in assets primarily attributable to normal business growth, partially offset by a decrease of \$5.7 billion of assets that were not transferred to us in connection with our corporate reorganization. Total liabilities were \$91.0 billion as of December 31, 2004, compared to \$87.6 billion as of December 31, 2003. This increase of \$3.4 billion was primarily due to growth in contractholder liabilities, as well as the issuance of \$600 million of our Equity Units and \$100 million of our mandatorily redeemable Series A Preferred Stock, partially offset by the tax impact of our corporate reorganization and other liabilities that were not transferred to us in connection with our corporate reorganization.

Contractual obligations

We enter into obligations to third-parties in the ordinary course of our operations. These obligations, as of December 31, 2004, 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.

Table of Contents

(Dollar amounts in millions)	Payments due by period				
	Total	2005	2006-2007	2008-2009	2010 and thereafter
Borrowings(1)	\$ 4,606	\$ 559	\$ 500	\$ 1,100	\$ 2,447
Operating lease obligations	139	29	47	37	26
Purchase obligations(2)	289	149	56	48	36
Insurance liabilities(3)	60,643	10,060	13,623	10,393	26,567
Other contractual liabilities(4)	625	31	41	54	499
Total contractual obligations	\$ 66,302	\$ 10,828	\$ 14,267	\$ 11,632	\$ 29,575

- (1) Includes principal of our short- and long-term borrowings, non-recourse funding obligations, senior notes underlying equity units and mandatorily redeemable Series A Preferred Stock, as described in note 14 to our financial statements. Any payment of principal of, including by redemption, or interest on, the non-recourse funding obligations is subject to regulatory approval.
- (2) Includes contractual purchase commitments; excludes funding commitments entered into in the ordinary course of business.
- (3) Includes guaranteed investment contracts and funding agreements, structured settlements and income annuities (including contracts we ceded to UFLIC, because we remain the primary obligor under those contracts), based upon scheduled payouts, as well as those contracts with reasonably determinable cash flow, such as deferred annuities, universal life, term life, long-term care, whole life and other life insurance contracts.
- (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 15 to our financial statements), 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 criteria include length of time and amount that each security 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, risk and asset management teams, as well as the portfolio management and research capabilities of GEAM and other third-party asset managers, as required. 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, 2004, securities "at risk" of impairment had aggregate unrealized losses of approximately \$50 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, 2004 was \$12.3 billion.

Table of Contents

For the twelve months ended December 31, 2004 and 2003, we recognized impairments of \$26 million and \$224 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. For the twelve months ended December 31, 2004, the pre-tax realized investment loss incurred on the sale of fixed maturities and equity securities was \$38 million. The aggregate fair value of securities sold at a loss during twelve months ended December 31, 2004 was \$2.9 billion, which was approximately 98.6% 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, 2004:

(Dollar amounts in millions)	Less Than 12 Months				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% below cost	# of securities
Description of Securities					
Fixed maturities:					
U.S. government and agencies	\$ 115	\$ 114	\$ (1)	0.9%	15
State and municipal	89	88	(1)	1.1%	28
Government—non U.S.	225	222	(3)	1.3%	32
U.S. corporate	3,496	3,426	(70)	2.0%	400
Corporate—non U.S.	1,224	1,207	(17)	1.4%	155
Asset Backed	857	853	(4)	0.5%	125
Mortgage Backed	2,807	2,776	(31)	1.1%	259
Subtotal, fixed maturities	8,813	8,686	(127)	1.4%	1,014
Equities securities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027
% Below cost—fixed maturities:					
<20% Below cost	\$ 8,799	\$ 8,678	\$ (121)	1.4%	1,002
20-50% Below cost	14	8	(6)	42.9%	6
>50% Below cost	—	—	—	—	6
Total fixed maturities	8,813	8,686	(127)	1.4%	1,014
% Below cost—equity securities:					
<20% Below cost	\$ 7	\$ 7	\$ —	—	12
20-50% Below cost	—	—	—	—	—
>50% Below cost	—	—	—	—	1
Total equity maturities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027
Investment grade	\$ 8,026	\$ 7,930	\$ (96)	1.2%	869
Below investment grade	600	575	(25)	4.2%	114
Not Rated—Fixed maturities	187	181	(6)	3.2%	31
Not Rated—Equities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027

[Table of Contents](#)

12 Months or More

(Dollar amounts in millions)	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% below cost	# of securities
Description of Securities					
Fixed maturities:					
U.S. government and agencies	\$ 3	\$ 3	\$ —	—	1
State and municipal	1	1	—	—	2
Government—non U.S.	106	106	—	—	30
U.S. corporate	834	763	(71)	8.5%	127
Corporate—non U.S.	181	176	(5)	2.8%	35
Asset Backed	55	54	(1)	1.8%	5
Mortgage Backed	244	233	(11)	4.5%	78
Subtotal, fixed maturities	1,424	1,336	(88)	6.2%	278
Equities securities	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297
% Below cost—fixed maturities:					
<20% Below cost	\$ 1,319	\$ 1,262	\$ (57)	4.3%	234
20-50% Below cost	95	69	(26)	27.4%	23
>50% Below cost	10	5	(5)	50.0%	21
Total fixed maturities	1,424	1,336	(88)	6.2%	278
% Below cost—equity securities:					
<20% Below cost	\$ 21	\$ 20	\$ (1)	4.8%	8
20-50% Below cost	2	1	(1)	50.0%	10
>50% Below cost	—	—	—	—	1
Total equity maturities	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297
Investment grade	\$ 973	\$ 934	\$ (39)	4.0%	188
Below investment grade	450	401	(49)	10.9%	88
Not Rated—Fixed maturities	1	1	—	—	2
Not Rated—Equities	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297

The investment securities in an unrealized loss position as of December 31, 2004 for less than twelve months account for \$127 million, or 58%, of our total unrealized losses. Of the securities in this category, there were three securities with an unrealized loss in excess of \$5 million. These three securities had aggregate unrealized losses of \$18 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 \$15 million to \$386 million, the maturities, which range from 2010 to 2036, and the credit quality of the issuers. The issuer of the investment scheduled to mature in 2010 prepaid the related principal and interest along with a prepayment fee in January 2005.

The investment securities in an unrealized loss position as of December 31, 2004 for twelve months or more account for \$90 million, or 42%, of our total unrealized losses. There are 104 fixed-maturities in four industry groups that account for \$54 million, or 60%, of the unrealized losses in this category.

Forty-four of these 104 securities are in the finance and insurance sector. Within this sector, no single issue has unrealized losses greater than \$5 million. The unrealized losses of these securities are due primarily to changes in interest rates from the time the securities were purchased.

Thirty-five of these 104 securities are in the transportation sector and are related to the airline industry. All of our airline securities, with one exception, are collateralized by commercial jet aircraft associated with several

Table of Contents

domestic airlines and one cargo airline. The collateral underlying these securities consists of commercial jet aircraft, except for one that is secured by airline ticket receivables. We believe these security holdings are in a temporary loss position as a result of ongoing negative market reaction to difficulties in the commercial airline industry. Within this sector, we have recognized \$1 million and \$36 million of other-than-temporary impairments in 2004 and 2003, respectively. 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, 2004, 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 that we have previously impaired, we expect to recover our carrying amount based upon underlying aircraft collateral values.

Fourteen of these 104 securities are in the consumer non-cyclical sector, of which there was one issuer with unrealized losses in excess of \$5 million. This issuer, which had a \$7 million unrealized loss, is in the tobacco industry, is current on all terms, shows improving trends with regards to liquidity and security price and is not considered at risk of impairment. Each of the other securities in this sector has unrealized losses of less than \$5 million.

Eleven of these 104 securities are in the consumer non-cyclical sector, of which there was one issuer with unrealized losses in excess of \$5 million. The aggregate par value of securities was \$37 million. This issuer is current on all terms and is not considered at risk of impairment.

In the remaining industry sectors, as of December 31, 2004, one issuer of fixed-maturity securities had an unrealized loss of \$5 million. This issuer is current on all terms, has sufficient liquidity to service current debt obligations and is seeking additional financing. No other single issuer of fixed maturities in these sectors has an unrealized loss of greater than \$5 million.

The equity securities in an unrealized loss position, as of December 31, 2004, for twelve months or more are primarily preferred stocks with fixed maturity-like characteristics. No single security had an unrealized loss greater than \$2 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, 2004 and December 31, 2003 were \$1.6 billion.

Securitization transactions resulted in net gains, before taxes, of approximately \$43 million and \$29 million for the years ended December 31, 2003 and 2002, respectively, and were included in net realized investment gains (losses) in our financial statements. There were no securitization transactions in the year ended December 31, 2004.

We have arranged for the assets that we have transferred in securitization transactions to be serviced by us directly or pursuant to arrangements 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, 2004, we provided limited recourse for a maximum of \$119 million of credit losses. To date, we have not yet been required to make payments under any of these credit support agreements. The agreements will remain in place throughout the life of the related entities.

Table of Contents

GE Capital, our indirect parent and majority stockholder, 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 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 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 financial statements for the period from July 1 to December 31, 2003. For the year ended December 31, 2004, we included \$64 million of revenue, \$3 million of general expenses and \$47 million of interest expense associated with these entities in our historical financial statements. 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 Statement of Financial Position, which are part of our Corporate and Other segment as of the dates indicated:

(Dollar amounts in millions)	December 31,	
	2004	2003
Assets:		
Restricted investments held by securitization entities	\$860	\$ 1,069
Other assets	24	65
Total(1)	\$884	\$ 1,134
Liabilities:		
Borrowings related to securitization entities	\$849	\$ 1,018
Other liabilities	3	59
Total	\$852	\$ 1,077

(1) Includes \$31 million and \$51 million of retained interests in securitized assets as of December 31, 2004 and 2003, respectively, that are consolidated.

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

We do not believe that inflation has had a material effect on our historical results of operations, except insofar as inflation may affect interest rates.

[Table of Contents](#)

New Accounting Standards

Currently effective

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. SOP 03-1 provides guidance on separate account presentation and valuation, accounting for sales inducements to contractholders and classification and valuation of long-duration contract liabilities. Prior to adopting SOP 03-1 we held reserves for 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 and \$3 million of guaranteed minimum death benefit reserves. After giving effect to the impact of additional amortization of deferred acquisition costs 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.

Accounting pronouncements not yet adopted

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123R *Share-Based Payments—an amendment of FASB Statements No. 123 and 95*, which we will adopt on July 1, 2005. This statement provides additional guidance on accounting for share based payments and will require all such awards to be measured at fair value with the related compensation cost recognized in income on a prospective basis. We currently recognize compensation cost using the fair value method for all stock based awards issued after January 1, 2002 and do not expect the adoption of SFAS 123R to have a material impact on our results of operations or financial condition.

Item 7A. 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, 2004 and 2003, was \$66 billion and \$79 billion, respectively, of which 80% and 83%, 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 closely 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 years ended December 31, 2004 and 2003, 29% and 26%, respectively, of our net earnings from continuing operations were generated by our international operations.

Table of Contents

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 certain risks, including interest rate risk, currency risk and equity 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;
- reducing our exposure to fluctuations in equity market indices that underlie some of our products; 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 cause the market value of our fixed income securities portfolio to decline by approximately \$2.9 billion, based on our securities positions as of December 31, 2004.

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, 2004, 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 as of December 31, 2004, that such a decrease would have an insignificant effect on our net earnings from continuing operations.

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 cause the market value of our equity investments to decline by approximately \$8 million.

Table of Contents

based on our equity positions as of December 31, 2004. 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 (see table below) in terms of amounts owed to us, typically as the result of changes in market conditions, 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 permits us to enter into derivative transactions with counterparties rated "A3" by Moody's and "A-" by S&P if the agreements governing such transactions require both parties to provide collateral in certain circumstances. Our policy further 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.

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 without collateral (1)		
Up to \$50 million	Aa3	AA-
Up to \$75 million	Aaa	AAA
Credit exposure limit with collateral (1)		
Up to \$5 million	A3	A-
Up to \$50 million	Aa3	AA-
Up to \$100 million	Aaa	AAA

(1) Credit exposure limits noted in this table are set by GE Capital and apply in the aggregate to all companies that are consolidated into GE Capital.

The following table sets forth an analysis of our counterparty credit risk exposures net of collateral held as of the dates indicated:

Moody's Rating	December 31,		
	2004	2003	2002
Aaa	88%	95%	91%
Aa	10%	5%	9%
A	2%	— %	— %
	100%	100%	100%

[Table of Contents](#)

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements

	<u>Page</u>
Annual Financial Statements:	
Report of KPMG LLP, Independent Registered Public Accounting Firm	142
Statement of Earnings for the years ended December 31, 2004, 2003 and 2002	143
Statement of Financial Position as of December 31, 2004 and 2003	144
Statement of Stockholders' Interest for the years ended December 31, 2004, 2003 and 2002	145
Statement of Cash Flows for the years ended December 31, 2004, 2003 and 2002	146
Notes to Financial Statements	147

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

We have audited the accompanying statement of financial position of Genworth Financial, Inc. (the Company) as of December 31, 2004 and 2003, and the related statements of earnings, stockholders' interest, and cash flows for each of the years in the three-year period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 financial statements referred to above present fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the financial statements, the Company changed its method of accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, its method of accounting for variable interest entities in 2003, and its method of accounting for goodwill and other intangible assets in 2002.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Genworth Financial Inc.'s internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 11, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Richmond, Virginia
February 11, 2005

[Table of Contents](#)

Genworth Financial, Inc.
Statement of Earnings
(Dollar amounts in millions, except per share amounts)

	Years Ended December 31,		
	2004	2003	2002
Revenues:			
Premiums	\$ 6,559	\$ 6,707	\$ 6,107
Net investment income	3,648	4,051	3,979
Net realized investment gains	26	10	204
Policy fees and other income	824	915	939
Total revenues	11,057	11,683	11,229
Benefits and expenses:			
Benefits and other changes in policy reserves	4,804	5,270	4,640
Interest credited	1,432	1,624	1,645
Underwriting, acquisition, and insurance expenses, net of deferrals	1,812	1,916	1,808
Amortization of deferred acquisition costs and intangibles	1,154	1,351	1,221
Interest expense	217	140	124
Total benefits and expenses	9,419	10,301	9,438
Earnings from continuing operations before income taxes and accounting change	1,638	1,382	1,791
Provision for income taxes	493	413	411
Net earnings from continuing operations before accounting change	1,145	969	1,380
Net earnings (loss) from discontinued operations, net of taxes	—	186	(206)
Gain (loss) on sale of discontinued operations, net of taxes	7	(74)	—
Net earnings before accounting change	1,152	1,081	1,174
Cumulative effect of accounting change, net of taxes	5	—	—
Net earnings	\$ 1,157	\$ 1,081	\$ 1,174
Basic and diluted earnings per common share (see note 3)	\$ 2.36	\$ 2.21	\$ 2.40

See Notes to Financial Statements

[Table of Contents](#)

Genworth Financial, Inc.
Statement of Financial Position
(Dollar amounts in millions)

	December 31,	
	2004	2003
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value	\$ 52,424	\$ 65,485
Equity securities available-for-sale, at fair value	374	600
Mortgage and other loans, net of valuation allowance of \$52 and \$50	6,051	6,114
Policy loans	1,224	1,105
Short-term investments	818	531
Restricted investments held by securitization entities	860	1,069
Other invested assets	3,996	3,789
	65,747	78,693
Cash and cash equivalents	1,392	1,982
Accrued investment income	733	970
Deferred acquisition costs	5,020	5,788
Intangible assets	780	1,346
Goodwill	1,465	1,728
Reinsurance recoverable	18,535	2,334
Other assets (\$24 and \$65 restricted in securitization entities)	1,322	2,346
Separate account assets	8,884	8,244
	\$ 103,878	\$ 103,431
Liabilities and Stockholders' Interest		
Liabilities:		
Future annuity and contract benefits	\$ 61,698	\$ 59,257
Liability for policy and contract claims	3,329	3,207
Unearned premiums	3,597	3,616
Other policyholder liabilities	638	465
Other liabilities (\$3 and \$59 restricted in securitization entities)	6,792	7,051
Non-recourse funding obligations	900	600
Short-term borrowings	559	2,239
Long-term borrowings	2,442	529
Senior notes underlying equity units	600	—
Preferred stock	100	—
Deferred tax liability	624	1,405
Borrowings related to securitization entities	849	1,018
Separate account liabilities	8,884	8,244
	91,012	87,631
Commitments and Contingencies		
Stockholders' interest:		
Class A Common Stock, \$0.001 par value; 1.5 billion shares authorized; 146.5 million shares issued and outstanding	—	—
Class B Common Stock, \$0.001 par value; 700 million shares authorized; 343.1 million shares issued and outstanding	—	—
Additional paid-in capital	10,612	8,377
	10,612	8,377
Accumulated non-owner changes in stockholders' interest:		
Net unrealized investment gains	1,019	1,518
Derivatives qualifying as hedges	268	(5)
Foreign currency translation adjustments	322	159
	1,609	1,672
Retained earnings	645	5,751
	12,866	15,800
Total stockholders' interest	12,866	15,800
Total liabilities and stockholders' interest	\$ 103,878	\$ 103,431

See Notes to Financial Statements

[Table of Contents](#)

Genworth Financial, Inc.
Statement of Stockholders' Interest
(Dollar amounts in millions)

	Paid-in capital	Accumulated non-owner changes in stockholders' interest	Retained earnings	Total stockholders' interest
Balances as of 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
Dividends and other transactions with stockholder	85	—	(171)	(86)
Balances as of 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
Dividends and other transactions with stockholder	298	—	(3,168)	(2,870)
Balances as of December 31, 2003	8,377	1,672	5,751	15,800
Changes other than transactions with stockholders:				
Net earnings	—	—	1,157	1,157
Net unrealized gains (losses) on investment securities	—	(465)	—	(465)
Derivatives qualifying as hedges	—	273	—	273
Foreign currency translation adjustments	—	163	—	163
Total changes other than transactions with stockholders	—	—	—	1,128
Dividends and other transactions with stockholder prior to our corporate reorganization	2,190	(34)	(6,199)	(4,043)
Transactions subsequent to our corporate reorganization:				
Dividends to stockholders	—	—	(64)	(64)
Stock-based compensation	29	—	—	29
Capital contributions from majority stockholder	16	—	—	16
Balances as of December 31, 2004	\$10,612	\$ 1,609	\$ 645	\$ 12,866

See Notes to Financial Statements

[Table of Contents](#)

Genworth Financial, Inc.
Statement of Cash Flows
(Dollar amounts in millions)

	Years Ended December 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net earnings	\$ 1,157	\$ 1,081	\$ 1,174
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Amortization of investment discounts and premiums	81	18	(5)
Net realized investment gains	(26)	(10)	(204)
Charges assessed to policyholders	(301)	(295)	(198)
Acquisition costs deferred	(1,047)	(1,758)	(1,906)
Amortization of deferred acquisition costs and intangibles	1,154	1,351	1,221
Deferred income taxes	(1,196)	(63)	(55)
Corporate overhead allocation	14	36	31
Cumulative effect of accounting changes, net of taxes	(5)	—	—
Net (earnings) loss from discontinued operations	—	(186)	206
Net (gain) loss from sale of discontinued operations	(7)	74	—
Change in certain assets and liabilities:			
Accrued investment income and other assets	618	(136)	(223)
Insurance reserves	2,566	3,105	3,218
Current tax liabilities	1,689	476	466
Other liabilities and other policy-related balances	801	23	1,158
Net cash from operating activities	5,498	3,716	4,883
Cash flows from investing activities:			
Proceeds from maturities and repayments of investments:			
Fixed maturities	5,854	8,198	5,999
Mortgage, policy and other loans	866	1,711	533
Other invested assets	9	73	9
Proceeds from sales and securitizations of investments:			
Fixed maturities and equity securities	4,677	16,253	22,266
Other invested assets	246	110	74
Purchases and originations of investments:			
Fixed maturities and equity securities	(15,186)	(26,597)	(33,004)
Mortgage, policy and other loans	(1,372)	(2,653)	(1,438)
Other invested assets	(304)	(248)	(236)
Dividends received from discontinued operations	—	495	62
Payments for businesses purchased, net of cash acquired	(9)	44	(61)
Proceeds from sale of discontinued operations	10	1,631	—
Short-term investment activity, net	(195)	302	(729)
Net cash from investing activities	(5,404)	(681)	(6,525)
Cash flows from financing activities:			
Proceeds from issuance of investment contracts	7,109	8,262	9,749
Redemption and benefit payments on investment contracts	(7,163)	(8,994)	(7,279)
Short-term borrowings activity, net	(2,340)	373	(289)
Proceeds from issuance of non-recourse funding obligations	300	600	—
Proceeds from long-term borrowings	1,895	—	—
Net commercial paper borrowings	499	16	212
Repayment of contingent note	(550)	—	—
Cash transferred in connection with our corporate reorganization	(838)	—	—
Dividends paid to stockholders	(1,613)	(3,232)	(132)
Capital contribution received from stockholder	1,910	261	32
Net cash from financing activities	(791)	(2,714)	2,293
Effect of exchange rate changes on cash and cash equivalents	107	92	37
Net change in cash and cash equivalents	(590)	413	688
Cash and cash equivalents at beginning of year	1,982	1,569	881
Cash and cash equivalents at end of year	\$ 1,392	\$ 1,982	\$ 1,569

See Notes to Financial Statements

Genworth Financial, Inc.
Notes to Financial Statements
Years Ended December 31, 2004, 2003 and 2002

(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 an initial public offering of Genworth common stock, which was completed on May 28, 2004 (“IPO”). In connection with the IPO, Genworth acquired substantially all of the assets and liabilities of GE Financial Assurance Holdings, Inc. (“GEFAHI”). Prior to its IPO, Genworth was a wholly-owned subsidiary of GEFAHI. GEFAHI is an indirect subsidiary of General Electric Capital Corporation (“GE Capital”), which in turn is an indirect subsidiary of GE. Prior to the corporate reorganization, GEFAHI was 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. At the same time, Genworth also acquired certain other insurance businesses previously owned by other GE subsidiaries. These businesses include international mortgage insurance, payment protection insurance based in Europe, 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 6.00% Equity Units (“Equity Units”), \$100 million of its 5.25% Series A Cumulative Preferred Stock (“Series A Preferred Stock”) which is mandatorily redeemable, a \$2.4 billion short-term note, and a \$550 million contingent non-interest-bearing note (“Contingent Note”). The liabilities Genworth assumed included ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI. The transactions above, which are accounted for at book value as transfers between entities under common control, are referred to as our corporate reorganization. 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. Class A Common Stock and Class B Common Stock have identical voting rights, except Class B shares have approval rights over certain corporate actions and rights with respect to the election and removal of directors. As a result, all of the 146.4 million shares of common stock sold in Genworth’s IPO consisted of Class A Common Stock.

For the periods prior to our corporate reorganization, the accompanying financial statements include the accounts of certain indirect subsidiaries and businesses of GE that represent the predecessor of Genworth. The companies and businesses 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., Genworth Financial 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., Assocred SA, Ennington Properties Limited and the consumer protection insurance business of Vie Plus S.A. All of the combined companies were indirect subsidiaries of GE. For these periods, we refer to the combined predecessor companies and businesses as the “company”, “we”, “us”, or “our” unless the context otherwise requires.

For the periods subsequent to our reorganization, the accompanying financial statements include on a consolidated basis the accounts of Genworth and our affiliate companies in which we hold a majority voting or economic interest, which for these periods we refer to as the “company,” “we”, “us”, or “our” unless the context otherwise requires.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies

Our 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. Certain prior year amounts have been reclassified to conform to the current year presentation.

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. Prior to our corporate reorganization on May 24, 2004, we operated five business segments: (i) Protection, (ii) Retirement Income and Investments, (iii) Mortgage Insurance, (iv) Affinity and (v) Corporate and Other. As part of our corporate reorganization we did not acquire any of the Affinity segment businesses from GEFAHI. Accordingly, the results of the Affinity segment are included in our historical results of operations through May 24, 2004, but excluded thereafter. 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 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 and variable deferred annuities, 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, New Zealand, and Europe that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages.

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, we report premiums as earned when due. For short-duration insurance contracts, 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 single premium 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.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

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) which 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 all 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, 2004, all our mortgage-backed and asset-backed securities that have had subsequent revisions in yield, cash flow or prepayment assumptions are 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 are 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.

e) Investment Securities

We have designated all of our investment securities as available-for-sale and report them in our 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 non-owner changes in stockholders' interest and, accordingly, have no effect on net income.

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative criteria include length of time and amount that each security is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. 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, risk and asset management teams, as well as the portfolio management and research capabilities of GE Asset Management Incorporated ("GEAM") and other third party asset managers, as required. We actively perform comprehensive market research, monitor market conditions and segment our investments by credit risk in order to minimize impairment risks. Certain risks are inherent in reviewing the impairment of any investment security, including that market results may differ from expectations; facts and circumstances may change in the future and

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

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 Statement of Financial Position and 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 Statement of Financial Position.

Cash collateral received on securities lending transactions is reflected 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 Statement of Financial Position as we have not repledged or sold the collateral. The fair value of collateral held and included in other invested assets is \$3.2 billion and \$3.0 billion as of December 31, 2004 and 2003, respectively. We had non-cash collateral of \$44 million and \$0 million as of December 31, 2004 and 2003, respectively.

i) Deferred Acquisition Costs (DAC)

Acquisition costs include costs, which vary with and are primarily related to the acquisition of insurance and investment contracts. 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.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

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.

Deferred Sales Inducements to Contractholders. We defer sales inducements to contractholders for features on variable annuities that entitle the contractholder to an incremental amount to be credited to the account value upon making a deposit, and for fixed annuities with crediting rates higher than the contract's expected ongoing crediting rates for periods after the inducement. Our sales inducements to contractholders deferred prior to the adoption of the American Institute of Certified Public Accountants (AICPA) 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 included in unamortized deferred acquisition costs, were reinsured effective January 1, 2004. Deferred sales inducements to contractholders are reported as a separate intangible asset and amortized in benefits and other changes in policy reserves using the same methodology and assumptions used to amortize deferred acquisition costs.

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

Goodwill is not 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.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

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 at least 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 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.

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

For periods prior to our corporate reorganization, our non-life insurance entities were included in the consolidated federal income tax return of GE and subject to a tax-sharing arrangement that allocates tax on a separate company basis, but provides benefit for current utilization of losses and credits. For periods prior to 2004, our U.S. life insurance entities filed a consolidated life insurance federal income tax return separate from GE 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. For

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

2004, through the date of our corporate reorganization, we expect our US life insurance entities to be included in the consolidated federal income tax return of GE, and subject to separate company principles similar to those applicable to our non-life insurance entities. Intercompany balances under all agreements are settled at least annually.

Effective with our corporate reorganization, our U.S. non-life insurance entities are included in the consolidated federal income tax return of Genworth and subject to a tax-sharing arrangement that allocates tax on a separate company basis, but provides benefit for current utilization of losses and credits. Also effective with our corporate reorganization, our U.S. life insurance entities will 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 allocates taxes on a separate company basis but provides benefit for current utilization of losses and credits.

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.

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 Statement of Financial Position date. Translation adjustments are included as a separate component of accumulated non-owner changes in stockholders' interest. Revenue and expenses of the foreign operations are translated into U.S. dollars at the average rates of exchange prevailing during the year. Gains and losses arising from transactions denominated in a foreign currency are included in earnings.

r) Accounting Changes

In July 2003, the AICPA 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 adopted on January 1, 2004. This statement provides guidance on separate account presentation and valuation, the accounting for sales inducements paid to contractholders and the classification and valuation of long-duration contract liabilities.

A two-tiered annuity has two crediting rates applied to the account value. A lower rate is used to calculate the account value if the contractholder elects to surrender (the "lower tier"). A higher rate is used to calculate contractholder account value for annuitization or death (the "upper tier"). As of January 1, 2004, account values calculated using the crediting rates for the lower tier and the upper tier are \$121 million and \$143 million, respectively. Prior to adopting SOP 03-1, we held reserves for two-tiered annuities of \$138 million as of December 31, 2003, which assumed that all policyholders moved from the lower tier to the upper tier ratably over the accumulation phase. Because we no longer sell these products and due to the aging of our in-force block, our carried reserve was closer to the upper tier account value. SOP 03-1 requires that during the accumulation phase we hold the lower-tier account value plus an additional liability, \$7 million as of January 1, 2004 and \$6 million as of December 31, 2004, for the estimated annuitization benefit in excess of the accrued account balance based on our actual experience, which includes annual assumptions of 10% for annuitization and 4.5% for surrenders. To record these reserves in accordance with SOP 03-1, we released \$10 million, or 7%, of our two-tiered annuity reserves. After giving effect to the impact of additional amortization of deferred acquisition costs related to these reserve releases, we recorded a \$5 million benefit in cumulative effect of accounting changes, net of taxes.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

As described in note 10, in connection with our corporate reorganization, we reinsured our in-force variable annuities, excluding the GE Retirement Answer (“GERA”) product and a small block of contracts in run-off, to an affiliate, effective as of January 1, 2004. We have continued to sell variable annuities and are retaining that business for our own account, subject to third-party reinsurance transactions in the ordinary course of business. The reinsurance transaction for the separate account of the variable annuities is structured as modified coinsurance. As such, the separate account assets remain with us. Essentially all of our separate account assets and liabilities relate to variable annuities. Investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholder for assets allocated to the separate account option. Our variable contracts also include fixed accounts, which are accounted for and recognized as general account assets and liabilities.

Our variable annuities provide for a guaranteed minimum death benefit (“GMDB”), which provides a minimum account value to be paid on the annuitant’s death. Our contractholders have the option to purchase, at an additional charge, a GMDB rider that provides for enhanced death benefits. The minimum death benefit that we contractually guarantee to be paid on receipt of proof of the annuitant’s death is either one of the following specified amounts or, in some cases, the greater of one or more of these amounts: (a) current account value, (b) return of premium, which is no less than net deposits made to the contract reduced by any amounts withdrawn from the policy, (c) the highest contract value on a specified anniversary date (“ratchet”), adjusted for subsequent premiums and withdrawals, if any, or (d) premium accumulated at a stated interest rate (“roll-up”), adjusted for any amounts withdrawn from the policy. In addition, we offer an Earnings Protection Rider (“EPR”), which pays a death benefit up to 40% of the gain in the contract. GERA, a variable deferred annuity and two variable annuity riders, the Guaranteed Income Advantage and Principal Protection Advantage, also provide for a GMDB. Essentially all of our separate account guarantees are death benefits.

The total account value (excluding the block of business reinsured through the transaction mentioned above) of our variable annuities with GMDBs, including both separate account and fixed account assets, is approximately \$203 million and \$1,068 million at January 1, 2004 and December 31, 2004, respectively, with related death benefit exposure (or net amount at risk) of approximately \$0 million and \$1 million, respectively. The death benefit exposure for the EPR is \$0 million at January 1, 2004 and \$3 million at December 31, 2004.

The following table presents our variable annuity exposure, net of reinsurance, by GMDB type at December 31, 2004:

(Dollar amounts in millions)	Account Value	Net Amount at Risk(a)
Return of premium	\$ 587	\$ —
Ratchet	189	—
Roll-up	174	1
Ratchet and roll-up	118	—
Total	\$1,068	\$ 1

(a) Net amount at risk represents the guaranteed minimum death benefit exposure, in excess of the current account value, if all contractholders died on December 31, 2004.

The average attained age of our variable annuity contractholders with GMDBs, weighted by net amount at risk, is 63 years of age as of December 31, 2004.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

The liability for our GMDBs and EPR on variable annuity contracts, net of reinsurance, is \$1 million at December 31, 2004. Incurred GMDB and EPR, net of reinsurance, is \$1 million for the year ended December 31, 2004.

Our GMDB and EPR liability is determined by estimating the expected value of death benefits in excess of the projected account value (or death benefit up to 40% of the gain in the contract for EPR) and recognizing the excess ratably over the accumulation period based on total expected assessments. We regularly evaluate estimates used and adjust the additional liability balance, with a related charge or credit to benefits and other changes in policy reserves, if actual experience or other evidence suggests that earlier assumptions should be revised.

The following assumptions are used to determine the variable annuity GMDB and EPR liability at December 31, 2004: data used is 1,000 stochastically generated investment performance scenarios; geometric mean equity growth assumed to be 8.9% and volatility assumed to be 20% for the portion of account value invested in equity securities; mortality assumed to be 95% of the 1983 Basic Table mortality; lapse rates, which vary by contract type and duration, assumed to range from 1% to 25% and correspond closely to lapse rates used for deferred acquisition cost amortization; and discount rate assumed to be 8%.

The assets supporting the separate accounts of the variable contracts are primarily mutual fund equity securities and are reflected in our Statement of Financial Position at fair value and reported as summary total separate account assets with an equivalent summary total reported for liabilities. Amounts assessed against the contractholders for mortality, administrative, and other services are included in revenues. Changes in liabilities for minimum guarantees are included in benefits and other changes in policy reserves.

Separate account net investment income, net investment gains and losses, and the related liability changes are offset within the same line item in the Statement of Earnings. There are no gains or losses on transfers of assets from the general account to the separate account.

We defer sales inducements to contractholders for features on variable annuities that entitle the contractholder to an incremental amount to be credited to the account value upon making a deposit, and for fixed annuities with crediting rates higher than the contract's expected ongoing crediting rates for periods after the inducement. Our sales inducements to contractholders deferred prior to the adoption of SOP 03-1, which we included in unamortized deferred acquisition costs, were reinsured effective January 1, 2004. At December 31, 2004 the unamortized sales inducements to contractholders balance was \$14 million. Deferred sales inducements to contractholders are reported as a separate intangible asset and amortized in benefits and other changes in policy reserves using the same methodology and assumptions used to amortize deferred acquisition costs. For the year ended December 31, 2004, we deferred new sales inducements to contractholders of \$15 million, and we amortized sales inducements to contractholders of \$1 million.

We adopted FASB Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities* on July 1, 2003.

GE Capital, our former 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

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

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 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 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.

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 adopted Statement of Financial Accounting Standard (“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 Statement of Financial Position be classified as liabilities. SFAS 150 requires issuers to classify as liabilities the following three types of freestanding financial instruments: mandatorily 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.

On November 25, 2003, the Financial Accounting Standards Board ratified the disclosure consensus reached by the Emerging Issues Task Force (“EITF”) in Issue No. 03-1. Accordingly, effective December 31, 2003, we have included additional disclosures for debt and equity securities in an unrealized loss position for which other-than-temporary impairments have not been recognized.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

We adopted the stock option expense provisions of SFAS 123, *Accounting for Stock-Based Compensation*, for stock options granted by GE to our employees in 2002. A comparison of reported and pro forma net earnings, including effects of expensing stock options, follows:

(Dollar amounts in millions)	2004	2003	2002
Net earnings, as reported	\$1,157	\$1,081	\$1,174
Stock option expense included in net earnings	19	2	1
Total stock option expense per SFAS 123(a)	(21)	(8)	(10)
Net earnings, on pro forma basis	\$1,155	\$1,075	\$1,165
Pro forma basic earnings per common share	\$ 2.36	\$ 2.20	\$ 2.38
Pro forma diluted earnings per common share	\$ 2.35	\$ 2.20	\$ 2.38

(a) As if we had applied SFAS 123 to expense stock options in all periods. Includes amounts actually recognized in net earnings for the years presented.

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.

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 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 9.

s) Accounting Pronouncements Not Yet Adopted

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123R *Share-Based Payments—an amendment of FASB Statements No. 123 and 95*, which we will adopt on July 1, 2005. This statement provides additional guidance on accounting for share based payments and will require all such awards to be measured at fair value with the related compensation cost recognized in income on a prospective basis. We currently recognize compensation cost using the fair value method for all stock based awards issued after January 1, 2002 and do not expect the adoption of SFAS 123R to have a material impact on our results of operations or financial condition.

(3) Earnings per Share

Basic and diluted earnings per share are calculated by dividing net earnings for the year ended December 31, 2004, by 489.5 million weighted average basic shares outstanding and by 490.5 million weighted average diluted shares outstanding, respectively. Weighted average shares outstanding for the year ended

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(3) Earnings per Share (Continued)

December 31, 2004 are determined as if our reorganization had occurred at the beginning of the year. Basic and diluted earnings per share are calculated by dividing historical net earnings by 489.5 million pro forma shares outstanding for the years ended December 31, 2003 and 2002. The number of shares used in our calculation of diluted earnings per share increased in 2004 due to additional shares of Class A Common Stock issuable under stock options and restricted stock units and is calculated using the treasury method.

	2004	2003	2002
Basic earnings per common share:			
Net earnings from continuing operations before accounting change	\$ 2.34	\$ 1.98	\$ 2.82
Net earnings (loss) from discontinued operations, net of taxes	—	0.38	(0.42)
Gain (loss) on sale of discontinued operations, net of taxes	0.01	(0.15)	—
Cumulative effect of accounting change, net of taxes	0.01	—	—
Basic earnings per common share	\$ 2.36	\$ 2.21	\$ 2.40
Diluted earnings per common share:			
Net earnings from continuing operations before accounting change	\$ 2.33	\$ 1.98	\$ 2.82
Net earnings (loss) from discontinued operations, net of taxes	—	0.38	(0.42)
Gain (loss) on sale of discontinued operations, net of taxes	0.01	(0.15)	—
Cumulative effect of accounting change, net of taxes	0.01	—	—
Diluted earnings per common share	\$ 2.36	\$ 2.21	\$ 2.40
Weighted-average shares used in basic earnings per common share calculations	489.5	489.5	489.5
Dilutive securities			
Stock options	0.5	—	—
Restricted stock units	0.5	—	—
Weighted-average shares used in diluted earnings per common share calculations	490.5	489.5	489.5

(4) Acquisitions

Each of the following acquisitions has been accounted for using the purchase method of accounting and, accordingly, the accompanying financial statements reflect the corresponding results of operations from the respective dates of acquisition.

In January 2004, we acquired Hochman & Baker, Inc. for \$10 million, including goodwill of \$9 million. Hochman & Baker, Inc. has wholly-owned subsidiaries consisting of a broker-dealer, registered investment advisor, and insurance agency.

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.

(5) Discontinued Operations

Upon completion of our corporate 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"), which was sold in August 2003, 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 Statement of Cash Flows for all periods presented in the financial statements.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(5) Discontinued Operations (Continued)

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
Revenues	\$1,985	\$2,622
Earnings before income taxes and accounting changes	\$ 284	\$ 229
Provision for income taxes	98	59
Earnings before accounting change	186	170
Cumulative effect of accounting changes, net of deferred taxes of \$0 and \$158	—	(376)
Net earnings (loss) from discontinued operations	\$ 186	\$ (206)

As a result of a settlement related to the sale of our Japan/Auto business, we recognized a gain of \$7 million, net of \$4 million taxes, during the first quarter of 2004.

The domestic auto and homeowners' insurance business declared and paid a dividend of \$62 million in 2002.

(6) Investments

(a) Net Investment Income

For the years ended December 31, sources of net investment income are as follows:

(Dollar amounts in millions)	2004	2003	2002
Fixed maturities—taxable	\$2,827	\$3,354	\$3,333
Fixed maturities—non-taxable	150	128	158
Mortgage and other loans	438	410	361
Equity securities	25	27	39
Other investments	75	17	41
Policy loans	107	88	71
Restricted investments held by securitization entities	64	36	—
Cash, cash equivalents, and short-terms	12	58	37
Gross investment income before expenses and fees	3,698	4,118	4,040
Expenses and fees	(50)	(67)	(61)
Net investment income	\$3,648	\$4,051	\$3,979

(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 are as follows:

(Dollar amounts in millions)	2004	2003	2002
Gross realized investment:			
Gains	\$ 90	\$ 473	\$ 790
Losses, including impairments(a)	(64)	(463)	(586)
Net realized investment gains	\$ 26	\$ 10	\$ 204

(a) Impairments are \$26 million, \$224 million and \$343 million in 2004, 2003 and 2002, respectively.

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

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 non-owner changes in stockholders' interest as of December 31, are summarized as follows:

<u>(Dollar amounts in millions)</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net unrealized gains (losses) on available-for-sale investment securities:			
Fixed maturities	\$1,802	\$2,669	\$1,336
Restricted fixed maturities	(19)	—	—
Equity securities	70	52	(208)
Subtotal	1,853	2,721	1,128
Adjustments to present value of future profits and deferred acquisition costs	(286)	(388)	(74)
Deferred income taxes, net	(548)	(815)	(372)
Subtotal	1,019	1,518	682
Net unrealized gains on investment securities included in assets associated with discontinued operations, net of deferred taxes of \$0, \$0 and \$(295)	—	—	536
Net unrealized gains (losses) on available-for-sale investment securities	<u>\$1,019</u>	<u>\$1,518</u>	<u>\$1,218</u>

The change in the net unrealized gains (losses) on available-for-sale investment securities reported in accumulated non-owner changes in stockholders' interest for the years ended December 31, is as follows:

<u>(Dollar amounts in millions)</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net unrealized gains (losses) on investment securities as of January 1	\$1,518	\$1,218	\$ (296)
Unrealized gains on investment arising during the period:			
Unrealized gain on investment securities	62	1,569	2,046
Adjustment to deferred acquisition costs	99	(231)	(75)
Adjustment to present value of future profits	3	(83)	(59)
Provision for deferred income taxes	(53)	(434)	(677)
Unrealized gains on investment securities	111	821	1,235
Unrealized gains associated with securities transferred in connection with our reorganization, net of deferred taxes of \$(317), \$0 and \$0	(593)	—	—
Reclassification adjustments to net realized investment gains (losses) net of deferred taxes of \$(9), \$9 and \$(75)	(17)	15	(129)
Unrealized gains (losses) on investment securities included in assets associated with discontinued operations arising during the period, net of deferred taxes of \$0, \$(293) and \$229	—	(532)	511
Reclassification adjustment to net earnings from discontinued operations, net of deferred taxes of \$0, \$(2) and \$(55)	—	(4)	(103)
Net unrealized gains (losses) on investment securities as of December 31	<u>\$1,019</u>	<u>\$1,518</u>	<u>\$1,218</u>

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

As of December 31, 2004 and 2003, 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 are as follows:

2004	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(Dollar amounts in millions)				
Fixed maturities:				
U.S. government and agencies	\$ 552	\$ 21	\$ 1	\$ 572
State and municipal	2,908	123	1	3,030
Government—non U.S.	1,681	66	3	1,744
U.S. corporate	21,019	1,005	131	21,893
Corporate—non U.S.	6,677	254	18	6,913
Public utilities	6,036	373	14	6,395
Mortgage and asset-backed	11,749	175	47	11,877
Total fixed maturities	50,622	2,017	215	52,424
Equity securities	304	72	2	374
Total available-for-sale securities	\$ 50,926	\$ 2,089	\$ 217	\$52,798
2003				
(Dollar amounts in millions)				
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

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative criteria include length of time and amount that each security 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, risk, and asset management teams, as well as the portfolio management and research capabilities of GEAM and other third party asset managers, as required. 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, 2004, securities “at risk” of impairment had aggregate unrealized losses of approximately \$50 million.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

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, 2004 is \$12.3 billion.

For the twelve months ended December 31, 2004, 2003 and 2002, we recognized impairments of \$26 million, \$224 million and \$343 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. For the twelve months ended December 31, 2004, the pre-tax realized investment loss incurred on the sale of fixed maturities and equity securities is \$38 million. The aggregate fair value of securities sold at a loss during the twelve months ended December 31, 2004 is \$2.9 billion, which is approximately 98.6% of book value.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

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, 2004:

	Less Than 12 Months				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% Below cost	# of securities
2004					
(Dollar amounts in millions)					
Description of Securities					
Fixed maturities:					
U.S. government and agencies	\$ 115	\$ 114	\$ (1)	0.9%	15
State and municipal	89	88	(1)	1.1%	28
Government—non U.S.	225	222	(3)	1.3%	32
U.S. corporate	3,496	3,426	(70)	2.0%	400
Corporate—non U.S.	1,224	1,207	(17)	1.4%	155
Asset backed	857	853	(4)	0.5%	125
Mortgage backed	2,807	2,776	(31)	1.1%	259
Subtotal, fixed maturities	8,813	8,686	(127)	1.4%	1,014
Equities securities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027
% Below cost—fixed maturities:					
<20% Below cost	\$ 8,799	\$ 8,678	\$ (121)	1.4%	1,002
20-50% Below cost	14	8	(6)	42.9%	6
>50% Below cost	—	—	—	—	6
Total fixed maturities	8,813	8,686	(127)	1.4%	1,014
% Below cost—equity securities:					
<20% Below cost	7	7	—	—	12
20-50% Below cost	—	—	—	—	—
>50% Below cost	—	—	—	—	1
Total equity maturities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027
Investment grade	\$ 8,026	\$ 7,930	\$ (96)	1.2%	869
Below investment grade	600	575	(25)	4.2%	114
Not rated—fixed maturities	187	181	(6)	3.2%	31
Not rated—equities	7	7	—	—	13
Total temporarily impaired securities	\$ 8,820	\$ 8,693	\$ (127)	1.4%	1,027

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

2004	12 Months or More				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% Below cost	# of securities
(Dollar amounts in millions)					
Description of Securities					
Fixed maturities:					
U.S. government and agencies	\$ 3	\$ 3	\$ —	—	1
State and municipal	1	1	—	—	2
Government—non U.S.	106	106	—	—	30
U.S. corporate	834	763	(71)	8.5%	127
Corporate—non U.S.	181	176	(5)	2.8%	35
Asset backed	55	54	(1)	1.8%	5
Mortgage backed	244	233	(11)	4.5%	78
	1,424	1,336	(88)	6.2%	278
Subtotal, fixed maturities	1,424	1,336	(88)	6.2%	278
Equities securities	23	21	(2)	8.7%	19
	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297
% Below cost—fixed maturities:					
<20% Below cost	\$ 1,319	\$ 1,262	\$ (57)	4.3%	234
20-50% Below cost	95	69	(26)	27.4%	23
>50% Below cost	10	5	(5)	50.0%	21
	1,424	1,336	(88)	6.2%	278
% Below cost—equity securities:					
<20% Below cost	21	20	(1)	4.8%	8
20-50% Below cost	2	1	(1)	50.0%	10
>50% Below cost	—	—	—	—	1
	23	21	(2)	8.7%	19
Total equity maturities	23	21	(2)	8.7%	19
	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297
Investment grade	\$ 973	\$ 934	\$ (39)	4.0%	188
Below investment grade	450	401	(49)	10.9%	88
Not rated—fixed maturities	1	1	—	—	2
Not rated—equities	23	21	(2)	8.7%	19
	23	21	(2)	8.7%	19
Total temporarily impaired securities	\$ 1,447	\$ 1,357	\$ (90)	6.2%	297

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

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.

2003	Less Than 12 Months				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% Below cost	# of securities
(Dollar amounts in millions)					
Description 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
% Below cost—fixed maturities					
<20% Below cost	\$ 11,219	\$ 10,898	\$ (321)	2.9%	1,144
20-50% Below cost	128	92	(36)	28.1%	24
>50% Below cost	1	—	(1)	100.0%	14
Total fixed maturities	11,348	10,990	(358)	3.2%	1,182
% Below cost equity securities					
<20% Below cost	53	51	(2)	3.8%	40
20-50% Below cost	—	—	—	—	9
>50% Below cost	—	—	—	—	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

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

2003	12 Months or More				
	Amortized cost or cost	Estimated fair value	Gross unrealized losses	% Below cost	# of securities
(Dollar amounts in millions)					
Description 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
% Below cost—fixed maturities					
<20% Below cost	\$ 1,439	\$ 1,352	\$ (87)	6.0%	169
20-50% Below cost	92	63	(29)	31.5%	23
>50% Below cost	7	2	(5)	71.4%	7
Total fixed maturities	1,538	1,417	(121)	7.9%	199
% Below cost equity securities					
<20% Below cost	26	25	(1)	3.8%	27
20-50% Below cost	23	18	(5)	21.7%	20
>50% Below cost	—	—	—	—	—
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 as of December 31, 2004 for less than twelve months account for \$127 million, or 58%, of our total unrealized losses. Of the securities in this category, there are three securities with an unrealized loss in excess of \$5 million. These three securities had aggregate unrealized losses of \$18 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 \$15 million to \$386 million, the maturities, which range from 2010 to 2036, and the credit quality of the issuers. The issuer of the investment scheduled to mature in 2010 prepaid the related principal and interest along with a prepayment fee in January 2005.

The investment securities in an unrealized loss position as of December 31, 2004 for twelve months or more account for \$90 million, or 42%, of our total unrealized losses. There are 104 fixed maturities in four industry groups that account for \$54 million, or 60%, of the unrealized losses in this category.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

Forty-four of these 104 securities are in the finance and insurance sector. Within this sector, no single issue has unrealized losses greater than \$5 million. The unrealized losses of these securities are due to changes in interest rates from the time the securities were purchased.

Thirty-five of these 104 securities are in the transportation sector and are related to the airline industry. All of our airline securities, with one exception, are collateralized by commercial jet aircraft associated with several domestic airlines and one cargo airline. The collateral underlying these securities consists of commercial jet aircraft, except for one that is secured by airline ticket receivables. We believe these security holdings are in a temporary loss position as a result of ongoing negative market reaction to difficulties in the commercial airline industry. Within this sector, we have recognized \$1 million and \$36 million of other-than-temporary impairments in 2004 and 2003, respectively. 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, 2004, 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 that we have previously impaired, we expect to recover our carrying amount based upon underlying aircraft collateral values.

Fourteen of these 104 securities are in the consumer non-cyclical sector of which there is one issuer with unrealized loss in excess of \$5 million. This issuer, which had a \$7 million unrealized loss, is in the tobacco industry, is current on all terms, shows improving trends with regards to liquidity and security price and is not considered at risk of impairment. Each of the other securities in this sector has unrealized losses of less than \$5 million.

Eleven of these 104 securities are in the consumer cyclical sector, of which there is one issuer with unrealized losses in excess of \$5 million. The aggregate par value of securities is \$37 million. The issuer is current on all terms and is not considered risk of impairment.

In the remaining industry sectors, one issuer of fixed maturities securities had an unrealized loss of \$5 million. The issuer is current on all terms, has sufficient liquidity to service current debt obligation and is seeking additional financing. No other single issuer of fixed maturities in these sectors has an unrealized loss of greater than \$5 million.

The equity securities in an unrealized loss position as of December 31, 2004 for twelve months or more are primarily preferred stocks with fixed maturity-like characteristics. No single security had an unrealized loss greater than \$2 million.

The scheduled maturity distribution of fixed maturities as of December 31, 2004 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 one year or less	\$ 2,026	\$ 2,040
Due after one year through five years	10,450	10,749
Due after five years through ten years	11,395	11,842
Due after ten years	15,002	15,916
Subtotal	38,873	40,547
Mortgage and asset-backed	11,749	11,877
Total	\$ 50,622	\$ 52,424

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

As of December 31, 2004, \$6,615 million of our investments (excluding mortgage and asset-backed securities) are subject to certain call provisions.

As of December 31, 2004, securities issued by finance and insurance, utilities and energy and consumer—non cyclical industry groups represented approximately 29%, 20% and 12% 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.

As of December 31, 2004, 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 stockholders' interest.

As of December 31, 2004 and 2003, \$271 million and \$203 million, respectively, of securities are 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. The following table sets forth NAIC Ratings by amortized cost or cost as of December 31:

NAIC Rating	Rating Agency Equivalent Designation	2004			2003		
		Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
(Dollar amounts in millions)							
1	Aaa/Aa/A	\$ 34,111	\$ 35,136	67%	\$ 39,124	\$ 40,600	62%
2	Baa	13,434	14,112	27%	19,048	20,220	31%
3	Ba	1,913	2,020	4%	2,520	2,624	4%
4	B	844	853	2%	1,257	1,207	2%
5	Caa and lower	185	166	—	487	449	1%
6	In or near default	57	58	—	189	190	—
Not rated	Not rated	78	79	—	191	195	—
Total fixed maturities		\$ 50,622	\$ 52,424	100%	\$ 62,816	\$ 65,485	100%

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

(c) Mortgage Loans

Our mortgage loans are collateralized by commercial properties, including multifamily residential buildings. The carrying value of mortgage loans is original cost net of prepayments and amortization.

We diversify our commercial mortgage loans by both property type and geographic region. The following table sets forth the distribution across property type and geographic region for commercial mortgage loans as of December 31:

(Dollar amounts in millions)	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Property Type				
Office	\$ 1,822	30%	\$ 2,024	33%
Industrial	1,797	30%	1,812	30%
Retail	1,574	26%	1,500	25%
Apartments	650	11%	573	9%
Mixed use/other	208	3%	205	3%
	\$ 6,051	100%	\$ 6,114	100%
Geographic Region				
Pacific	\$ 1,796	30%	\$ 1,867	31%
South Atlantic	1,239	20%	1,194	20%
Middle Atlantic	953	16%	932	15%
East North Central	682	11%	771	12%
Mountain	463	8%	478	8%
West South Central	306	5%	288	5%
West North Central	252	4%	271	4%
East South Central	225	4%	226	4%
New England	135	2%	87	1%
	\$ 6,051	100%	\$ 6,114	100%

We are committed to fund \$254 million and \$56 million as of December 31, 2004 and 2003, respectively, in U.S. mortgage loans, which will be held for investment purposes.

“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, 2004 and 2003) and loans expected to be fully recoverable because the carrying amount has been reduced previously through charge-offs or deferral of income recognition (\$7 million and \$5 million, as of December 31, 2004 and 2003, respectively).

Average investment in impaired loans during 2004, 2003 and 2002 is \$3 million, \$5 million and \$7 million, respectively, and interest income recognized on these loans while they were considered impaired is \$1 million in each of the three years.

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(6) Investments (Continued)

The following table presents the activity in the allowance for losses during the years ended December 31:

(Dollar amounts in millions)	2004	2003	2002
Balance as of January 1	\$50	\$45	\$ 58
Provision charged to operations	7	8	10
Amounts written off, net of recoveries	(5)	(3)	(23)
Balance as of December 31	\$52	\$50	\$ 45

(7) Deferred Acquisition Costs

Activity impacting deferred acquisition costs for the years ended December 31:

(Dollar amounts in millions)	2004	2003	2002
Unamortized balance as of January 1	\$ 6,073	\$ 5,386	\$ 4,452
Amounts transferred in connection with our corporate reorganization	(1,004)	—	—
Impact of foreign currency translation	91	111	88
Costs deferred	1,047	1,758	1,906
Amortization	(1,001)	(1,182)	(1,060)
Unamortized balance as of December 31	5,206	6,073	5,386
Accumulated effect of net unrealized investment gains	(186)	(285)	(54)
Balance as of December 31	\$ 5,020	\$ 5,788	\$ 5,332

(8) Intangible Assets

The following table presents our intangible assets as of December 31:

(Dollar amounts in millions)	2004		2003	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Present value of future profits	\$ 2,028	\$ (1,347)	\$ 2,761	\$ (1,610)
Capitalized software	205	(130)	214	(121)
Deferred sales inducements to contractholders	15	(1)	—	—
Other	38	(28)	329	(227)
Total	\$ 2,286	\$ (1,506)	\$ 3,304	\$ (1,958)

Amortization expense related to intangible assets for the twelve months ended December 31, 2004, 2003 and 2002 is \$153 million, \$169 million and \$161 million, respectively. Intangible assets with a gross carrying amount of \$1,040 million and accumulated amortization of \$(605) million were transferred in connection with our corporate reorganization.

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(8) Intangible Assets (Continued)

Present Value of Future Profits

The following table presents the activity in PVFP for the years ended December 31:

(Dollar amounts in millions)	2004	2003	2002
Unamortized balance as of January 1	\$1,254	\$1,349	\$1,460
Amounts transferred in connection with corporate reorganization	(375)	—	—
Acquisitions	—	16	(20)
Impact of foreign currency translation	1	1	—
Interest accreted at 5.8%, 6.0%, 6.3%, respectively	59	78	88
Amortization	(158)	(190)	(179)
Unamortized balance as of December 31	781	1,254	1,349
Accumulated effect of net unrealized investment gains	(100)	(103)	(20)
Balance as of December 31	<u>\$ 681</u>	<u>\$1,151</u>	<u>\$1,329</u>

The percentage of the December 31, 2004 PVFP balance net of interest accretion, before the effect of unrealized investment gains or losses, estimated to be amortized over each of the next five years is as follows:

2005	12.0%
2006	10.0%
2007	8.7%
2008	7.5%
2009	6.0%

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.

(9) Goodwill

Our goodwill balance by segment and activity is as follows:

(Dollar amounts in millions)	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Total
Balance as of January 1, 2003	\$ 1,052	\$ 332	\$ 34	\$ 284	\$1,702
Acquisitions	6	5	—	—	11
Foreign exchange translation	13	—	2	—	15
Balance as of December 31, 2003	1,071	337	36	284	1,728
Acquisitions	—	9	—	—	9
Foreign exchange translation	11	—	1	—	12
Amounts transferred in connection with our corporate reorganization	—	—	—	(284)	(284)
Balance as of December 31, 2004	<u>\$ 1,082</u>	<u>\$ 346</u>	<u>\$ 37</u>	<u>\$ —</u>	<u>\$1,465</u>

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(10) Reinsurance

Prior to our corporate reorganization, we entered into several significant reinsurance transactions (“Reinsurance Transactions”) with other affiliates of GE. In these transactions, we ceded to Union Fidelity Life Insurance Company (“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 Insurance Company, a subsidiary of Citigroup, Inc. (“Travelers”). Although we remain liable under these contracts and policies as the ceding insurer, the Reinsurance Transactions have the effect of transferring the financial results of the reinsured blocks to UFLIC. As part of the Reinsurance Transactions, we also assumed from UFLIC small in-force blocks of Medicare supplement insurance.

In the Reinsurance Transactions, we ceded to UFLIC the following blocks of business:

- All of our liabilities under the in-force structured settlement annuities reflected as policyholder reserves on December 31, 2003, or reinsured by us under reinsurance agreements in effect prior to January 1, 2004. This block of business had aggregate reserves of \$11.8 billion and \$12.0 billion as of December 31, 2004 and December 31, 2003, respectively.
- All of our liabilities under the in-force variable annuity contracts reflected as policyholder reserves on December 31, 2003, other than our GERA product and a limited number of variable annuity products that we no longer offer. UFLIC also assumed any benefit or expense resulting from third party reinsurance that we have on this block of business. This block of business had aggregate general account reserves of \$2.7 billion and \$2.8 billion as of December 31, 2004 and December 31, 2003, respectively.
- 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 block of business had aggregate reserves of \$1.6 billion and \$1.5 billion as of December 31, 2004 and December 31, 2003, respectively.

The reinsurance transactions 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 retained an interest in the future profitability of the block if it exceeds certain thresholds. We also are continuing 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.

We transferred to UFLIC invested assets with a statutory book value (including accrued interest) equal to the amount by which the reinsurance premium exceeded the ceding commission, together with an amount equal to the cash flows on such invested assets between January 1, 2004 and May 24, 2004, the date of transfer of such invested assets. As of December 31, 2003, the fair value of the transferred invested assets was \$16.0 billion, excluding separate account assets relating to variable annuities that were ceded to UFLIC. As part of these reinsurance transactions, we retained separate account assets of \$7.8 billion as of December 31, 2004, attributable to the separate account portion of the variable annuity business. We will make payments with respect to that portion of the variable annuity business directly from these separate account assets.

Although we are not relieved of our primary obligations to the contractholders, the Reinsurance Transactions transfer the future financial results of the reinsured blocks to UFLIC. To secure the payment of its obligations to us under the reinsurance agreements governing the Reinsurance Transactions, UFLIC has established trust accounts to maintain 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 required to be held in certain claims paying accounts. A trustee will administer the trust accounts and we will be permitted to withdraw from the trust accounts amounts due to us pursuant to the terms of the reinsurance agreements that are not otherwise paid by UFLIC. In addition, pursuant to a Capital Maintenance Agreement, GE Capital agreed to

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(10) Reinsurance (Continued)

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 National Association of Insurance Commissioners.

We also insure certain policy risks that 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. Other than with UFLIC, 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. The following table sets forth net domestic life insurance in force as of December 31:

(Dollar amounts in millions)	2004	2003	2002
Direct life insurance in force	\$ 596,765	\$ 553,690	\$ 520,008
Amounts assumed from other companies	25,461	23,749	31,965
Amounts ceded to other companies	(168,885)	(170,961)	(157,898)
Net life insurance in force	\$ 453,341	\$ 406,478	\$ 394,075
Percentage of amount assumed to net	6%	6%	8%

The following table sets forth the effects of reinsurance on premiums written and earned for the years ended December 31:

(Dollar amounts in millions)	Written			Earned		
	2004	2003	2002	2004	2003	2002
Direct:						
Life insurance	\$2,164	\$2,266	\$2,654	\$2,111	\$2,283	\$2,414
Accident and health insurance	2,715	3,212	2,583	3,313	3,311	2,547
Property and casualty insurance	157	160	109	172	156	105
Mortgage insurance	1,199	1,093	954	933	857	795
Total Direct	6,235	6,731	6,300	6,529	6,607	5,861
Assumed:						
Life insurance	251	201	247	249	199	214
Accident and health insurance	560	541	519	556	543	529
Property and casualty insurance	35	57	40	53	27	51
Mortgage insurance	15	6	12	9	5	4
Total Assumed	861	805	818	867	774	798
Ceded						
Life insurance	(318)	(407)	(372)	(290)	(387)	(303)
Accident and health insurance	(433)	(155)	(118)	(396)	(128)	(118)
Property and casualty insurance	(10)	(11)	(9)	(9)	(13)	(9)
Mortgage insurance	(141)	(149)	(127)	(142)	(146)	(122)
Total Ceded	(902)	(722)	(626)	(837)	(674)	(552)
Net premiums	\$6,194	\$6,814	\$6,492	\$6,559	\$6,707	\$6,107
Percentage of amount assumed to net				13%	12%	13%

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(10) Reinsurance (Continued)

Reinsurance recoveries recognized as a reduction of benefit expenses amounted to \$1.5 billion, \$809 million and \$682 million during 2004, 2003 and 2002, respectively.

(11) 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 are appropriate at the time the policies are 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 table sets forth the major assumptions underlying our recorded liabilities for future annuity and contract benefits as of December 31:

(Dollar amounts in millions)	Withdrawal assumption	Mortality/ morbidity assumption	Interest rate assumption	Future annuity and contract benefit liabilities	
				2004	2003
Investment contracts	N/A	N/A	N/A	\$31,994	\$31,206
Limited-payment contracts	None	(a)	3.3%-11.0%	13,408	12,655
Traditional life insurance contracts	Company Experience	(b)	6.0%-7.5%	2,711	2,537
Universal life-type contracts	N/A	N/A	N/A	5,638	5,867
Accident and health	Company Experience	(c)	3.0%-7.5%	10	131
Long-term care	Company Experience	(d)	4.5%-7.0%	7,937	6,861
Total future annuity and contract benefits				\$61,698	\$59,257

(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 2000 Commissioner's Standard Ordinary Table and the 1985 National Nursing Home Study and company experience.

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(12) Liability for Policy and Contract Claims

The following table sets forth changes in the liability for policy and contract claims for the years ended December 31:

(Dollar amounts in millions)	2004	2003	2002
Balance as of January 1	\$ 3,207	\$ 3,014	\$ 2,713
Less reinsurance recoverables	(389)	(323)	(192)
Net balance as of January 1	2,818	2,691	2,521
Amounts transferred in connection with our corporate reorganization	(405)	—	—
Incurred related to insured events of:			
Current year	1,964	2,200	2,401
Prior years	(59)	(73)	(193)
Total incurred	1,905	2,127	2,208
Paid related to insured events of:			
Current year	(989)	(1,236)	(1,208)
Prior years	(768)	(807)	(851)
Total paid	(1,757)	(2,043)	(2,059)
Foreign currency translation	27	43	21
Net balance as of December 31	2,588	2,818	2,691
Add reinsurance recoverables	741	389	323
Balance as of December 31	\$ 3,329	\$ 3,207	\$ 3,014

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.

(13) 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, 2004. 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 are \$57 million, \$54 million and \$52 million for the years ended December 31, 2004, 2003 and 2002, 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 are \$12 million, \$14 million and \$15 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(13) Benefit Plans (Continued)

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 are \$39 million, \$41 million and \$45 million for the years ended December 31, 2004, 2003 and 2002, 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.

(14) Borrowings*(a) Short-Term Borrowings*

Total short-term borrowings as of December 31:

(Dollar amounts in millions)	2004	2003
Commercial paper	\$499	\$1,691
Current portion of long-term borrowings	—	—
Canadian Tax Matters Agreement	60	—
Short-term line of credit with GE Capital	—	548
Total	\$559	\$2,239

Short-term Credit Facility

In connection with our IPO, we entered into a \$2.4 billion 180-day credit facility with a syndicate of banks. We borrowed the entire amount available under that facility upon the completion of the IPO to repay a \$2.4 billion note that we issued to GEFAHI in connection with our corporate reorganization. The amount borrowed under this credit facility was repaid in full with proceeds from our \$1.9 billion senior notes offering and from the proceeds of the issuance of \$500 million in commercial paper. Under the terms of the facility, we cannot re-borrow any amounts repaid.

Commercial Paper Facility

On June 9, 2004, we established a \$1 billion commercial paper program. We issued approximately \$500 million in commercial paper from that program, and we used the proceeds from that issuance for the repayment of the short-term credit facility. The notes under the commercial paper program are offered pursuant to an exemption from registration under the Securities Act of 1933 and may have a maturity up to 364 days from the date of issue. As of December 31, 2004, the weighted average interest rate on commercial paper outstanding is 2.38% and the weighted average maturity is 37 days. As the commercial paper reprices weekly, carrying value approximates fair value at December 31, 2004 and 2003.

Revolving Credit Facilities

We have committed and unsecured credit lines of \$2 billion as of December 31, 2004. These include a \$1 billion five-year revolving credit facility and a \$1 billion 364-day credit facility which contains a feature that allows us to extend the borrowings for one year from the date of expiration of the facility. These facilities bear interest at a variable rate based upon certain indices plus an applicable margin. Each facility requires us to

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(14) Borrowings (Continued)

maintain certain minimum levels of stockholders' interest, excluding accumulated non-owner changes in stockholders' interest, at the end of each fiscal quarter. As of December 31, 2004, there is no balance on either of these facilities.

The weighted average interest rate on the short-term line of credit with GE Capital as of December 31, 2003 is 1.3%.

In December 2004, GE exercised its right under the Canadian Tax Matters Agreement to direct our Canadian mortgage subsidiary to accelerate and pay CDN \$74 million of deferred taxes. To fund the payment of these taxes, GE provided us with a \$60 million interest-free loan, which will be repaid as our Canadian mortgage subsidiary recovers the accelerated tax by reducing its tax installments. We expect that the loan will be repaid in full by December 2005.

(b) Long-Term Borrowings

Total long-term borrowings as of December 31:

(Dollar amounts in millions)	2004	2003
1.6% Notes (Japanese Yen), due 2011	\$ 547	\$529
LIBOR Floating Rate Senior Notes, due 2007	500	—
4.75% Senior Notes, due 2009	500	—
5.75% Senior Notes, due 2014	599	—
6.50% Senior Notes, due 2034	296	—
Total	\$2,442	\$529

Long-term Senior Notes

On June 15, 2004, we issued senior notes having an aggregate principal amount of \$1.9 billion (the "Notes"), consisting of \$500 million in aggregate principal amount maturing on June 15, 2007 ("2007 Notes") with an interest rate equal to three-month LIBOR plus 0.15% per year, \$500 million in aggregate principal amount maturing on June 15, 2009 ("2009 Notes") with a fixed interest rate of 4.75%, \$600 million in aggregate principal amount maturing on June 15, 2014 ("2014 Notes") with a fixed interest rate of 5.75%, and \$300 million in aggregate principal amount maturing on June 15, 2034 ("2034 Notes") with a fixed interest rate of 6.50%. As a result of hedging arrangements entered into with respect to these securities, our effective interest rates will be 3.53% on the 2007 Notes, 4.48% on the 2009 Notes, 5.51% on the 2014 Notes and 6.35% on the 2034 Notes. The Notes are direct unsecured obligations and will rank without preference or priority among themselves and equally with all of our existing and future unsecured and unsubordinated obligations. The Notes are not guaranteed by any subsidiary of Genworth. We have the option to redeem all or a portion of the 2009 Notes, the 2014 Notes and the 2034 Notes at any time with proper notice to the note holders at a price equal to the greater of 100% of principal or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the then-current treasury rate plus an applicable spread.

Yen Notes

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 retired during 2004. We have entered in arrangements to swap our obligations under these notes to a U.S. dollar obligation with a notional 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. As of December 31, 2004, we had \$0.7 million interest accrued relating to these notes.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(14) Borrowings (Continued)

(c) Non-recourse Funding Obligations

On July 28, 2003 and December 16, 2003, River Lake Insurance Company issued \$300 million and \$300 million, respectively, of non-recourse funding obligations. On December 3, 2004, River Lake Insurance Company II issued \$300 million of non-recourse funding obligations. Each of these companies is a special purpose captive insurance company that is wholly owned by our subsidiary, First Colony Life Insurance Company.

The non-recourse obligations are represented by notes that bear a floating rate of interest and mature in 2033, in the case of the 2003 issuances, and 2035, in the case of the 2004 issuance. The floating rate notes have been deposited into a series of trusts that have issued money market securities. Both principal and interest payments on the money market securities are guaranteed by a third party insurance company. The holders of the notes cannot require repayment from us or any of our subsidiaries, other than River Lake Insurance Company or River Lake Insurance Company II, the direct issuers of the notes. First Colony Life Insurance Company has agreed to indemnify the issuers and the third party insurer for certain limited costs.

Interest on the principal amount of the notes accrues at a floating rate of interest determined every 28 days and is payable at the end of each 28-day period. Any payment of principal of, including by redemption, or interest on the notes may only be made with the prior approval of the Director of Insurance of the State of South Carolina in accordance with the terms of its licensing orders and in accordance with applicable law. The holders of the notes have no rights to accelerate payment of principal of the notes under any circumstances, including without limitation, for nonpayment or breach of any covenant. Each issuer reserves the right to repay the notes that it has issued at any time, subject to prior regulatory approval.

As of December 31, 2004 and 2003, \$900 million and \$600 million, respectively, of non-recourse funding obligations are outstanding. The weighted average yield as of December 31, 2004 and 2003 is 2.4% and 1.2%, respectively. Because the non-recourse funding obligations bear variable interest rates, carrying value approximates fair value as of December 31, 2004 and 2003.

(d) Equity Units

As part of our corporate reorganization, we issued \$600 million of our Equity Units to GEFAHI, and GEFAHI sold all these Equity Units in a public offering concurrent with the IPO. The Equity Units initially were issued in the form of Corporate Units. Each Corporate Unit consisted of:

- a contract to purchase shares of our Class A Common Stock, which we refer to as the stock purchase contracts; and
- a \$25 ownership interest in our 3.84% senior notes due 2009, which we refer to in this section as the notes.

The stock purchase contract that is a component of an Equity Unit requires the holder to purchase, and us to sell, for \$25, on May 16, 2007, which we refer to as the purchase contract settlement date, a number of newly issued shares of our Class A Common Stock equal to the settlement rate. If the market value of our Class A Common Stock is greater than or equal to \$23.5960, the threshold appreciation price, the settlement rate will be 1.0595 shares of our Class A Common Stock. If the market value of our class A Common Stock is less than the threshold appreciation price but greater than \$19.50, the reference price, the settlement rate will be a number of our Class A Common Stock equal to the stated amount of \$25 divided by the market value. If the market value is less than or equal to the reference price, the settlement rate will be 1.2821 shares of our Class A Common Stock. Holders may settle a purchase contract anytime after May 28, 2005. Accordingly, upon settlement in the

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(14) Borrowings (Continued)

aggregate, we will receive proceeds of \$600 million and issue between 25.4 million and 30.8 million new shares. We will also pay quarterly contract adjustment payments on each stock purchase contract at an annual rate of 2.16% of the stated amount of \$25 per Equity Unit. During the year ended December 31, 2004 we paid \$6.2 million in contract adjustment payments. We recorded the estimated present value at issuance, \$37 million, of the contract adjustment payments on the stock purchase contracts as other liabilities, with an offsetting decrease in additional paid-in-capital. When we make contract adjustment payments, they are charged to other liabilities, and we accrue interest expense on the unpaid balance at the rate of 3.84% per year. The current balance is \$31 million at December 31, 2004.

On May 9, 2007, the notes will be remarketed. At that time, our remarketing agent will have the ability to reset the interest rate on the notes in order to generate sufficient remarketing proceeds to satisfy the holder's obligation under the stock purchase contracts. If the initial remarketing is unsuccessful, the remarketing agent will attempt to remarket the notes, as necessary, on May 10 and 11, 2007. If all remarketing attempts are unsuccessful, holders of these 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.

The equity units are reflected in diluted earnings per share using the treasury stock method, and are dilutive when the weighted-average market price of our Class A Common Stock is greater than or equal to the threshold appreciation price. During the period from the date of issuance through December 31, 2004, our weighted-average market price was less than the threshold appreciation price.

Initially, interest on the notes will be payable quarterly at the annual rate of 3.84% of the principal amount of the notes, to, but excluding May 16, 2007, the purchase contract settlement date. For the year ended December 31, 2004, we incurred \$13.9 million of interest expense. As of December 31, 2004, we had \$2.9 million in interest accrued relating to these notes.

(e) Preferred Stock

As part of our corporate reorganization, we issued \$100 million of Series A Preferred Stock to GEFAHI. GEFAHI sold all the Series A Preferred Stock in a public offering concurrent with the IPO. As of December 31, 2004, 2,000,000 shares of our authorized preferred stock have been designated 5.25% Cumulative Series A Preferred Stock and are outstanding. Dividends on the Series A Preferred Stock are fixed at an annual rate equal to 5.25% of the sum of (1) the stated liquidation value of \$50 per share, plus (2) accumulated and unpaid dividends. Dividends are payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year. On September 1, 2004 and December 1, 2004, we paid dividends of \$1.4 million and \$1.3 million, respectively, which has been recorded as interest expense in the accompanying combined financial statements. We are required to redeem the Series A Preferred Stock on June 1, 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. Except under certain conditions or otherwise required by applicable law, the holders of the Series A Preferred Stock have no voting rights.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(14) Borrowings (Continued)

(f) Liquidity

Long-term borrowings, non-recourse funding obligations, senior notes underlying equity units and preferred stock as of December 31, by maturity are as follows:

(Dollar amounts in millions)	2004
2005	\$ —
2006	—
2007	500
2008	—
2009 and thereafter(1)	3,542
Total	\$ 4,042

(1) Repayment of \$900 million of non-recourse funding agreements requires regulatory approval.

Our liquidity requirements are principally met through dividends from our insurance subsidiaries, the Commercial Paper program and our revolving credit facilities. As of December 31, 2004, we have an unused credit capacity within our revolving credit facilities of \$2.0 billion.

(15) Income Taxes

As a consequence of our separation from GE, and our joint election with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to become entitled to additional tax deductions for periods after our corporate reorganization. We expect to realize tax savings from these deductions and have recorded our estimate of these tax savings on our statement of financial position as a \$718 million reduction in net deferred income tax liabilities. We are obligated, pursuant to our Tax Matters Agreement with GE, to pay to GE, on an after-tax basis and subject to a cap of \$640 million, 80% of the amount of tax we are projected to save for each tax period as a result of these increased tax benefits. We have recorded the \$389 million present value of this obligation to GE as a liability on our statement of financial position. These amounts reflect considered judgments and assessments as to the underlying assumptions and facts. However, under the Tax Matters Agreement, with certain exceptions relating to specified contingent benefits and excluding interest on payments we defer, our total payments to GE will not exceed a nominal amount of \$640 million.

We recorded net interest expense of \$13 million for the year ended December 31, 2004, representing the accretion at the rate of 5.72% in the discounted value of the liability under the Tax Matters Agreement with GE. We will continue to record interest expense at that rate over the 18 years for which we have scheduled payments to GE under the Tax Matters Agreement. We will also incur additional interest expense at that rate to the extent that we defer until as late as 2029 scheduled payments to GE under the Tax Matters Agreement, which we are permitted to do in the event either that we realize the future tax savings more slowly than we are scheduled to make corresponding payments to GE, or that we fail to realize them at all, and there is not a corresponding adjustment to the payment schedule under the Tax Matters Agreement.

We have recorded the \$329 million difference between the \$718 million benefit and the \$389 million liability to GE as an increase in stockholders' interest.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(15) Income Taxes (Continued)

The total provision (benefit) for income taxes for the years ended December 31:

(Dollar amounts in millions)	2004	2003	2002
Current federal income taxes	\$ 1,478	\$ 444	\$441
Deferred federal income taxes	(1,194)	(103)	(76)
Total federal income taxes	284	341	365
Current state income taxes	27	(16)	(26)
Deferred state income taxes	31	(11)	21
Total state income taxes	58	(27)	(5)
Current foreign income taxes	184	48	51
Deferred foreign income taxes	(33)	51	—
Total foreign income taxes	151	99	51
Total provision for income taxes	\$ 493	\$ 413	\$411

The reconciliation of the federal statutory tax rate to the effective income tax rate is as follows:

	2004	2003	2002
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)	(0.6)	(0.3)
Net tax benefit related to IPO(a)	(2.9)	—	—
IRS settlement(b)	—	—	(8.5)
Tax exempt income	(2.4)	(2.8)	(2.7)
Other, net	1.0	(1.7)	(0.6)
Effective rate	30.1%	29.9%	22.9%

(a) Tax benefit of \$47 million arising from our separation from GE on May 24, 2004.

(b) 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.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(15) Income Taxes (Continued)

The components of the net deferred income tax liability as of December 31, are as follows:

(Dollar amounts in millions)	2004	2003
Assets:		
Investments	\$ 295	\$ 129
Future annuity and contract benefits	422	1,394
Present value of future profits	114	—
Net unrealized losses on derivatives	—	33
Accrued commission and general expenses	111	90
Deferred tax benefits related to IPO	103	—
NOL carryforwards	18	—
Other	363	36
	<u>1,426</u>	<u>1,682</u>
Gross deferred income tax assets	1,426	1,682
Valuation allowance	(46)	—
	<u>1,380</u>	<u>1,682</u>
Liabilities:		
Net unrealized gains on investment securities	548	815
Net unrealized gains on derivatives	151	—
Present value of future profits	—	526
Deferred acquisition costs	1,028	1,631
Other	277	115
	<u>2,004</u>	<u>3,087</u>
Total deferred income tax liabilities	2,004	3,087
	<u>\$ 624</u>	<u>\$ 1,405</u>
Net deferred income tax liability	\$ 624	\$ 1,405

We have established a valuation allowance of \$46 million for state deferred tax assets and foreign tax credits. The state deferred tax assets relate primarily to the future deductions we expect to claim as a consequence of our separation transaction and joint election with GE, while the excess foreign tax credits reflect inefficiencies in our post-IPO structure. Based on our analysis, we believe it is more likely than not that the results of future operations and implementations of tax planning strategies will generate sufficient taxable income to enable us to realize the deferred tax assets for which we have not established valuation allowances.

For tax return purposes, as of December 31, 2004, we have net operating loss carryforwards (“NOL”) that expire, if unused, in 2019 and foreign tax credit carryforwards (“FTC”) that expire, if unused, in 2014. The approximate amount of the NOL and FTC are \$51 million and \$7 million, respectively. The benefits of the NOL and FTC carryforwards have been recognized in our financial statements, except to the extent of the valuation allowances described above.

The \$718 million reduction in deferred tax liabilities relating to our separation from GE and corresponding joint elections is included primarily in investments and present value of future profits in the table above. The other significant changes reflected in the table above relating to future annuity and contract benefits, deferred acquisition cost, present value of future profits and investment, are primarily attributable to the UFLIC reinsurance arrangements.

We have not yet completed our evaluation of whether we will repatriate foreign earnings in 2005 under the Foreign Earnings Repatriation Provision contained in the American Jobs Creation Act of 2004. We expect to

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(15) Income Taxes (Continued)

complete our analysis in the second quarter of 2005. If we do choose to repatriate, we do not anticipate an additional U.S. tax provision, as Genworth's policy has been to provide U.S. deferred tax liabilities currently on all of its undistributed foreign earnings.

Our current income tax liability is \$291 million and \$222 million, as of December 31, 2004 and 2003 respectively.

(16) Supplemental Cash Flow Information

Net cash (received) paid for taxes is \$(128) million, \$798 million and \$291 million and cash paid for interest is \$282 million, \$95 million and \$73 million for the years ended December 31, 2004, 2003 and 2002, respectively.

In connection with our corporate reorganization on May 24, 2004, we completed several non-cash transactions with our parent. These transactions included the transfer of the assets and liabilities of entities that did not remain with Genworth, as well as non-cash consideration paid to our then-sole stockholder through the issuance of debt and other liabilities. The following table details these transactions as well as other non-cash items:

Supplemental schedule of non-cash investing and financing activities

(Dollar amounts in millions)	Year ended December 31, 2004
Excluded net assets:	
Assets (net of cash of \$838) excluded in our corporate reorganization	\$ 21,873
Liabilities excluded in corporate reorganization	(20,962)
Net assets transferred to majority stockholder in connection with corporate reorganization	<u>\$ 911</u>
Other non-cash transactions in connection with our corporate reorganization:	
Issuance of senior notes underlying equity units	\$ 600
Issuance of Series A preferred stock	100
Issuance of contingent note	550
Issuance of short-term note	2,400
Total other non-cash transactions in connection with our corporate reorganization	<u>\$ 3,650</u>
Non-cash transactions subsequent to our corporate reorganization	
Stock-based compensation	\$ 29
Dividends declared not yet paid	32
Total non-cash transactions subsequent to our corporate reorganization	<u>\$ 61</u>

There are no significant non-cash transactions during the years ended December 31, 2003 and 2002.

(17) Stock Compensation

We grant stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and deferred stock units ("DSUs") to employees and non-employee directors under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(17) Stock Compensation (Continued)

In the past, certain of our employees were granted awards under GE's 1990 Long-Term Incentive Plan. In connection with the IPO and our separation from GE, 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 were canceled and converted into Genworth awards. Prior to the IPO, our employees held 3,607,855 unvested GE stock options, 195,000 unvested GE SARs and 963,739 GE RSUs. In connection with the IPO, these awards were converted to 5,648,154 Genworth stock options, 305,213 Genworth SARs and 1,508,454 Genworth RSUs. The GE stock options, GE SARs and GE RSUs were converted based upon a ratio equal to the initial offering price of our common stock in the IPO (\$19.50), divided by the weighted average stock price of GE common stock for the trading day immediately preceding the pricing date of the IPO (\$30.52). The converted securities, if unvested, generally will continue to vest over their original vesting periods. Additionally, during the year ending December 31, 2004, we granted 12,081 stock options and 98 RSUs to replace cancelled GE options and RSUs for employees transferring to our business from GE after the IPO. These additional replacement grants were made using the same conversion methodology described above, but with the conversion ratio based upon the weighted-average price of Genworth common stock divided by the weighted-average price of GE common stock for the trading day immediately prior to the transfer date. As of December 31, 2004, there were a total of 5,550,575 Genworth stock options, 305,213 Genworth SARs and 1,465,504 Genworth RSUs outstanding as a result of these replacement grants.

In connection with the IPO, we granted 9,947,500 Genworth stock options and 5,950,000 Genworth SARs to our employees. The exercise price of these options and SARs is equal to the IPO price of our common stock (\$19.50), and the exercise term is ten years from the date of the grant. These options and SARs will vest in 25% annual increments commencing on the second anniversary of the date of the grant. During the year ending December 31, 2004, we granted an additional 108,250 Genworth Stock options with exercise prices ranging from \$21.41 to \$26.66, which equaled the closing market price on the date of grant. As of December 31, 2004, there are 9,646,000 Genworth stock options and 5,950,000 Genworth SARs outstanding from these grants.

We have recorded stock-based compensation expense in the amount of \$29 million and \$9 million for the years ending December 31, 2004 and 2003, respectively, related to the cost of the RSUs, SARs and stock options. Stock-based compensation expense is recognized pro rata over the awards' respective vesting schedule.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(17) Stock Compensation (Continued)

The following table summarizes GE stock option activity related to our employees for the three years ended December 31, 2003 and for the period from January 1, 2004 through May 24, 2004.

(Shares in thousands)	Shares Subject to Option	Average per share	
		Exercise Price	Market Price
Balance as of 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 as of December 31, 2002	9,836	29.47	24.53
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 as of December 31, 2003	7,929	31.13	30.98
Options granted	43	30.03	30.03
Options transferred in	489	29.94	—
Options exercised	(358)	10.62	31.36
Options transferred out	(1,067)	31.59	—
Options terminated	(129)	36.84	—
Balance as of May 24, 2004	6,907(1)	31.79	30.52

(1) Represents options held by our employees immediately prior to the IPO. Of these, 3,608 were converted to 5,648 Genworth options based upon a conversion formula and 3,299 remained with GE.

The following table summarizes Genworth stock option activity related to our employees for the period May 25, 2004 through December 31, 2004.

(Shares in thousands)	Shares Subject to Option	Average per share	
		Exercise Price	Market Price
Balance as of May 25, 2004	5,648	\$ 21.94	\$ 19.50
Options granted	10,068	19.54	19.54
Options exercised	(18)	20.65	26.23
Options terminated	(501)	20.45	—
Balance as of December 31, 2004	15,197	20.40	27.00

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(17) Stock Compensation (Continued)

The following table summarizes information about Genworth employee related stock options outstanding as of December 31, 2004:

Exercise price range	Outstanding			Exercisable	
	Shares in thousands	Average life(1)	Average exercise price	Shares in thousands	Average exercise price
\$6.80-14.11	427	1.6	\$ 9.84	427	\$ 9.84
16.77-18.51	1,877	7.3	17.24	677	17.17
19.45-22.67	10,778	9.2	19.76	474	22.27
23.20-27.95	1,749	5.9	27.04	1,012	26.51
28.06-36.62	366	5.7	36.00	132	35.36
	15,197	8.3	20.40	2,722	21.26

(1) Average contractual life remaining in years

The following table contains the Genworth weighted-average grant-date fair value information for 2004 and the GE weighted-average grant-date fair value information for 2003, 2002 and 2001. Fair value is estimated using the Black-Scholes option-pricing model.

	2004	2003	2002	2001
Fair value per option	\$6.66	\$9.55	\$7.68	\$13.53
Valuation Assumptions:				
Expected Option term	6.0	6.0	6.0	6.0
Expected volatility	34.2%	34.7%	33.7%	30.5%
Expected dividend yield	1.3%	2.5%	2.7%	1.6%
Risk-free interest rate	3.5%	3.5%	3.5%	4.9%

(18) Related Party Transactions

Prior to the IPO, GE provided a variety of products and services to us, and we provided a variety of products and services to GE. The services we received 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;
- 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 expense for these services is \$65 million, \$87 million and \$74 million for the years ended December 31, 2004, 2003 and 2002, respectively. We also receive investment management and related

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(18) Related Party Transactions (Continued)

administrative services provided by GEAM, for which we incurred expenses of \$33 million, \$61 million and \$39 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Certain of our insurance subsidiaries are parties to investment management and services agreements with GEAM and GE Asset Management Limited (“GEAML”), each a GE-owned provider of investment management services. We have agreed to pay GEAM or GEAML, as applicable, a quarterly management fee for these services equal to a percentage of the value of the assets under management. The 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%.

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 \$14 million, \$50 million and \$49 million for the years ended December 31, 2004, 2003 and 2002, respectively. We have also recorded expenses associated with GE stock option and restricted stock unit grants in the amount of \$2 million, \$9 million and \$6 million for the years ended December 31, 2004, 2003 and 2002, 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.

In connection with the IPO, we entered into a master agreement and a number of other agreements with GE for the purpose of accomplishing our separation from GE, transferring the businesses to us and setting forth various matters governing our relationship with GE while GE remains a significant stockholder in our company. These agreements govern the relationship between GE and us and 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 the IPO. 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 remain in effect following the IPO.

We entered into a transition services agreement with GE in connection with the IPO 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 entered 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 are substantially similar to the services to be provided under the U.S. transition services agreement. Pursuant to the Transition Services Agreement, we 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 GE and we may identify during the term of the agreement.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(18) Related Party Transactions (Continued)

As part of the Transition Services Agreement, GE has agreed to pay us an aggregate of \$40 million in equal quarterly installments during each of the first two years following our corporate reorganization for the provision of transition services to GE. During the period from May 25, 2004 to December 31, 2004 GE paid us \$23 million associated with the Transition Services Agreement. Prior to our corporate reorganization, GE paid us \$17 million for corporate overhead related to companies that were not transferred to us as part of the corporate reorganization.

We entered into the Tax Matters Agreement in connection with the IPO. The Tax Matters Agreement, among other things, governs our continuing tax sharing arrangements with GE relating to pre-separation periods, and also allocates responsibility and benefits associated with the elections made in connection with our separation from GE. The Tax Matters Agreement also allocates rights, obligations and responsibilities in connection with certain administrative matters relating to taxes. (See note 15.)

We have entered into certain insurance transactions with affiliates of GE. During each of 2004, 2003 and 2002 we collected \$25 million, \$24 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 \$39 million, \$56 million and \$60 million for the years ended December 31, 2004, 2003 and 2002, respectively, to Employers Reassurance Company and ERC Life Reinsurance Company (an affiliate until December 2003), and \$100 million and \$94 million to GE Pension Limited in 2003 and 2002, respectively.

We entered into three liability and portfolio management agreements with affiliates of GE, effective January 1, 2004. Pursuant to two of these agreements, we will manage a pool of municipal guaranteed investment contracts and we have agreed to originate guaranteed investment contract liabilities, and advise the issuing company as to the investment of these assets that support these liabilities and administer these assets. Under each of these agreements, we receive a market rate based administration fee based on the program size.

The third agreement is with another GE affiliate. Under this agreement we agreed to provide liability management and other services related to origination and issuance of guaranteed investment contracts or similar liabilities. We will receive an annual management fee calculated using a market rate based on the book value of the investment contracts based on pricing arrangements that will vary depending on the maturities of the contracts. We also receive reimbursement of operating expenses under each of the liability and portfolio management agreements.

We have also entered into several significant reinsurance transactions with UFLIC as part of our corporate re-organization. (See note 10.)

We distribute some of our products through affiliates. We distribute our 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 \$380 million, \$293 million and \$218 million during 2004, 2003 and 2002, 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 \$40 million, \$94 million and \$105 million during 2004, 2003 and 2002.

We sold 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

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(18) Related Party Transactions (Continued)

price factor. Under these arrangements, we received proceeds of \$3 million, \$9 million and \$13 million for the years ended December 31, 2004, 2003 and 2002, respectively.

As of December 31, 2003, we had several notes receivable from various GE affiliates in the aggregate amount of \$209 million. These notes were not transferred to us in our corporate reorganization, and there are no notes receivable from GE affiliates as of December 31, 2004.

As of December 31, 2003, we had approximately €2 million (\$2 million), respectively, of notes payable to various GE affiliates, which were paid during 2004.

As of December 31, 2004 and 2003, we have operating receivables of \$21 million and \$254 million, respectively, and payables of \$318 million and \$673 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, 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, which was paid off in connection with our corporate reorganization. Outstanding borrowings under this line of credit bore interest at the three-month U.S.\$ London Interbank Offered Rate ("LIBOR") plus 25 basis points. Interest expense under this line of credit is \$4 million, \$1 million and \$8 million for the years ended December 31, 2004, 2003, and 2003, respectively.

We, along with GE Capital, were 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 could make short-term loans to the other as part of the cash pooling arrangement. Each such borrowing was repayable upon demand, but not to exceed 364 days. This unsecured line of credit had an interest rate per annum equal to GE Capital Services' cost of funds for the currency in which such borrowing was denominated. This credit facility had an annual term, but was 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 under this credit facility as of December 31, 2003. The credit facility was terminated in connection with our corporate reorganization.

GE Capital guaranteed certain obligations under floating-rate funding agreements with a final maturity on or before June 30, 2005. This guarantee covers our obligations to contractholders and requires us to reimburse GE Capital for any payments made to contractholders under the guarantee. As of December 31, 2004, GE Capital's guarantee covered \$1.4 billion of outstanding floating-rate funding agreements.

GE Capital from time to time provides 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.

As part of the consideration for the assets transferred to us in connection with our corporate reorganization, we issued to GEFAHI a \$550 million Contingent Note. The Contingent Note was a non-interest-bearing, general unsecured obligation of our company and was subordinated in right of payment to all of our existing and future senior indebtedness. We were required to repay the Contingent Note solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million were released and paid to us as a dividend. The release of these reserves and payment of the dividend were subject to statutory

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(18) Related Party Transactions (Continued)

limitations, regulatory approvals and other conditions. In July 2004, we amended the Contingent Note to provide that we were required to use reasonable best efforts to achieve the satisfaction of such conditions and to repay the Contingent Note by December 31, 2004. We received from GEFAHI a payment of less than \$1 million to reimburse us for costs in consideration of that effort. On December 23, 2004, all conditions to the release of statutory contingency reserves from our U.S. mortgage insurance business and the payment of a dividend by that business to us were satisfied. As a result, on December 23, 2004, our U.S. mortgage insurance business paid a \$700 million dividend to us, and we repaid the Contingent Note in full.

In December 2004, we entered into a Consideration Agreement with GE Capital International (Mauritius) (“GECIM”), a subsidiary of GE. The Consideration Agreement set forth the terms in which we participated in GE’s sale of its global outsourcing business. Pursuant to the Consideration Agreement, upon the closing of the sale we received consideration of \$40 million from GECIM related to our waiver of certain contractual rights and entered into an Outsourcing Services Amendment Agreement (“Service Agreement”) with Gecis International Holdings, Luxembourg, Swiss Branch Zug, a Luxembourg company. The consideration of \$40 million is included in policy fees and other income on the statement of earnings as a result of our waiver of contractual rights under the Service Agreement. We also agreed to purchase a minimum volume of services, at market rates, during an eight-year period. Our minimum volume commitment during the each of the first five years of the service agreement will be \$24 million, and our minimum volume commitment during the sixth, seventh and eighth years will be \$18 million, \$12 million and \$6 million, respectively.

(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 basis on which we estimate fair value is 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.

Policy Loans. Based on carrying value, which approximates fair value.

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, non-recourse funding obligations, senior notes underlying equity units. Based on market quotes or comparables.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(19) Fair Value of Financial Instruments (Continued)

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.

Preferred Stock. Based on carrying value, which approximates fair value.

The following represents the fair value of financial assets and liabilities as of December 31:

(Dollar amounts in millions)	2004			2003		
	Notional amount	Carrying amount	Estimated fair value	Notional amount	Carrying amount	Estimated fair value
Assets:						
Mortgage loans	\$ (a)	\$ 6,051	\$ 6,348	\$ (a)	\$ 6,114	\$ 6,414
Policy loans	(a)	1,224	1,224	(a)	1,105	1,105
Other financial instruments	(a)	124	124	(a)	34	34
Liabilities:						
Borrowings and related instruments(b):						
Borrowings	(a)	3,001	3,084	(a)	2,768	2,754
Non-recourse funding obligations	(a)	900	900	(a)	600	600
Equity units	(a)	631	778	(a)	—	—
Preferred stock	(a)	100	100	(a)	—	—
Investment contract benefits	(a)	31,994	32,081	(a)	31,206	31,013
Insurance—credit life	27,591	1,901	1,901	11,321	2,249	2,249
Performance guarantees, principally letters of credit	119	—	—	119	—	—
Insurance—mortgage	85,711	1,891	1,891	70,300	1,556	1,556
Other firm commitments:						
Ordinary course of business lending commitments	254	—	—	56	—	—
Commitments to fund limited partnerships	20	—	—	41	—	—

(a) These financial instruments do not have notional amounts.

(b) See note 14.

The paragraphs that follow provide additional information about derivatives and hedging relationships.

The nature of our business activities necessarily involves management of various financial and market risks, including those related to changes in interest rates, currency exchange rates and fluctuations in values of equity market indices. We use derivative financial instruments to mitigate or eliminate certain of those risks.

To qualify for hedge accounting, the details of the hedging relationship must be formally documented at inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks that are being hedged, the derivative instrument and how effectiveness is being assessed. The derivative must be highly effective in offsetting either changes in fair value or cash flows, as appropriate, for the risk being

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(19) Fair Value of Financial Instruments (Continued)

hedged. Effectiveness is evaluated on a retrospective and prospective basis based on quantitative measures of correlation. If a hedged relationship becomes ineffective, it no longer qualifies as a hedge. Any excess gains or losses attributable to such ineffectiveness, as well as subsequent changes in fair value of the derivative, are recognized in earnings.

A reconciliation of current period changes for the years ended December 31, 2004 and 2003, net of applicable income taxes in the separate component of stockholders' interest labeled "derivatives qualifying as hedges", follows:

(Dollar amounts in millions)	2004	2003
Derivatives qualifying as effective accounting hedges as of January 1	\$ (5)	\$ (98)
Current period increases in fair value, net of deferred taxes	188	37
Reclassification to net earnings, net of deferred taxes	(10)	20
Transferred to majority stockholder in connection with our corporate reorganization, net of deferred taxes	95	—
Reclassification adjustment from discontinued operations, net of deferred taxes	—	36
Balance as of December 31	\$268	\$ (5)

Derivatives and Hedging. Our business activities routinely deal with fluctuations in interest rates, 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. 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 non-owner changes in stockholders' 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 swaps and forwards as well as forward starting interest rate 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.

As of December 31, 2004, amounts related to derivatives qualifying as cash flow hedges resulted in an increase of stockholders' interest of \$188 million, net of tax, of which \$10 million is expected to be transferred to net earnings in 2005 as the derivatives and their underlying investments expire or mature according to their original terms, along with the earnings effects of the related forecast transactions in 2004.

Fair value hedges. 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 that pay a fixed

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(19) Fair Value of Financial Instruments (Continued)

rate of interest. If these assets are purchased to support fixed rate liabilities, there is consistency in the interest rate exposure of both. Therefore changes in fair value of the assets and liabilities generally will offset and no additional hedges are necessary. However, if the assets are purchased to support floating rate liabilities, there will be a mismatch between them and 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 net earnings and are offset by corresponding changes in the fair value of the hedged item attributable to the risk being hedged.

Derivatives not designated as hedges. Specific criteria must be met in order to apply any of the above 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. Derivatives that do not qualify for hedge accounting are marked to market through net earnings.

We use option contracts as an economic hedge of changes in interest 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 financial instruments that we hold. Equity options are used to economically hedge price changes in equity indexed annuity liabilities.

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 attributable to the risk being hedged. Certain elements of hedge positions cannot qualify for hedge accounting 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, 2004 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
Amounts excluded from the measure of effectiveness	\$ 3	\$ —

As of December 31, 2004, the fair value of derivatives in a gain position and recorded in Other invested assets is \$442 million and the fair value of derivatives in a loss position and recorded in Other liabilities is \$46 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 (see table below) in terms of amounts they owe us, typically as a result of changes in market conditions, 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” by Moody’s or “A-” by S&P. If the downgrade provisions had been

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(19) Fair Value of Financial Instruments (Continued)

triggered as of December 31, 2004, we could have been required to disburse up to \$5 million and claim up to \$245 million from counterparties. This represents the net fair value of losses and gains by counterparty, less \$156 million of collateral held. As of December 31, 2004, 2003 and 2002, gross fair value gains are \$442 million, \$252 million and \$278 million, respectively. As of December 31, 2004, 2003 and 2002, gross fair value losses are \$46 million, \$281 million and \$275 million, respectively.

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 permits us to enter into derivative transactions with counterparties rated “A3” by Moody’s and “A-” by S&P if the agreements governing such transactions require both us and the counterparties to provide collateral in certain circumstances. As of December 31, 2004, we retained collateral of \$164 million related to these agreements. We did not retain any collateral related to these agreements in 2003. Our policy further requires foreign exchange forwards with contractual maturities shorter than one year must 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.

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 without collateral (1)		
Up to \$50 million	Aa3	AA-
Up to \$75 million	Aaa	AAA
Credit exposure limit with collateral (1)		
Up to \$5 million	A3	A-
Up to \$50 million	Aa3	AA-
Up to \$100 million	Aaa	AAA

(1) Credit exposure limits noted in this table are set by GE Capital and apply in the aggregate to all companies that are consolidated into GE Capital.

The following table sets forth our positions in derivative instruments as of the dates indicated:

(Dollar amounts in millions)	December 31,			
	2004		2003	
	Notional value	% of total	Notional value	% of total
Interest rate swaps	\$8,185	89%	\$ 9,960	86%
Foreign currency swaps	542	6%	697	6%
Equity index options	459	5%	457	4%
Foreign exchange contracts	27	—	30	—
Swaptions	—	—	474	4%
Total	\$9,213	100%	\$11,618	100%

(20) Securitization 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

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(20) Securitization Entities (Continued)

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.

Assets in entities that were either sponsored by GE Capital or to which GE Capital provided financial support were \$1.7 billion and \$1.9 billion at December 31, 2004 and 2003, respectively. Of the total, \$0.9 billion and \$1.1 billion are held by entities that are consolidated and \$0.8 billion remain off balance sheet in 2004 and 2003. Disclosure requirements related to off-balance sheet arrangements 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. As of December 31, 2004 and 2003, assets in these entities, which are QSPEs, are \$1.6 billion. We recognized gains of \$0, \$43 million and \$29 million for 2004, 2003 and 2002, respectively, relating to the securitization of certain financial assets. An analysis of total “securitized assets” as of December 31 is as follows:

(Dollar amounts in millions)	2004	2003
Receivables secured by:		
Commercial mortgage loans	\$ 1,136	\$ 1,246
Fixed maturities	504	639
Other assets	804	865
Total securitized assets	<u>\$ 2,444</u>	<u>\$ 2,750</u>
Consolidated assets held by securitization entities	\$ 884	\$ 1,134
Off-balance sheet:		
Sponsored and supported	780	800
Other	780	816
Total securitized assets	<u>\$ 2,444</u>	<u>\$ 2,750</u>

We evaluate the economic, liquidity and credit risk related to the above SPEs 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. 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.

The following table summarizes the current balance of assets sold to Qualified Special Purposes Entities (“QSPE’s”) as of December 31:

(Dollar amounts in millions)	2004	2003
Assets—collateralized by:		
Commercial mortgage loans	\$ 780	\$ 816
Other receivables	780	800
Total assets	<u>\$ 1,560</u>	<u>\$ 1,616</u>

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(20) Securitization Entities (Continued)

Sales of securitized assets to QSPEs 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 QSPEs as of December 31 are as follows:

(Dollar amounts in millions)	2004		2003	
	Cost	Fair value	Cost	Fair value
Retained interests—assets	\$ 136	\$ 179	\$ 143	\$ 171
Servicing asset	—	—	—	—
Recourse liability	—	—	—	—
Total	\$ 136	\$ 179	\$ 143	\$ 171

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. When we securitize receivables, we determine fair value based on discounted cash flow models that incorporate, among other things, assumptions including credit losses, prepayment speeds and discount rates. These assumptions are based on our experience, market trends and anticipated performance related to the particular assets securitized. Subsequent to recording retained interests, we review recorded values quarterly in the same manner and using current assumptions.

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.

The following table summarizes the assets and liabilities associated with these consolidated entities, which are included in our Corporate and Other segment for reporting purposes, as of December 31:

(Dollar amounts in millions)	2004	2003
Assets		
Restricted investments held by securitization entities	\$ 860	\$ 1,069
Other assets	24	65
Total(a)	\$ 884	\$ 1,134
Liabilities		
Borrowings related to securitization entities	\$ 849	\$ 1,018
Other liabilities	3	59
Total	\$ 852	\$ 1,077

(a) Includes \$31 million and \$51 million of former retained interests in securitized assets as of December 31, 2004 and 2003, respectively, that are consolidated.

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(20) Securitization Entities (Continued)

As of December 31, 2004 and 2003, restricted investments held by securitization entities consisted of \$504 million and \$639 million, respectively, of fixed maturities and \$356 million and \$430 million, respectively, 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, 2004 and 2003, the borrowings related to securitization entities consisted of \$505 million and \$608 million, respectively, at a fixed interest rate of 5.528% due June 2025 and \$344 million and \$410 million, respectively, 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.

As of December 31, 2004 and 2003, the amortized cost, gross unrealized gains and losses, and estimated fair value of our restricted fixed maturities held by securitization entities are as follows:

2004	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(Dollar amounts in millions)				
Fixed maturities:				
U.S. corporate	\$ 473	\$ 3	\$ (27)	\$ 449
Public utilities	20	—	(2)	18
Mortgage and asset-backed	31	7	(1)	37
Total restricted fixed maturities	\$ 524	\$ 10	\$ (30)	\$ 504

2003	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(Dollar amounts in millions)				
Fixed maturities:				
U.S. corporate	\$ 574	\$ 18	\$ (21)	\$ 571
Public utilities	21	—	—	21
Mortgage and asset-backed	44	4	(1)	47
Total restricted fixed maturities	\$ 639	\$ 22	\$ (22)	\$ 639

The scheduled maturity distribution of these restricted fixed maturities as of December 31, 2004 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	Estimated fair value
Due 2005	\$ 122	\$ 117
Due 2006-2009	189	186
Due 2010-2014	140	130
Due 2015 and later	42	34
Subtotal	493	467
Mortgage and asset-backed	31	37
Total restricted fixed maturities	\$ 524	\$ 504

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(20) Securitization Entities (Continued)

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:

NAIC Rating	Rating Agency Equivalent Designation	2004			2003		
		Amortized cost or cost	Estimated Fair Value	% of total	Amortized cost or cost	Estimated Fair Value	% of total
(Dollar amounts in millions)							
1	Aaa/Aa/A	\$ 210	\$ 206	41%	\$ 222	\$ 224	35%
2	Baa	314	298	59%	415	413	65%
5	Caa and lower	—	—	0%	2	2	0%
Total restricted fixed maturities		\$ 524	\$ 504	100%	\$ 639	\$ 639	100%

The following table sets forth the distribution across property type and geographic region for restricted commercial mortgage loans as of December 31:

(Dollar amounts in millions)	2004		2003	
	Carrying value	% of total	Carrying value	% of total
Property Type				
Retail	\$ 161	45%	\$ 208	48%
Office	101	28%	106	25%
Industrial	50	14%	61	14%
Apartments	24	7%	28	7%
Mixed use/other	20	6%	27	6%
Total	\$ 356	100%	\$ 430	100%
Region				
South Atlantic	\$ 95	27%	\$ 117	27%
Pacific	79	22%	90	21%
East North Central	46	13%	54	13%
Mountain	35	10%	42	10%
Middle Atlantic	29	8%	41	10%
East South Central	22	6%	23	5%
West North Central	21	6%	23	5%
West South Central	16	4%	25	6%
New England	13	4%	15	3%
Total	\$ 356	100%	\$ 430	100%

There is no allowance for losses related to these restricted commercial mortgage loans.

(21) Restrictions on Dividends

Our insurance companies are restricted by state and foreign regulations departments as to the amount of dividends they may pay to their parent without regulatory approval in any year, the purpose of which is to protect

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(21) Restrictions on Dividends (Continued)

affected insurance policyholders, depositors or investors. Any dividends in excess of limits are deemed “extraordinary” and require approval. Based on statutory results as of December 31, 2004, our insurance companies could pay dividends of \$1,450 million to us in 2005 without obtaining regulatory approval.

(22) Supplementary Financial Data

We received from our insurance subsidiaries dividends of \$2,111 million (\$1,244 million of which are deemed “extraordinary”), \$1,472 million (\$1,400 million of which are deemed “extraordinary”) and \$840 million (\$375 million of which are deemed “extraordinary”), during 2004, 2003 and 2002, respectively. During 2003, we also received dividends from insurance subsidiaries related to discontinued operations of \$495 million. We declared dividends of \$2,093 million, of which \$2,061 million were paid in 2004. We declared and paid dividends of \$3,168 million 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.

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 stockholders’ 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, 2004, 2003 and 2002 is \$638 million, \$389 million and \$26 million, respectively. The combined statutory capital and surplus and statutorily required contingency reserves held by our U.S. mortgage insurance subsidiaries as of December 31, 2004 and 2003 is \$6.4 billion and \$7.0 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. As of December 31, 2004 and 2003, 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 must equal the greater of (i) 50% of earned premiums or (ii) the required level of policyholders position, as defined by state insurance laws. These contingency reserves generally are held until the earlier of (i) the time that loss ratios exceed 35% or (ii) ten years. The statutory contingency reserves as of December 31, 2004 for our U.S. mortgage insurance subsidiaries was approximately \$2.2 billion.

(23) Operating and Geographic Segments

(a) Operating Segment Information

Prior to our corporate reorganization we conducted our operations in five business segments: (1) Protection, which includes our life insurance, long-term care insurance, group life and health insurance and payment protection insurance; (2) Retirement Income and Investments, which includes our fixed, variable and income

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(23) Operating and Geographic Segments (Continued)

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 lines of business and assets and liabilities of our Affinity segment were not transferred to us in our corporate reorganization, therefore the results or operations of the Affinity segment are only included in our results until May 24, 2004.

The following is a summary of segment activity as of and for the years ended December 31, 2004, 2003 and 2002:

2004 (Dollar amounts in millions)	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Total
Premiums	\$ 4,481	\$ 1,094	\$ 800	\$ 88	\$ 96	\$ 6,559
Net investment income	1,224	1,996	254	26	148	3,648
Net realized investment gains	—	—	—	—	26	26
Policy fees and other income	359	271	36	104	54	824
Total revenues	6,064	3,361	1,090	218	324	11,057
Benefits and other changes in policy reserves	2,890	1,633	165	80	36	4,804
Interest credited	362	1,070	—	—	—	1,432
Underwriting acquisition and insurance expenses, net of deferrals	1,094	250	262	123	83	1,812
Amortization of deferred acquisition costs and intangibles	869	170	51	47	17	1,154
Interest expense	15	1	—	—	201	217
Total benefits and expenses	5,230	3,124	478	250	337	9,419
Earnings (loss) from continuing operations before income taxes	834	237	612	(32)	(13)	1,638
Provision (benefit) for income taxes	306	84	186	(18)	(65)	493
Net earnings (loss) from continuing operations	528	153	426	(14)	52	1,145
Total assets	\$ 31,806	\$ 56,610	\$ 6,428	\$ —	\$ 9,034	\$ 103,878

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(23) Operating and Geographic Segments (Continued)

2003

(Dollar amounts in millions)

	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Total
Premiums	\$ 4,588	\$ 1,049	\$ 716	\$ 244	\$ 110	\$ 6,707
Net investment income	1,199	2,511	218	62	61	4,051
Net realized investment gains	—	—	—	—	10	10
Policy fees and other income	356	243	48	260	8	915
Total revenues	6,143	3,803	982	566	189	11,683
Benefits and other changes in policy reserves	2,997	1,886	115	196	76	5,270
Interest credited	365	1,259	—	—	—	1,624
Underwriting acquisition and insurance expenses, net of deferrals	1,019	239	299	244	115	1,916
Amortization of deferred acquisition costs and intangibles	1,001	190	37	105	18	1,351
Interest expense	3	—	—	—	137	140
Total benefits and expenses	5,385	3,574	451	545	346	10,301
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

(Dollar amounts in millions)

	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Total
Premiums	\$ 4,088	\$ 991	\$ 677	\$ 247	\$ 104	\$ 6,107
Net investment income (losses)	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 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 from continuing operations	\$ 554	\$ 186	\$ 451	\$ (3)	\$ 192	\$ 1,380

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(23) Operating and Geographic Segments (Continued)

(b) Revenues of Major Product Groups

(Dollar amounts in millions)	2004	2003	2002
Long-term care insurance	\$ 2,311	\$ 2,408	\$ 2,087
Payment protection insurance	1,549	1,615	1,372
Life insurance	1,518	1,443	1,432
Group life and health insurance	686	677	714
Total Protection segment revenues	6,064	6,143	5,605
Spread-based products	3,044	3,468	3,447
Fee-based products	317	335	309
Total Retirement Income and Investments segment revenues	3,361	3,803	3,756
U.S. mortgage insurance	609	665	750
International mortgage insurance	481	317	196
Total Mortgage Insurance segment revenues	1,090	982	946
Affinity segment revenues	218	566	588
Corporate and Other segment revenues	324	189	334
Total revenues	\$ 11,057	\$ 11,683	\$ 11,229

(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, 2004, 2003 and 2002.

2004

(Dollar amounts in millions)	United States	International	Total
Total revenues	\$ 8,902	\$ 2,155	\$ 11,057
Net earnings from continuing operations before accounting change	\$ 818	\$ 327	\$ 1,145
Total assets	\$96,450	\$ 7,428	\$103,878

2003

Total revenues	\$ 9,632	\$ 2,051	\$ 11,683
Net earnings from continuing operations before accounting change	\$ 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 before accounting change	\$ 1,217	\$ 163	\$ 1,380

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(24) Quarterly Results of Operations (unaudited)

Our unaudited quarterly results of operations for the year ended December 31, 2004 are summarized in the table below.

(Amounts in millions, except per share amounts)	Three months ended			
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
Total revenues	\$ 3,024	\$2,921	\$ 2,470	\$ 2,642
Total benefits and expenses	\$ 2,647	\$2,482	\$ 2,063	\$ 2,227
Net earnings from continuing operations before accounting change	\$ 260	\$ 268	\$ 271	\$ 346
Gain on sale of discontinued operations, net of taxes	7	—	—	—
Cumulative effect of accounting change, net of taxes	5	—	—	—
Net earnings	\$ 272	\$ 268	\$ 271	\$ 346
Pro forma earnings per share:				
Basic earnings per common share:				
Net earnings from continuing operations before accounting change	\$ 0.53	\$ 0.55	\$ 0.55	\$ 0.71
Gain on sale of discontinued operations, net of taxes	0.01	—	—	—
Cumulative effect of accounting change, net of taxes	0.01	—	—	—
Basic earnings per common share	\$ 0.56	\$ 0.55	\$ 0.55	\$ 0.71
Diluted earnings per common share:				
Net earnings from continuing operations before accounting change	\$ 0.53	\$ 0.55	\$ 0.55	\$ 0.70
Gain on sale of discontinued operations, net of taxes	0.01	—	—	—
Cumulative effect of accounting change, net of taxes	0.01	—	—	—
Diluted earnings per share	\$ 0.56	\$ 0.55	\$ 0.55	\$ 0.70
Shares outstanding:				
Basic	489.5	489.5	489.6	489.6
Diluted	489.5	490.1	490.4	492.4

[Table of Contents](#)

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(24) Quarterly Results of Operations (unaudited) (Continued)

Our unaudited quarterly results of operations for the year ended December 31, 2003 are summarized in the table below.

(Amounts in millions, except per share amounts)	Three months ended			
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
Total revenues	\$ 2,834	\$2,867	\$ 2,916	\$ 3,066
Total benefits and expenses	\$ 2,480	\$2,473	\$ 2,593	\$ 2,755
Net earnings from continuing operations before accounting change	\$ 254	\$ 265	\$ 230	\$ 220
Net earnings from discontinued operations, net of taxes	77	99	10	—
Loss on sale of discontinued operations, net of taxes	—	—	(67)	(7)
Net earnings	\$ 331	\$ 364	\$ 173	\$ 213
Earnings per share:				
Basic earnings per common share:				
Net earnings from continuing operations before accounting change	\$ 0.52	\$ 0.54	\$ 0.47	\$ 0.45
Net earnings from discontinued operations, net of taxes	0.16	0.20	0.02	—
Loss on sale of discontinued operations, net of taxes	—	—	(0.14)	(0.01)
Basic earnings per common share	\$ 0.68	\$ 0.74	\$ 0.35	\$ 0.44
Diluted earnings per common share:				
Net earnings from continuing operations before accounting change	\$ 0.52	\$ 0.54	\$ 0.47	\$ 0.45
Net earnings from discontinued operations, net of taxes	0.16	0.20	0.02	—
Loss on sale of discontinued operations, net of taxes	—	—	(0.14)	(0.01)
Diluted earnings per common share	\$ 0.68	\$ 0.74	\$ 0.35	\$ 0.44
Shares outstanding:				
Basic	489.5	489.5	489.5	489.5
Diluted	489.5	489.5	489.5	489.5

(25) Litigation

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including class action lawsuits. 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. Plaintiffs in class action and other lawsuits against us may seek 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

Genworth Financial, Inc.
Notes to Financial Statements—(Continued)
Years Ended December 31, 2004, 2003 and 2002

(25) Litigation (Continued)

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, 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. 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 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 court gave final approval to the settlement on August 12, 2004. 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 the number of individuals who ultimately will seek relief in the claim form process of the 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. That process is currently underway. In addition, approximately 650 class members elected to exclude themselves from the class action settlement. In the fourth quarter of 2004, we reached an agreement in principle to settle the threatened claims of policyholders who had excluded approximately 500 policies from the class action settlement. At that time, we accrued a reserve for the settlement in principle. We have also been named as a defendant in six lawsuits brought by 67 class members who elected to exclude themselves from the class action settlement. We cannot determine at this point whether or how many other class members who have excluded themselves from the class action will initiate individual actions against us, or the effect of such suits or claims, including the six pending lawsuits, on our financial condition or results of operations.

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 Fair Credit Reporting Act ("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." In the *Karwo* case, the codefendant, CitiMortgage, filed a motion to dismiss, which was recently denied. Similar cases were filed against six other mortgage insurers. In two of those cases, both in the Middle District of Florida, the judges have denied motions for class certification. A motion for reconsideration has been filed in one of these cases and the other was dismissed following a settlement with the named plaintiff. We intend to defend vigorously against these actions, but we cannot predict their outcome.

[Table of Contents](#)

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of December 31, 2004, an evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

Management's Annual Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our company. With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2004.

Our independent auditor, KPMG LLP, a registered public accounting firm, has issued an attestation report on our management's assessment of our internal control over financial reporting. This attestation report appears below.

/s/ Michael D. Fraizer

Michael D. Fraizer
Chairman, President and
Chief Executive Officer

/s/ Richard P. McKenney

Richard P. McKenney
Senior Vice President –
Chief Financial Officer

February 11, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting that Genworth Financial, Inc. (the Company) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Genworth Financial, Inc. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Genworth Financial, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of financial position of Genworth Financial, Inc. as of December 31, 2004 and 2003, and the related statements of earnings, stockholders' interest, and cash flows for each of the years in the three-year period ended December 31, 2004, and our report dated February 11, 2005 expressed an unqualified opinion on those financial statements.

As discussed in note 2 to the financial statements, the Company changed its method of accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and goodwill and other intangible assets in 2002.

/s/ KPMG LLP

Richmond, Virginia

February 11, 2005

[Table of Contents](#)

Changes in Internal Control Over Financial Reporting During the Quarter Ended December 31, 2004

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The following table sets forth certain information concerning our directors and executive officers:

<u>Name</u>	<u>Age</u>	<u>Positions</u>
Michael D. Fraizer	46	Chairman, President and Chief Executive Officer
Thomas H. Mann	54	President and Chief Executive Officer—Mortgage Insurance
Pamela S. Schutz	50	President and Chief Executive Officer—Retirement Income and Investments
George R. Zippel	45	President and Chief Executive Officer—Protection
K. Rone Baldwin	46	Senior Vice President—Employee Benefits Group
Mark W. Griffin	46	Senior Vice President—Chief Risk Officer
Michael S. Laming	53	Senior Vice President—Human Resources
Scott J. McKay	43	Senior Vice President—Operations & Quality and Chief Information Officer
Richard P. McKenney	36	Senior Vice President—Chief Financial Officer
Victor C. Moses	57	Senior Vice President—Chief Actuary
Joseph J. Pehota	43	Senior Vice President—Business Development
Jean S. Peters	53	Senior Vice President—Investor Relations and Corporate Communications
Leon E. Roday	51	Senior Vice President—General Counsel and Secretary
William R. Wright, Jr.	52	Senior Vice President—Chief Investment Officer
Frank J. Borelli	69	Director
Elizabeth J. Comstock	44	Director
Pamela Daley	52	Director
Dennis D. Dammerman	59	Director
J. Robert Kerrey	61	Director
David R. Nissen	53	Director
James A. Parke	59	Director
Thomas B. Wheeler	68	Director

Executive Officers and Directors

The following sets forth certain biographical information with respect to our executive officers and directors listed above.

Michael D. Fraizer has been our Chairman, President and Chief Executive Officer since the completion of the IPO and prior to the IPO was a Vice President of GE since December 1995 and a Senior Vice President of GE since June 2000. Mr. Fraizer was Chairman of the Board of GEFAHI from November 1996 to May 2004 and President and Chief Executive Officer of GEFAHI from April 1997 to June 2004. 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

Table of Contents

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 1996. From July 1991 to June 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 has been our President and Chief Executive Officer—Mortgage Insurance since the completion of the IPO 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. Prior to the IPO, he was 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's Real Estate Financial Services Division, 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 has been our President and Chief Executive Officer—Retirement Income and Investments since the completion of the IPO and has been President and Chief Executive Officer of GE Life and Annuity Assurance Company, a subsidiary of our company, since June 1998. Prior to the IPO, she was 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 MIB Group, Inc.

George R. Zippel has been our President and Chief Executive Officer—Protection since the completion of the IPO and has been the President and Chief Executive Officer of Independent Brokerage Group, a business unit of our company, since September 1999. Prior to the IPO, he was 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 has been our Senior Vice President—Employee Benefits Group since the completion of the IPO and has been Senior Vice President—Employee Benefits Group of GEFAHI since March 2004. Prior to the IPO, 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.

Table of Contents

Mark W. Griffin has been our Senior Vice President—Chief Risk Officer since the completion of the IPO and prior to the IPO was 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.

Michael S. Laming has been our Senior Vice President—Human Resources since the completion of the IPO and prior to the IPO was 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 has been our Senior Vice President—Operations & Quality and Chief Information Officer since August 2004. Prior thereto, he was Senior Vice President—Operations & Quality from the completion of the IPO to August 2004. Prior to the IPO was 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 has been our Senior Vice President—Chief Financial Officer since the completion of the IPO and prior to the IPO was, 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 has been our Senior Vice President—Chief Actuary since the completion of the IPO and prior to the IPO was 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 has been our Senior Vice President—Business Development since the completion of the IPO and prior to the IPO was 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.

Table of Contents

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.

Jean S. Peters has been our Senior Vice President—Investor Relations and Corporate Communications since May 2004. From January 1999 to April 2004, she was the Senior Vice President of Investor Relations for John Hancock Financial Services, Inc. From February 1994 to January 1999, Ms. Peters was the Vice President of Investor Relations for Allmerica Financial Corporation. Prior thereto, she was the Second Vice President of Investor Relations from August 1989 to February 1994, and the Assistant Vice President of Corporate Communications from January 1986 to August 1989, for Capital Holding Corporation. From August 1984 to January 1986, Ms. Peters was the Business Editor for the Dayton Daily News and Journal Herald. Prior thereto, from February 1982 to August 1984, she was a business writer for the Louisville Courier-Journal. Ms. Peters received a B.S. in Journalism from Northwestern University in 1974. She is a member of the board of the National Investor Relations Institute, Boston Chapter.

Leon E. Roday has been our Senior Vice President, General Counsel and Secretary since the completion of the IPO and prior to the completion of the IPO was 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. has been our Senior Vice President—Chief Investment Officer since the completion of the IPO and prior to the completion of the IPO was 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.

Frank J. Borelli is a member of our board of directors. Mr. Borelli has been a Senior Advisor to MMC Capital, a wholly owned subsidiary of Marsh & McLennan Companies, Inc., 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 Presiding 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.

Table of Contents

Elizabeth J. Comstock is a member of our board of directors. 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 is a member of our board of directors. Ms. Daley has been Vice President, Corporate Business Development at GE since July 2004, and was Vice President and Senior Counsel for Transactions at GE from 1991 to 2004, 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 is a member of our board of directors. Mr. Dammerman has been a Vice Chairman and Executive Officer of GE and the Chairman 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.

J. Robert "Bob" Kerrey is a member of our board of directors. 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.

David R. Nissen is a member of our board of directors. Mr. Nissen has been President and CEO of GE Consumer Finance 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 is a member of our board of directors. 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.

Thomas B. Wheeler is a member of our board of directors. 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

Table of Contents

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.

Other Information

We will provide the remaining information that is responsive to this Item 10 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Election of Directors," "Corporate Governance," "Section 16(a) Beneficial Ownership Reporting Compliance," and possibly elsewhere therein. That information is incorporated into this Item 10 by reference.

Item 11. Executive Compensation

We will provide information that is responsive to this Item 11 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Directors' Compensation and Benefit Program," "Executive Compensation Practices," "Contingent Long-Term Performance Incentive Awards," "Stock Options and Stock Appreciation Rights," "Summary Compensation Table," "Retirement Benefits," "Change In Control Plan," "Approval of the 2004 Genworth Financial, Inc. Omnibus Incentive Plan," and possibly elsewhere therein. That information is incorporated into this Item 11 by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We will provide information that is responsive to this Item 12 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Stock Ownership," "Equity Compensation Plans" and possibly elsewhere therein. That information is incorporated into this Item 12 by reference.

Item 13. Certain Relationships and Related Transactions

We will provide information that is responsive to this Item 13 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Certain Relationships and Transactions," and possibly elsewhere therein. That information is incorporated into this Item 13 by reference.

Item 14. Principal Accountant Fees and Services

We will provide information that is responsive to this Item 14 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Independent Auditor," and possibly elsewhere therein. That information is incorporated into this Item 14 by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Exhibits

<u>Number</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of Genworth Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated June 7, 2004)
3.2	Amended and Restated Bylaws of Genworth Financial, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K dated December 3, 2004)
3.3	Certificate of Designations for Series A Cumulative Preferred Stock (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K dated June 7, 2004)
4.1	Specimen Class A Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (No. 333-112009) (the "Registration Statement"))
4.2	Indenture, dated as of June 26, 2001, between GE Financial Assurance Holdings, Inc. and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.2 to the Registration Statement)
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 (incorporated by reference to Exhibit 4.3 to the Registration Statement)
4.4	Second Supplemental Indenture among GE Financial Assurance Holdings, Inc., Genworth Financial, Inc. and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank.), as Trustee (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated June 7, 2004)
4.5	ISDA Master Agreement, dated as of March 2, 2000, between Morgan Stanley Derivative Products Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 4.5 to the Registration Statement)
4.6	Confirmation Letter, dated as of September 29, 2003, from Morgan Stanley Derivative Products Inc. to GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 4.6 to the Registration Statement)
4.7	Indenture between Genworth Financial, Inc. and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.7 to the Current Report on Form 8-K dated June 7, 2004)
4.8	Supplemental Indenture No. 1 between Genworth Financial, Inc. and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.8 to the Current Report on Form 8-K dated June 7, 2004)
4.9	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 (incorporated by reference to Exhibit 4.9 to the Current Report on Form 8-K dated June 7, 2004)
4.10	Indenture between Genworth Financial, Inc. and JPMorgan Chase Bank, as Trustee (filed herewith)
4.11	Supplemental Indenture No. 1 between Genworth Financial, Inc. and JPMorgan Chase Bank, as Trustee (filed herewith)
10.1	Master Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated June 7, 2004)

Table of Contents

<u>Number</u>	<u>Description</u>
10.2	Registration Rights Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated June 7, 2004)
10.3	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. (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated June 7, 2004)
10.3.1	Letter, dated August 18, 2004, from General Electric Company to Genworth Financial, Inc., regarding the Transition Services Agreement, dated May 24, 2004, 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. (incorporated by reference to Exhibit 10.3.1 to the Quarterly Report on Form 10-Q for the three months ended September 30, 2004)
10.4	Liability and Portfolio Management Agreement between Trinity Funding Company, LLC and Genworth Financial Asset Management, LLC (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K dated June 7, 2004)
10.5	Liability and Portfolio Management Agreement among FGIC Capital Market Services, Inc., Genworth Financial Asset Management, LLC and General Electric Capital Corporation (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K dated June 7, 2004)
10.6†	Outsourcing Services Separation Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation and GE Capital International Services, Inc. (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K dated June 7, 2004)
10.7	Tax Matters Agreement by and among General Electric Company, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc., GEI, Inc. and Genworth Financial, Inc. (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K dated June 7, 2004)
10.8	Employee Matters Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K dated June 7, 2004)
10.9	Transitional Trademark License Agreement between GE Capital Registry, Inc. and Genworth Financial, Inc. (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K dated June 7, 2004)
10.10	Intellectual Property Cross-License between Genworth Financial, Inc. and General Electric Company (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K dated June 7, 2004)
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 (incorporated by reference to Exhibit 10.11 to the Registration Statement)
10.12	Coinsurance Agreement, dated as of April 15, 2004, by and between Federal Home Life Insurance Company and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.12 to the Registration Statement)
10.13	Coinsurance Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.13 to the Registration Statement)

Table of Contents

<u>Number</u>	<u>Description</u>
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 (incorporated by reference to Exhibit 10.14 to the Registration Statement)
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 (incorporated by reference to Exhibit 10.15 to the Registration Statement)
10.16	Retrocession Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.16 to the Registration Statement)
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 (incorporated by reference to Exhibit 10.17 to the Registration Statement)
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 (incorporated by reference to Exhibit 10.18 to the Registration Statement)
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 (incorporated by reference to Exhibit 10.19 to the Registration Statement)
10.20	Coinsurance Agreement, dated as of April 15, 2004, by and between Union Fidelity Life Insurance Company and Federal Home Life Insurance Company (incorporated by reference to Exhibit 10.20 to the Registration Statement)
10.21	Capital Maintenance Agreement, dated as of January 1, 2004, by and between Union Fidelity Life Insurance Company and General Electric Capital Corporation (incorporated by reference to Exhibit 10.21 to the Registration Statement)
10.22	Mortgage Services Agreement by and among GE Mortgage Services, LLC, GE Mortgage Holdings LLC, GE Mortgage Contract Services Inc. and Genworth Financial, Inc. (incorporated by reference to Exhibit 10.25 to the Current Report on Form 8-K dated June 7, 2004)
10.23†	Framework Agreement between GEFA International Holdings, Inc. and GE Capital Corporation (incorporated by reference to Exhibit 10.26 to the Current Report on Form 8-K dated June 7, 2004)
10.24†	Business Services Agreement between GNA Corporation and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.27 to the Current Report on Form 8-K dated June 7, 2004)
10.25	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 (incorporated by reference to Exhibit 10.28 to the Current Report on Form 8-K dated June 7, 2004)
10.26	Agreement Regarding Continued Reinsurance of Insurance Products by and between General Electric Capital Company and Viking Insurance Company Ltd. (incorporated by reference to Exhibit 10.29 to the Current Report on Form 8-K dated June 7, 2004)
10.27	Transitional Services Agreement between Financial Insurance Group Services Limited and GE Life Services Limited (incorporated by reference to Exhibit 10.30 to the Current Report on Form 8-K dated June 7, 2004)
10.28†	Amended and Restated Investment Management and Services Agreement between General Electric Capital Assurance Company and GE Asset Management incorporated (incorporated by reference to Exhibit 10.31 to the Current Report on Form 8-K dated June 7, 2004)

Table of Contents

<u>Number</u>	<u>Description</u>
10.29†	Investment Management Agreement between Financial Assurance Company Limited and GE Asset Management Limited (incorporated by reference to Exhibit 10.32 to the Current Report on Form 8-K dated June 7, 2004)
10.30	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 (incorporated by reference to Exhibit 10.33 to the Registration Statement)
10.31†	Amended and Restated Master Outsourcing Agreement by and between General Electric Capital Assurance Company and GE Capital International Services (incorporated by reference to Exhibit 10.34 to the Current Report on Form 8-K dated June 7, 2004)
10.32†	Amended and Restated Master Outsourcing Agreement by and between First Colony Life Insurance Company and GE Capital International Services (incorporated by reference to Exhibit 10.35 to the Current Report on Form 8-K dated June 7, 2004)
10.33†	Amended and Restated Master Outsourcing Agreement by and between GE Life and Annuity Assurance Company and GE Capital International Services (incorporated by reference to Exhibit 10.36 to the Current Report on Form 8-K dated June 7, 2004)
10.34	Life Reinsurance Agreement between Financial Assurance Company Limited and GE Pensions Limited (incorporated by reference to Exhibit 10.37 to the Registration Statement)
10.35	180-Day Bridge Credit Agreement among Genworth Financial, Inc., as borrower, and the Lenders Named therein (incorporated by reference to Exhibit 10.38 to the Current Report on Form 8-K dated June 7, 2004)
10.36	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 (incorporated by reference to Exhibit 10.39 to the Current Report on Form 8-K dated June 7, 2004)
10.37	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 (incorporated by reference to Exhibit 10.40 to the Current Report on Form 8-K dated June 7, 2004)
10.38	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) (incorporated by reference to Exhibit 10.41 to the Registration Statement)
10.39	Form of Agreement on Transfer of a Portfolio of Insurance Contracts between Vie Plus and Financial New Life Company Limited (incorporated by reference to Exhibit 10.42 to the Registration Statement)
10.40	Form of Business Transfer Agreement between Vie Plus S.A. and Financial New Life Company Limited (incorporated by reference to Exhibit 10.43 to the Registration Statement)
10.41	Administrative Services Agreement by and between GE Group Life Assurance Company and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.45 to the Current Report on Form 8-K dated June 7, 2004)
10.42	Subordinated Contingent Promissory Note between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 10.46 to the Current Report on Form 8-K dated June 7, 2004)
10.42.1	Amendment No. 1 to Subordinated Contingent Promissory Note between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc. (incorporated by reference to Exhibit 10.46.1 to the Third Quarter 2004 10-Q)

Table of Contents

<u>Number</u>	<u>Description</u>
10.43	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. (incorporated by reference to Exhibit 10.47 to the Current Report on Form 8-K dated June 7, 2004)
10.44	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 (incorporated by reference to Exhibit 10.48 to the Registration Statement)
10.45	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 (incorporated by reference to Exhibit 10.49 to the Registration Statement)
10.46	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 (incorporated by reference to Exhibit 10.50 to the Registration Statement)
10.47	Trust Agreement, dated as of April 15, 2004, among Federal Home Life Insurance Company and The Bank of New York (incorporated by reference to Exhibit 10.51 to the Registration Statement)
10.48	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 (incorporated by reference to Exhibit 10.52 to the Registration Statement)
10.40	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 (incorporated by reference to Exhibit 10.53 to the Registration Statement)
10.50	Coinsurance Agreement, dated as of April 15, 2004, between First Colony Life Insurance Company and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.54 to the Registration Statement)
10.51	Liability and Portfolio Management Agreement between Trinity Plus Funding Company, LLC and Genworth Financial Asset Management, LLC (incorporated by reference to Exhibit 10.55 to the Current Report on Form 8-K dated June 7, 2004)
10.52§	2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56 to the Registration Statement)
10.52.1§	Form of Deferred Stock Unit Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56.1 to the Current Report on Form 8-K dated December 30, 2004)
10.52.2§	Form of Restricted Stock Unit Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56.2 to the Current Report on Form 8-K dated December 30, 2004)
10.52.3§	Form of Stock Option Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56.3 to the Current Report on Form 8-K dated December 30, 2004)
10.52.4§	Form of Stock Appreciation Rights Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56.4 to the Current Report on Form 8-K dated December 30, 2004)

Table of Contents

<u>Number</u>	<u>Description</u>
10.53	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 (incorporated by reference to Exhibit 10.57 to the Current Report on Form 8-K dated June 7, 2004)
10.54	Australian Tax Matters Agreement between Genworth Financial, Inc. and General Electric Capital Corporation (incorporated by reference to Exhibit 10.58 to the Current Report on Form 8-K dated June 7, 2004)
10.55.1§	General Electric Incentive Compensation Plan, as amended effective July 1, 1991 (incorporated by reference to Exhibit 10(a) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1991)
10.55.2§	General Electric 1991 Executive Deferred Salary Plan (incorporated by reference to Exhibit 10(n) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1990)
10.55.3§	General Electric 1994 Executive Deferred Salary Plan (incorporated by reference to Exhibit 10(o) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1993)
10.55.4§	General Electric Leadership Life Insurance Program, effective January 1, 1994 (incorporated by reference to Exhibit 10(r) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1993)
10.55.5§	General Electric 1997 Executive Deferred Salary Plan (incorporated by reference to Exhibit 10(t) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1997)
10.55.6§	General Electric 1990 Long Term Incentive Plan as restated and amended effective August 1, 1997 (incorporated by reference to Exhibit 10(u) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1997)
10.55.7§	General Electric 2000 Executive Deferred Salary Plan (incorporated by reference to Exhibit 10(u) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2000)
10.55.8§	General Electric Supplementary Pension Plan, as amended effective July 1, 2000 (incorporated by reference to Exhibit 10(v) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2000)
10.55.9§	Form of GE Executive Life Insurance Agreement provided to GE officers, as revised September 2000 (incorporated by reference to Exhibit 10(w) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2000)
10.55.10§	General Electric 2003 Executive Deferred Salary Plan (incorporated by reference to Exhibit 10(x) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002)
10.55.11§	Amendment No. 1 to General Electric 1990 Long Term Incentive Plan as restated and amended effective August 1, 1997 (incorporated by reference to Exhibit 10(y) to General Electric Company's Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002)
10.56§	Genworth Financial, Inc. 2005 Change in Control Plan (incorporated by reference to Exhibit 10.60 to the Current Report on Form 8-K dated February 7, 2005)

Table of Contents

<u>Number</u>	<u>Description</u>
10.57	Consideration Agreement, dated as of December 30, 2004, by and between Genworth Financial, Inc. and GE Capital International (Mauritius) (filed herewith)
10.58	Outsourcing Services Amendment Agreement, dated as of December 30, 2004, by and between Gecis International Holdings, Luxembourg, Swiss Branch Zug, and Genworth Financial, Inc. (filed herewith)
10.59	Guaranty, dated as of December 30, 2004, by Gecis Global Holdings in favor of Genworth Financial, Inc. (filed herewith)
12	Computation of Ratio of Earnings to Fixed Charges (filed herewith)
21	Subsidiaries of the registrant (filed herewith)
23	Consent of KPMG LLP (filed herewith)
24	Powers of Attorney (filed herewith)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—Michael D. Fraizer (filed herewith)
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—Richard P. McKenney (filed herewith)
32.1	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code—Michael D. Fraizer (filed herewith)
32.2	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code—Richard P. McKenney (filed herewith)
§	Management contract or compensatory plan or arrangement.
†	Omits information for which confidential treatment has been granted.

Table of Contents

Neither Genworth Financial, Inc., nor any of its consolidated subsidiaries, has outstanding any instrument with respect to its long-term debt, other than those filed as an exhibit to this Annual Report, under which the total amount of securities authorized exceeds 10% of the total assets of Genworth Financial, Inc. and its subsidiaries on a consolidated basis. Genworth Financial, Inc. hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of such long-term debt that is not filed or incorporated by reference as an exhibit to this Annual Report.

Genworth Financial, Inc. will furnish any exhibit upon the payment of a reasonable fee, which fee shall be limited to Genworth Financial, Inc.'s reasonable expenses in furnishing such exhibit.

(b) Financial Statement Schedules

<u>Number</u>	<u>Description</u>
Schedule II	Genworth Financial, Inc. (Parent Only) Financial Statements
Schedule III	Supplementary Insurance Information

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 1, 2005

GENWORTH FINANCIAL, INC.

By: _____ /s/ MICHAEL D. FRAIZER

Name: **Michael D. Fraizer**
Title: **Chairman of the Board of Directors,
President and Chief Executive Officer**

Table of Contents

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Dated: March 1, 2005

<hr/> <p>/s/ MICHAEL D. FRAIZER</p> <hr/> <p>Michael D. Fraizer</p>	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
<hr/> <p>/s/ RICHARD P. MCKENNEY</p> <hr/> <p>Richard P. McKenney</p>	Senior Vice President – Chief Financial Officer (Principal Financial Officer)
<hr/> <p>/s/ JAMIE S. MILLER</p> <hr/> <p>Jamie S. Miller</p>	Vice President and Controller (Principal Accounting Officer)
<hr/> <p>*</p> <hr/> <p>Frank J. Borelli</p>	Director
<hr/> <p>*</p> <hr/> <p>Pamela Daley</p>	Director
<hr/> <p>*</p> <hr/> <p>J. Robert Kerrey</p>	Director
<hr/> <p>*</p> <hr/> <p>James A. Parke</p>	Director
<hr/> <p>*</p> <hr/> <p>Elizabeth J. Comstock</p>	Director
<hr/> <p>*</p> <hr/> <p>Dennis D. Dammerman</p>	Director
<hr/> <p>*</p> <hr/> <p>David R. Nissen</p>	Director
<hr/> <p>*</p> <hr/> <p>Thomas B. Wheeler</p>	Director
*By <hr/> <p>/s/ MICHAEL D. FRAIZER</p> <hr/> <p>Michael D. Fraizer Attorney-in-Fact</p>	

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

Under the date of February 11, 2005, we reported on the statement of financial position of Genworth Financial, Inc. (the Company) as of December 31, 2004 and 2003, and the related statements of earnings, stockholders' interest and cash flows for each of the years in the three-year period ended December 31, 2004, which are included herein. In connection with our audits of the aforementioned financial statements, we also audited the related financial statement schedules included herein. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in note 2 to the financial statements, the Company changed its method of accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and goodwill and other intangible assets in 2002.

/s/ KPMG LLP
Richmond, Virginia
February 11, 2005

[Table of Contents](#)

Schedule II
Genworth Financial, Inc.
(Parent Company Only)
Statement of Earnings
(Dollar amounts in millions)

	Year ended December 31, 2004	Period from October 23, 2003 to December 31, 2003
Revenues:		
Gain on outsourcing services agreement	\$ 40	—
Net investment income	1	—
Total revenues	41	—
Benefits and expenses:		
Underwriting, acquisition, and insurance expenses	37	—
Amortization of deferred acquisition costs and intangibles	2	—
Interest expense	119	—
Total benefits and expenses	158	—
Loss before income taxes and equity in earnings of subsidiaries	(117)	—
Benefit for income taxes	194	—
Equity in earnings of subsidiaries	632	—
Net earnings	\$ 709	\$ —

See Notes to Financial Statements

[Table of Contents](#)

Schedule II
Genworth Financial, Inc.
(Parent Company Only)
Statement of Financial Position
(Dollar amounts in millions)

	December 31,	
	2004	2003
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value	\$ 148	\$ —
Investment in subsidiaries	16,468	—
Other invested assets	57	—
	<u>16,673</u>	<u>—</u>
Total investments	16,673	—
Cash and cash equivalents	100	—
Accrued investment income	1	—
Intangible assets	5	—
Deferred tax asset	126	—
Tax receivable from subsidiary	450	—
Other assets	20	—
	<u>17,375</u>	<u>—</u>
Total assets	\$ 17,375	\$ —
Liabilities and Stockholders' Interest		
Liabilities:		
Tax payable to majority stockholder	\$ 380	\$ —
Other liabilities	195	—
Borrowings from subsidiary	233	—
Short-term borrowings	559	—
Long-term borrowings	2,442	—
Senior notes underlying equity units	600	—
Preferred stock	100	—
	<u>4,509</u>	<u>—</u>
Total liabilities	4,509	—
Commitments and Contingencies		
Stockholders' interest:		
Class A Common Stock, \$0.001 par value; 1.5 billion shares authorized; 146.5 million shares issued and outstanding	\$ —	\$ —
Class B Common Stock, \$0.001 par value; 700 million shares authorized; 343.1 million shares issued and outstanding	—	—
Additional paid-in capital	10,612	—
	<u>10,612</u>	<u>—</u>
Accumulated non-owner changes in stockholders' interest:		
Net unrealized investment gains	1,019	—
Derivatives qualifying as hedges	268	—
Foreign currency translation adjustments	322	—
	<u>1,609</u>	<u>—</u>
Accumulated non-owner changes in stockholders' interest	1,609	—
Retained earnings	645	—
	<u>12,866</u>	<u>—</u>
Total stockholders' interest	12,866	—
	<u>17,375</u>	<u>—</u>
Total liabilities and stockholders' interest	\$ 17,375	\$ —

See Notes to Financial Statements

Schedule II
Genworth Financial, Inc.
(Parent Company Only)
Statement of Cash Flows
(Dollar amounts in millions)

	Year ended December 31, 2004	Period from October 23, 2003 to December 31, 2003
Cash flows from operating activities:		
Net earnings	\$ 709	\$ —
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Earnings from subsidiaries	(632)	—
Dividends from subsidiaries	590	—
Amortization of deferred acquisition costs and intangibles	2	—
Deferred income taxes	(126)	—
Corporate overhead allocation	14	—
Accrued investment income and other assets	(10)	—
Other liabilities and other policy-related balances	153	—
Net cash from operating activities	700	—
Cash flows from investing activities:		
Capital contribution paid to subsidiary	(72)	—
Net cash from investing activities	(72)	—
Cash flows from financing activities:		
Payment of contingent note	(550)	—
Payments on short-term borrowings, net	(2,340)	—
Proceeds from long-term borrowings	1,895	—
Net commercial paper borrowings	499	—
Dividend paid to stockholders	(32)	—
Net cash from financing activities	(528)	—
Effect of exchange rate changes on cash and cash equivalents	—	—
Net change in cash and cash equivalents	100	—
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	\$ 100	\$ —

See Notes to Financial Statements

Schedule II
Genworth Financial, Inc.
(Parent Company Only)
Notes to Financial Statements
Year Ended December 31, 2004 and the Period From October 22, 2003 to December 31, 2003

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 acquired 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 also acquired certain other insurance businesses owned by other GE subsidiaries and entered into several significant reinsurance transactions with an affiliate of GE.

2. Borrowings and Commitments

All of the consolidated borrowings of Genworth and its consolidated subsidiaries are borrowings of the Parent, except as indicated below.

On April 3, 2000, GEFAHI issued to a subsidiary a senior unsecured note with a principal amount of \$233 million with an interest rate of 7.85% maturing on November 30, 2010. As part of our corporate reorganization, the note was assumed by Genworth. This note is eliminated in consolidation.

The statement of financial position of Genworth Financial, Inc. and its consolidated subsidiaries as of December 31, 2004 includes \$900 million of non-recourse funding obligations that are not a liability of Genworth Financial (Parent only).

In addition to the guarantees discussed in note 20 to our consolidated financial statements, we have provided liquidity support to some of our insurance subsidiaries in the form of guarantees of certain (primarily insurance) obligations, in some cases subject to annual scheduled adjustments, totaling \$410 million as of December 31, 2004. The majority of these obligations are backed by assets held in our insurance subsidiaries which we believe sufficiently cover the underlying obligations.

Schedule II
Genworth Financial, Inc.
(Parent Company Only)
Notes to Financial Statements—(Continued)

3. Supplemental Cash Flow Information

In connection with our corporate reorganization on May 24, 2004, we completed several non-cash transactions with our parent. These transactions included non-cash consideration paid to our then-sole stockholder through the issuance of debt and other liabilities. The following table details these transactions as well as other non-cash items:

(Dollar amounts in millions)	Year ended December 31, 2004
Net assets acquired in connection with our corporate reorganization	\$ 15,948
Other non-cash transactions in connection with our corporate reorganization:	
Issuance of senior notes underlying equity units	\$ 600
Issuance of Series A preferred stock	100
Issuance of contingent note	550
Issuance of note	2,400
Total other non-cash transactions in connection with our corporate reorganization	\$ 3,650
Non-cash transactions subsequent to our corporate reorganization	
Dividend from subsidiary	\$ 151
Stock-based compensation	29
Dividends declared not yet paid	32
Total non-cash transactions subsequent to our corporate reorganization	\$ 212

4. Income Taxes

Under the Tax Matters Agreement, Genworth is obligated to make \$640 million of payments to GE over the next 18 years. This \$640 million represents approximately 80%, subject to a maximum amount, of the tax savings Genworth and its subsidiaries expect to realize for periods after Genworth's separation from GE as a result of the tax elections made in connection with that separation. These tax savings have been recorded as a \$718 million reduction of the Genworth consolidated deferred tax liability. Genworth has established the \$389 million discounted value of this \$640 million obligation to GE as a liability on its balance sheet. We have recorded the \$329 million difference between the \$718 million recorded benefit and the \$389 million recorded liability to GE as an increase in stockholders' interest.

As of December 31, 2004, Genworth also holds assets of \$568 million in respect of these tax elections, comprised of a \$118 million deferred tax asset and a \$450 million receivable from its subsidiaries pursuant to tax allocation agreements. These amounts are undiscounted pursuant to the applicable rules governing deferred taxes and intercompany liabilities.

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, 2004					
Protection	\$ 4,311	\$ 19,222	\$ 1,997	\$ 130	\$ 4,481
Retirement Income and Investments	592	45,441	—	446	1,094
Mortgage Insurance	112	341	1,551	60	800
Affinity	—	—	—	—	88
Corporate and Other	5	23	49	2	96
Total	\$ 5,020	\$ 65,027	\$ 3,597	\$ 638	\$ 6,559
December 31, 2003					
Protection	\$ 4,155	\$ 17,871	\$ 2,314	\$ 63	\$ 4,588
Retirement Income and Investments	1,249	43,744	—	351	1,049
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	\$ 6,707
December 31, 2002					
Protection					\$ 4,088
Retirement Income and Investments					991
Mortgage Insurance					677
Affinity					247
Corporate and Other					104
Total					\$ 6,107

See Accompanying Report of Independent Registered Public Accounting Firm.

Schedule III (Continued)
Genworth Financial, Inc.
Supplemental Insurance Information
(Dollar amounts in millions)

<u>Segment</u>	<u>Net Investment Income</u>	<u>Interest Credited & Benefits & Other Changes in Policy Reserves</u>	<u>Amortization of Deferred Acquisition Costs</u>	<u>Other Operating Expenses</u>	<u>Premiums Written</u>
December 31, 2004					
Protection	\$ 1,224	\$ 3,252	\$ 773	\$ 1,205	\$ 3,863
Retirement Income and Investments	1,996	2,703	144	277	1,094
Mortgage Insurance	254	165	41	272	1,073
Affinity	26	80	35	135	85
Corporate and Other	148	36	8	293	79
Total	\$ 3,648	\$ 6,236	\$ 1,001	2,182	\$ 6,194
December 31, 2003					
Protection	\$ 1,199	\$ 3,362	\$ 889	\$ 1,134	\$ 4,454
Retirement Income and Investments	2,511	3,145	166	263	1,050
Mortgage Insurance	218	115	33	303	950
Affinity	62	196	89	260	236
Corporate and Other	61	76	5	265	124
Total	\$ 4,051	\$ 6,894	\$ 1,182	\$ 2,225	\$ 6,814
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

See Accompanying Report of Independent Registered Public Accounting Firm.

GENWORTH FINANCIAL, INC.
JPMORGAN CHASE BANK, Trustee
Indenture
Dated as of June 15, 2004

CROSS-REFERENCE TABLE
This Cross-Reference Table is not part of the Indenture

<u>Trust Indenture Act of 1939 Section</u>	<u>Indenture Section</u>
310	(a)(1) 7.09
	(a)(2) 7.09
	(a)(3) Not applicable
	(a)(4) Not applicable
	(a)(5) 7.09
	(b) 7.08 and 7.10
	(c) Not applicable
311	(a) *
	(b) *
	(c) Not applicable
312	(a) 5.01
	(b) *
	(c) *
313	(a) 5.03
	(b)(1) Not applicable
	(b)(2) *
	(c) *
	(d) *
314	(a) 5.02
	(b) Not applicable
	(c)(1) 14.05
	(c)(2) 14.05
	(c)(3) Not applicable
	(d) Not applicable
	(e) 14.05
	(f) Not applicable
315	(a) 7.01
	(b) 6.08
	(c) 7.01
	(d) 7.01
	(e) 6.09
316	(a)(1) 6.01 and 6.07
	(a)(2) Not applicable
	(b) 6.04
	(c) *
317	(a) 6.02
	(b) 4.04(a)
318	(a) 14.08

* Automatically included under Section 318(c) of the Trust Indenture Act of 1939, as amended.

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE 1	
DEFINITIONS	
Section 1.01. <i>Definitions</i>	1
ARTICLE 2	
DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES	
Section 2.01. <i>Forms</i>	6
Section 2.02. <i>Amount Unlimited; Issuable in Series</i>	7
Section 2.03. <i>Authentication</i>	9
Section 2.04. <i>Date and Denomination of Securities</i>	10
Section 2.05. <i>Execution of Securities</i>	11
Section 2.06. <i>Exchange and Registration of Transfer of Securities</i>	12
Section 2.07. <i>Mutilated, Destroyed, Lost or Stolen Securities</i>	14
Section 2.08. <i>Temporary Securities</i>	15
Section 2.09. <i>Cancellation of Securities Paid, etc.</i>	16
Section 2.10. <i>Computation of Interest</i>	16
Section 2.11. <i>Form of Legend for Global Securities</i>	16
ARTICLE 3	
REDEMPTION OF SECURITIES; SINKING FUNDS	
Section 3.01. <i>Applicability of Article</i>	17
Section 3.02. <i>Notice of Redemption; Selection of Securities</i>	17
Section 3.03. <i>Payment of Securities Called for Redemption</i>	18
Section 3.04. <i>Satisfaction of Mandatory Sinking Fund Payments with Securities</i>	19
Section 3.05. <i>Redemption of Securities for Sinking Fund</i>	19
Section 3.06. <i>Repayment at the Option of the Holder</i>	21
ARTICLE 4	
PARTICULAR COVENANTS OF THE COMPANY	
Section 4.01. <i>Payment of Principal, Premium and Interest</i>	21
Section 4.02. <i>Offices for Notices and Payments, etc</i>	21
Section 4.03. <i>Appointment to Fill Vacancies in Trustee's Office</i>	22
Section 4.04. <i>Provision as to Paying Agent</i>	22
Section 4.05. <i>Statement as to Compliance</i>	23
Section 4.06. <i>Additional Amounts</i>	23

ARTICLE 5
SECURITYHOLDER LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. <i>Securityholder Lists</i>	24
Section 5.02. <i>Reports by the Company</i>	25
Section 5.03. <i>Reports by the Trustee</i>	25

ARTICLE 6
REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

Section 6.01. <i>Events of Default</i>	25
Section 6.02. <i>Payment of Securities on Default; Suit Therefor</i>	28
Section 6.03. <i>Application of Moneys Collected by Trustee</i>	30
Section 6.04. <i>Proceedings by Securityholders</i>	31
Section 6.05. <i>Proceedings by Trustee</i>	32
Section 6.06. <i>Remedies Cumulative and Continuing</i>	32
Section 6.07. <i>Direction of Proceedings and Waiver of Defaults by Securityholders</i>	32
Section 6.08. <i>Notice of Defaults</i>	33
Section 6.09. <i>Undertaking to Pay Costs</i>	34

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. <i>Duties and Responsibilities of Trustee</i>	34
Section 7.02. <i>Reliance on Documents, Opinions, etc.</i>	35
Section 7.03. <i>No Responsibility for Recitals, etc.</i>	36
Section 7.04. <i>Ownership of Securities</i>	37
Section 7.05. <i>Moneys to be Held in Trust</i>	37
Section 7.06. <i>Compensation and Expenses of Trustee</i>	37
Section 7.07. <i>Officers' Certificate as Evidence</i>	38
Section 7.08. <i>Indentures Not Creating Potential Conflicting Interests For The Trustee</i>	38
Section 7.09. <i>Eligibility of Trustee</i>	38
Section 7.10. <i>Resignation or Removal of Trustee</i>	38
Section 7.11. <i>Acceptance by Successor Trustee</i>	40
Section 7.12. <i>Succession by Merger, etc.</i>	41
Section 7.13. <i>Other Matters Concerning the Trustee</i>	41
Section 7.14. <i>Appointment of Authenticating Agent</i>	41

ARTICLE 8
CONCERNING THE SECURITYHOLDERS

Section 8.01. <i>Action of Securityholders</i>	43
Section 8.02. <i>Proof of Execution by Securityholders</i>	43
Section 8.03. <i>Who Are Deemed Absolute Owners</i>	44

Section 8.04. <i>Company-Owned Securities Disregarded</i>	44
Section 8.05. <i>Revocation of Consents; Future Holders Bound</i>	45
ARTICLE 9 SECURITYHOLDERS' MEETINGS	
Section 9.01. <i>Purposes of Meetings</i>	45
Section 9.02. <i>Call of Meetings by Trustee</i>	45
Section 9.03. <i>Call of Meetings by Company or Securityholders</i>	46
Section 9.04. <i>Qualifications for Voting</i>	46
Section 9.05. <i>Quorum; Adjourned Meetings</i>	46
Section 9.06. <i>Regulations</i>	47
Section 9.07. <i>Voting</i>	48
Section 9.08. <i>No Delay of Rights by Meeting</i>	48
ARTICLE 10 SUPPLEMENTAL INDENTURES	
Section 10.01. <i>Supplemental Indentures without Consent of Securityholders</i>	49
Section 10.02. <i>Supplemental Indentures with Consent of Securityholders</i>	50
Section 10.03. <i>Compliance with Trust Indenture Act; Effect of Supplemental Indentures</i>	51
Section 10.04. <i>Notation on Securities</i>	52
Section 10.05. <i>Evidence of Compliance of Supplemental Indenture to be Furnished Trustee</i>	52
ARTICLE 11 CONSOLIDATION, MERGER, SALE OR CONVEYANCE	
Section 11.01. <i>Company May Not Consolidate, etc., Except Under Certain Conditions</i>	52
Section 11.02. <i>Successor Corporation or Limited Liability Company to be Substituted</i>	53
Section 11.03. <i>Documents to be Given Trustee</i>	53
ARTICLE 12 SATISFACTION AND DISCHARGE OF INDENTURE	
Section 12.01. <i>Discharge of Indenture</i>	53
Section 12.02. <i>Legal Defeasance</i>	54
Section 12.03. <i>Covenant Defeasance</i>	55
Section 12.04. <i>Deposited Moneys to be Held in Trust by Trustee; Miscellaneous Provisions</i>	56
Section 12.05. <i>Paying Agent to Repay Moneys Held</i>	56
Section 12.06. <i>Return of Unclaimed Moneys</i>	57
Section 12.07. <i>Reinstatement</i>	57

ARTICLE 13
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 13.01. *Indenture and Securities Solely Corporate Obligations*

57

ARTICLE 14
MISCELLANEOUS PROVISIONS

Section 14.01. *Provisions Binding on Company's Successors*

58

Section 14.02. *Official Acts by Successor Corporation*

58

Section 14.03. *Addresses for Notices, Notice to Holders, Waiver*

58

Section 14.04. *New York Contract*

59

Section 14.05. *Evidence of Compliance with Conditions Precedent*

59

Section 14.06. *Legal Holidays*

59

Section 14.07. *Securities in a Specified Currency other than Dollars*

59

Section 14.08. *Trust Indenture Act to Control*

60

Section 14.09. *Table of Contents, Headings, etc.*

60

Section 14.10. *Execution in Counterparts*

60

Section 14.11. *Separability; Benefits*

60

THIS INDENTURE, dated as of June 15, 2004 between Genworth Financial, Inc., a Delaware corporation (the "Company"), and JPMorgan Chase Bank, 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 a beneficial interest in a Global Security as reflected on the books of the Depository or on the books of a Person maintaining an account with such Depository (directly as a Depository participant or as an indirect participant, in each case in accordance with the rules of such Depository).

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.

Depository:

The term “Depository” 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 depository 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 the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the president, any executive vice president, any senior vice president, any vice president, any second vice president, any assistant vice president, the cashier, any assistant cashier, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer, any assistant trust officer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or 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 or in one or more indentures supplemental hereto 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.

JPMORGAN CHASE BANK, 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 JPMorgan Chase Bank 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 Depositories 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.

Notwithstanding Section 2.02(2) herein and unless otherwise expressly provided with respect to a series of Securities, the aggregate principal amount of a series of Securities may be increased and additional Securities of such series may be issued up to the maximum aggregate principal amount authorized with respect to such series as increased; *provided* that no Event of Default with respect to such series has occurred and is continuing.

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 the Company has all requisite corporate power and authority to execute and deliver such Securities;
- (d) that the execution and delivery of such Securities by the Company have been duly authorized by all necessary corporate action on the part of the Company;
- (e) that such Securities have been duly and validly executed, and when duly authenticated by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute the legal, valid and binding obligations of the Company, enforceable against it in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity); and
- (f) that the execution and delivery by the Company of such Securities and the performance by the Company of its obligations thereunder will not conflict with, constitute a default under or violate any of the terms, conditions or provisions of the organizational certificate or bylaws of the Company.

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. 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 Depository designated for such Global Security or a nominee thereof and delivered to such Depository 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 Depository for such Global Security or a nominee thereof unless (A) such Depository (i) has notified the Company that it is unwilling or unable to continue its services as Depository for such Global Security and no successor Depository 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 Depository is required to be so registered to act as the Depository and so notifies the Company, and no successor Depository has been appointed within 90 days after such notice, (B) the Company determines at any time that the Securities shall no longer be represented by Global Securities and shall inform such Depository of such determination and participants in such Depository elect to withdraw their beneficial interests in the Securities from such Depository, following notification by the Depository of their right to do so, or (C) such exchange is made upon request by or on behalf of the Depository in accordance with

customary procedures, following the request of a Beneficial Owner seeking to exercise or enforce its rights under the 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 Depository may request or require):

THIS SECURITY 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 SECURITY 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 4 New York Plaza, New York, New York 10004 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;

(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 May 1, in each year (beginning with the first May 1 following the first date of issuance of any Securities under this Indenture) a brief certificate (which need not comply with Section 14.05) from the principal executive, financial or accounting officer of the Company as 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 is 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.

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.

The Trustee shall not be charged with knowledge of the identity of a Significant Subsidiary of the Company unless it shall have received written notice from the Company or a Securityholder identifying such Significant Subsidiary as such.

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, if an Event of Default has occurred and is continuing, 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 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, its 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 (i) such holder previously shall have given to the Trustee written notice of an Event of Default with respect to Securities of such series and of the continuance thereof, as hereinbefore provided, (ii) 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 (iii) 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 (i) to any suit instituted by the Trustee, (ii) 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 (iii) 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 (A) on or after the due date expressed in such Security, (B) on or after the date fixed for redemption or repayment or (C) after such Security shall have become due by declaration.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. Duties and Responsibilities of Trustee. 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, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. 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.

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

(a) 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:

(1) 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; 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) 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

(c) 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.

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.

The provisions of this Section 7.01 are in furtherance of and subject to Section 315 of the Trust Indenture Act of 1939.

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, its Secretary 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 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 accordance with such Opinion of Counsel;

(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 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 shall survive the satisfaction and discharge 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.

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 and the Indenture dated as of June 26, 2001, between the Company (as successor to GE Financial Assurance Holdings, Inc.) and JPMorgan Chase Bank, as Trustee.

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 Person succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor to the Trustee hereunder, provided such Person 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 4 New York Plaza, New York, New York 10004, Attn: Institutional Trust Services.

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.

JPMORGAN CHASE BANK, 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 of a beneficial interest in any Global Security held on its behalf by a Depository shall have any rights under this Indenture with respect to such Global Security, and such Depository 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 Person to the Company, or successive successions, and the assumption by the successor Person 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, conditions or provisions 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, conditions or provisions 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, condition or provision 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 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;

(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 add guarantees with respect to the Securities of any series or to secure the Securities of any series; 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 of 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, (ii) reduce the rate of or extend the time of payment of interest, if any, on any Security, or alter the manner of calculation of interest payable on any Security (except as part of any remarketing of the Securities of any series, or any interest rate reset with respect thereto in each case in accordance with the terms thereof), (iii) reduce the principal amount or premium, if any, on any Security, (iv) make the principal amount or premium, if any, or interest, if any, on any Security,

payable in any coin or currency other than that provided in any Security, (v) 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), (vi) change any place of payment where the Securities of any series or interest thereon is payable, (vii) 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, or (viii) 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) through (viii), 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, as the case may be, 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 or limited liability company, as the case may be, 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 merger, consolidation, 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 merger, consolidation, sale, conveyance (other than by way of lease), transfer or other disposition, and upon any such assumption by the successor corporation or limited liability company, 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 merger, consolidation, 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(20) 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 office of the Trustee, addressed to the attention of its corporate trust office as specified in Section 7.13 hereof.

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 one or more of the provisions contained in this Indenture or in the Securities 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 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 as of June 15, 2004.

GENWORTH FINANCIAL, INC.

By /s/ Joseph J. Pehota
Name: Joseph J. Pehota
Title: Senior Vice President –
Business Development

JPMORGAN CHASE BANK, as Trustee

By /s/ James Freeman
Name: James Freeman
Title:

GENWORTH FINANCIAL, INC.

AND

JPMORGAN CHASE BANK,

as Trustee

SUPPLEMENTAL INDENTURE NO. 1

Dated as of June 15, 2004

THIS SUPPLEMENTAL INDENTURE No. 1 (this "**Supplemental Indenture No. 1**"), dated as of June 15, 2004, is between GENWORTH FINANCIAL, INC., a Delaware corporation (the "**Company**"), and JPMORGAN CHASE BANK, 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 June 15, 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 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 four new series of Securities to be known as its LIBOR Floating Rate Notes due 2007 (the "**2007 Notes**"), 4.750% Notes due 2009 (the "**2009 Notes**"), 5.750% Notes due 2014 (the "**2014 Notes**") and 6.500% Notes due 2034 (the "**2034 Notes**," and together with the 2007 Notes, 2009 Notes and 2014 Notes, the "**Notes**"), the forms and terms of such 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 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;
- (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):

“**Business Day**” shall mean, unless otherwise specified, any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which commercial banks are open for business in New York, New York; *provided*, with respect to determinations for the 2007 Notes, that the day is also a London Business Day.

“**Calculation Agent**” shall mean JPMorgan Chase Bank, or its successor appointed as such by the Company.

“**Comparable Treasury Issue**” shall mean the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (“**Remaining Life**”) of the applicable series of Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes; *provided, however*, that, in the case of any redemption of the 2034 Notes, if the period from the Redemption Date to the Maturity Date of such Notes is greater than the longest maturity appearing in the most recently published statistical release designated “H.15(519)” referred to in the definition of “Treasury Rate” below, then the Comparable Treasury Issue for purposes of such redemption shall be deemed to be the 5-3/8% Treasury Bond due February 2031, unless the Independent

Investment Banker determines that such United States Treasury security is no longer an appropriate reference for purposes of determining the Treasury Rate.

“**Comparable Treasury Price**” shall mean, with respect to any Redemption Date, (A) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations or, if only one such Quotation is obtained, such Quotation.

“**Global Notes**” shall have the meaning set forth in Section 2.04.

“**Independent Investment Banker**” shall mean an independent investment banking institution of national standing appointed by the Company, which may be one of the Reference Treasury Dealers.

“**Interest Determination Date**” shall mean the second Business Day immediately preceding either (i) the original issue date of the 2007 Notes, in the case of the Initial Interest Reset Period, or thereafter (ii) the applicable Interest Reset Date.

“**Interest Payment Date**” shall mean a 2007 Interest Payment Date, 2009 Interest Payment Date, 2014 Interest Payment Date or 2034 Interest Payment Date, as the case may be.

“**London Business Day**” shall mean any calendar day on which dealings in U.S. Dollars are transacted in the London interbank market.

“**Maturity Date**” shall have the meaning set forth in Section 2.02.

“**Moneyline Telerate Page 3750**” shall mean the display designated on page “3750” on Moneyline Telerate (or such other page as may replace the 3750 page on that service, any successor service or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

“**Record Date**” shall mean, with respect to any Interest Payment Date for the Notes, the first day, whether or not a Business Day, of the calendar month in which such Interest Payment Date falls.

“**Redemption Date**” shall mean, with respect to any redemption of Notes, the date fixed for such redemption pursuant to the Indenture and such Notes.

“**Reference Treasury Dealer**” shall mean (i) each of Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and Lehman Brothers Inc. and their

respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a **Primary Treasury Dealer**), the Company will substitute therefor another Primary Treasury Dealer and (ii) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” shall mean, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by the Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such Redemption Date.

“Treasury Rate” shall mean, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), (ii) if the period from the Redemption Date to the Maturity Date of the Notes to be redeemed is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used, or (iii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Company on the third Business Day preceding such Redemption Date. The Trustee shall not be responsible for any such calculation.

The terms **“Company,” “Trustee,” “Indenture,” “Base Indenture,” “Notes,” “2007 Notes,” “2009 Notes,” “2014 Notes”** and **“2034 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 NOTES

Section 2.01. *Designation and Principal Amount.* The Notes may be issued from time to time upon written order of the Company for the authentication and delivery of Notes pursuant to Section 2.03 of the Base Indenture.

(a) 2007 Notes

There is hereby authorized a series of Securities designated as LIBOR Floating Rate Notes due 2007 limited in aggregate principal amount to U.S. \$500,000,000 (except for 2007 Notes authenticated and delivered in accordance with the last paragraph of Section 2.02 of the Base Indenture or upon registration of transfer of, or in exchange for, or in lieu of, other 2007 Notes pursuant to Sections 2.06, 2.07, 2.08 or 10.04 of the Base Indenture).

(b) 2009 Notes

There is hereby authorized a series of Securities designated as 4.750% Notes due 2009 limited in aggregate principal amount to U.S. \$500,000,000 (except for 2009 Notes authenticated and delivered in accordance with the last paragraph of Section 2.02 of the Base Indenture or upon registration of transfer of, or in exchange for, or in lieu of, other 2009 Notes pursuant to Sections 2.06, 2.07, 2.08, 3.03 or 10.04 of the Base Indenture).

(c) 2014 Notes

There is hereby authorized a series of Securities designated as 5.750% Notes due 2014 limited in aggregate principal amount to U.S. \$600,000,000 (except for 2014 Notes authenticated and delivered in accordance with the last paragraph of Section 2.02 of the Base Indenture or upon registration of transfer of, or in exchange for, or in lieu of, other 2014 Notes pursuant to Sections 2.06, 2.07, 2.08, 3.03 or 10.04 of the Base Indenture).

(d) 2034 Notes

There is hereby authorized a series of Securities designated as 6.500% Notes due 2034 limited in aggregate principal amount to U.S. \$300,000,000 (except for 2034 Notes authenticated and delivered in accordance with the last paragraph of Section 2.02 of the Base Indenture or upon registration of transfer of, or in exchange for, or in lieu of, other 2034 Notes pursuant to Sections 2.06, 2.07, 2.08, 3.03 or 10.04 of the Base Indenture).

Section 2.02. *Maturity.* The date upon which the Notes shall become due and payable at final maturity, together with any accrued and unpaid interest, is

June 15, 2007 for the 2007 Notes, June 15, 2009 for the 2009 Notes, June 15, 2014 for the 2014 Notes and June 15, 2034 for the 2034 Notes (each, a **Maturity Date**”).

Section 2.03. Form, Payment and Appointment. Except as provided in Section 2.04, the Notes of a series shall be issued in fully registered, certificated form, bearing identical terms within each series thereof. Principal of and interest on the Notes will be payable, the transfer of such Notes will be registrable, and such Notes will be exchangeable for 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 Principal Office of the Trustee; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the Person entitled to payment; *provided*, that the paying agent shall have received written notice of such account designation at least five Business Days prior to the date of such payment (subject to surrender of the relevant Note in the case of a payment of interest on a Redemption Date or Maturity Date).

No service charge shall be made for any registration of transfer or exchange of the 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 Notes shall initially be the Trustee.

The Notes shall be issuable in denominations of U.S. \$1,000 and integral multiples of U.S. \$1,000 in excess thereof.

The Specified Currency of the Notes shall be U.S. Dollars.

Section 2.04. Global Notes. The Notes of each series shall be issued initially in the form of one or more permanent Global Securities in registered form (a **Global Note**”), deposited with The Depository Trust Company or such other Depository as any officer of the Company may from time to time designate. Unless and until such Global Note is exchanged for Notes in certificated form, Global Notes may be transferred, in whole but not in part, and any payments on the Notes shall be made, only to the Depository or a nominee of the Depository, or to a successor Depository selected or approved by the Company or to a nominee of such successor Depository.

Section 2.05. Interest. (a) Interest payable on any Interest Payment Date, the Maturity Date or, if applicable, the Redemption Date, with respect to each

series of Notes shall be the amount of interest accrued from, and including, the immediately preceding Interest Payment Date in respect of which interest has been paid or duly provided for (or from and including the original issue date of June 15, 2004, if no interest has been paid or duly provided for with respect to the series of Notes) to, but excluding, such Interest Payment Date, Maturity Date or, if applicable, Redemption Date, as the case may be (each, an “**Interest Period**”).

(b) Interest on the 2007 Notes shall be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (each, a **2007 Interest Payment Date**”), commencing September 15, 2004, to the Persons in whose names the relevant 2007 Notes are registered at the close of business on the Record Date for such Interest Payment Date, except as provided in Section 2.05(g). The amount of interest payable for any full or partial Interest Period for the 2007 Notes will be computed on the basis of the actual number of days elapsed divided by 360. In the event that any scheduled 2007 Interest Payment Date (other than the Maturity Date of the 2007 Notes) falls on a day that is not a Business Day, such 2007 Interest Payment Date will be postponed to the next succeeding day which is a Business Day except that if such Business Day is in the next succeeding calendar month, the 2007 Interest Payment Date shall be the immediately preceding day which is a Business Day. Interest on the 2007 Notes shall accrue from June 15, 2004 or from the most recent 2007 Interest Payment Date to which interest has been paid or duly provided for.

(i) The interest rate on the 2007 Notes shall be reset quarterly on March 15, June 15, September 15 and December 15 of each year, commencing September 15, 2004 (each, an “**Interest Reset Date**”). The interest rate on the 2007 Notes for the period from and including the original issue date of the 2007 Notes to, but excluding, the initial Interest Reset Date (the “**Initial Interest Reset Period**”) will be three-month LIBOR (as computed below), determined as of the Interest Determination Date prior to such original issue date, plus 0.15%. Thereafter, the 2007 Notes will bear interest at an annual rate equal to three-month LIBOR (as computed below) for the period from and including an Interest Reset Date to, but excluding, the immediately succeeding Interest Reset Date (each an “**Interest Reset Period**”), plus 0.15% per year. The final Interest Reset Period for the 2007 Notes will be the period from and including the Interest Reset Date immediately preceding the Maturity Date of the 2007 Notes to, but excluding, such Maturity Date.

(ii) If any Interest Reset Date for the 2007 Notes would otherwise be a day that is not a Business Day, the Interest Reset Date will be postponed to the next succeeding day that is a Business Day, except that if that Business Day is in the next succeeding calendar month, the Interest Reset Date shall be the next preceding Business Day.

(iii) Three-month LIBOR will be determined by the Calculation Agent as of the applicable Interest Determination Date in accordance with the following provisions:

(A) LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars having a three-month maturity, commencing on the original issue date of the 2007 Notes or the related Interest Reset Date, as applicable, immediately following such Interest Determination Date, which appears on Moneyline Telerate Page 3750 as of approximately 11:00 a.m., London time, on such Interest Determination Date. If no rate appears on Moneyline Telerate Page 3750, LIBOR for such Interest Determination Date will be determined in accordance with the provisions of paragraph (B) below; and

(B) with respect to an Interest Determination Date on which no rate appears on Moneyline Telerate Page 3750 as of approximately 11:00 a.m., London time, on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major reference banks (which may include affiliates of the underwriters of the 2007 Notes) in the London interbank market selected by the Calculation Agent (after consultation with the Company) to provide the Calculation Agent with a quotation of the rate at which deposits of U.S. dollars having a three-month maturity, commencing on the original issue date of the 2007 Notes or the related Interest Reset Date, as applicable, immediately following such Interest Determination Date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time. If at least two such quotations are provided, LIBOR for such Interest Determination Date will be the arithmetic mean of such quotations as calculated by the Calculation Agent. If fewer than two quotations are provided, LIBOR for such Interest Determination Date will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., New York City time, on such Interest Determination Date by three major banks (which may include affiliates of the underwriters of the 2007 Notes) selected by the Calculation Agent (after consultation with the Company) for loans in U.S. dollars to leading European banks having a three-month maturity commencing on the original issue date for the 2007 Notes or the related Interest Reset Date, as

applicable, immediately following such Interest Determination Date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time; *provided, however*, that if the banks selected as aforesaid by the Calculation Agent are not quoting such rates as set forth in this sentence, LIBOR for such Interest Determination Date will be LIBOR determined with respect to the immediately preceding Interest Determination Date.

(iv) All percentages resulting from any calculation of any interest rate for the 2007 Notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward and all dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward.

(v) Promptly upon such determination, the Calculation Agent will notify the Company and the Trustee (if the Calculation Agent is not the Trustee) of the interest rate for the new Interest Reset Period. Upon request of a holder of the 2007 Notes, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Reset Period.

(vi) All calculations made by the Calculation Agent for the purposes of calculating interest on the 2007 Notes shall be conclusive and binding on the holders of the 2007 Notes, the Trustee and the Company, absent manifest error.

(c) The 2009 Notes will bear interest at the rate of 4.750% per year from the original issue date thereof through and including the Maturity Date of the 2009 Notes. Interest on the 2009 Notes shall be payable semi-annually in arrears on June 15 and December 15 of each year (each, a “**2009 Interest Payment Date**”), commencing December 15, 2004, to the Persons in whose names the relevant 2009 Notes are registered at the close of business on the Record Date for such Interest Payment Date, except as provided in Section 2.05(g).

(d) The 2014 Notes will bear interest at the rate of 5.750% per year from the original issue date thereof through and including the Maturity Date of the 2014 Notes. Interest on the 2014 Notes shall be payable semi-annually in arrears on June 15 and December 15 of each year (each, a “**2014 Interest Payment Date**”), commencing December 15, 2004, to the Persons in whose names the relevant 2014 Notes are registered at the close of business on the Record Date for such Interest Payment Date, except as provided in Section 2.05(g).

(e) The 2034 Notes will bear interest at the rate of 6.500% per year from the original issue date thereof through and including the Maturity Date of the 2034 Notes. Interest on the 2034 Notes shall be payable semi-annually in arrears on June 15 and December 15 of each year (each, a “**2034 Interest Payment Date**”), commencing December 15, 2004, to the Persons in whose names the relevant 2034 Notes are registered at the close of business on the Record Date for such Interest Payment Date, except as provided in Section 2.05(g).

(f) The amount of interest payable for any full semi-annual Interest Period for the 2009 Notes, the 2014 Notes and the 2034 Notes 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 semi-annual Interest Period for such Notes 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 for such Notes falls on a day that is not a Business Day, then payment of interest payable on such Interest Payment Date will be postponed to the next succeeding day which is a Business Day (and no interest on such payment will accrue for the period from and after such scheduled Interest Payment Date).

(g) In the event that the Maturity Date or a Redemption Date for any Note falls on a day that is not a Business Day, then the related payments of principal, premium, if any, and interest may be made on the next succeeding day that is a Business Day (and no additional interest will accumulate on the amount payable for the period from and after such Maturity Date). Interest due on the Maturity Date or a Redemption Date (in each case, whether or not an Interest Payment Date) of any Notes will be paid to the Person to whom principal of such Notes is payable.

Section 2.06. *No Sinking Fund.* The Notes are not entitled to the benefit of any sinking fund.

ARTICLE 3
REDEMPTION OF THE NOTES

Section 3.01. *Optional Redemption by Company.* Except as otherwise may be specified in this Supplemental Indenture No. 1, the Company shall have the right to redeem the 2009 Notes, the 2014 Notes or the 2034 Notes, in whole or in part, at any time or from time to time, at a redemption price (the “**Optional Redemption Price**”) equal to the greater of:

(i) 100% of the principal amount plus accrued and unpaid interest to, but excluding, the Redemption Date of the series to be redeemed; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the Redemption Date of the series to be redeemed) discounted to the Redemption Date of the series to be redeemed on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at (A) the Treasury Rate plus 12.5 basis points for the 2009 Notes, (B) the Treasury Rate plus 15.0 basis points for the 2014 Notes and (C) the Treasury Rate plus 20.0 basis points for the 2034 Notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date of the series to be redeemed.

The Company will mail notice of such redemption to the registered holders of the Notes of the series to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date. If Notes are only partially redeemed pursuant to this Section 3.01, the Notes of the series to be redeemed will be selected by the Trustee in such manner as in its sole discretion it shall deem appropriate and fair; *provided*, that if at the time of redemption the Notes of the series to be redeemed are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of the Notes of the series to be redeemed held by each of its participants that holds a position in such Notes. The Optional Redemption Price shall be paid prior to 12:00 noon, New York time, on the Redemption Date or at such later time as is then permitted by the rules of the Depository for the related Notes (if then registered as a Global Note); *provided*, that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

Section 3.02. No Other Redemption. Except as set forth in Section 3.01, the 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 FORMS OF NOTES

Section 4.01. Forms of Notes.

(a) The 2007 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

2007 Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

(b) The 2009 Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit B hereto, with such changes therein as the officers of the Company executing the 2009 Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

(c) The 2014 Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit C hereto, with such changes therein as the officers of the Company executing the 2014 Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

(d) The 2034 Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the forms attached as Exhibit D hereto, with such changes therein as the officers of the Company executing the 2034 Notes (by manual or facsimile signature) may approve, such approval to be conclusively evidenced by their execution thereof.

ARTICLE 5
ORIGINAL ISSUE OF NOTES

Section 5.01. *Original Issue of Notes.* 2007 Notes having an aggregate principal amount of U.S. \$500,000,000, 2009 Notes having an aggregate principal amount of U.S. \$500,000,000, 2014 Notes having an aggregate principal amount of U.S. \$600,000,000 and 2034 Notes having an aggregate principal amount of U.S. \$300,000,000 (in each case, subject to the last paragraph of Section 2.02 of the Base Indenture) 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 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 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 Notes of each series 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 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 No. 1 or of modifying in any manner the rights of the holders of the Notes; *provided, however* that, in addition to clauses (i) through (viii) of Section 10.02 of the Base Indenture, no such supplemental indenture shall modify the interest rate reset provision of the 2007 Notes set forth in Section 2.05 hereof, without the consent of the holder of each 2007 Note affected.

ARTICLE 7
MISCELLANEOUS

Section 7.01. *Ratification of Indenture.* The Base 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 Base 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 NOTE 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 7.04. *Separability.* In case any one or more of the provisions contained in this Supplemental Indenture No. 1 or in the 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 Notes, but this Supplemental Indenture No. 1 and the 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 No. 1 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.

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: /s/ Joseph J. Pehota

Name: Joseph J. Pehota

Title: Senior Vice President –
Business Development

JPMORGAN CHASE BANK, as Trustee

By: /s/ James Freeman

Name: James Freeman

Title:

[IF THIS NOTE IS TO BE A GLOBAL SECURITY, INSERT:]

THIS 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 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.

LIBOR Floating Rate Note due 2007

CUSIP: 37247D AC 0

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 of \$ _____]¹ on June 15, 2007 (such date is hereinafter referred to as the “**Maturity Date**”), and to pay interest thereon from June 15, 2004 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (each, an “**Interest Payment Date**”), commencing September 15, 2004. The interest rate on the Notes of this series shall be reset quarterly on March 15, June 15, September 15 and December 15 of each year, commencing September 15, 2004 (each, an “**Interest Reset Date**”). The interest rate for the period from and including the original issue date hereof to, but excluding, the initial Interest Reset Date (the “**Initial Interest Reset Period**”) will be three-month LIBOR (as computed below), determined as of two Business Days prior to the original issue date, plus 0.15%. Thereafter, the Notes of this series will bear interest at an annual rate equal to three-month LIBOR (as computed below) for the period from and including an Interest Reset Date to, but excluding, the immediately succeeding Interest Reset Date (each an “**Interest Reset Period**”), plus 0.15% per year. The final Interest Reset Period for the Notes of this series will be the period from and including the Interest Reset Date immediately preceding the Maturity Date of the Notes of this series to, but excluding, the Maturity Date. If any Interest Reset Date for the Notes of this series would not be a Business Day, the Interest Reset Date will be postponed to the next succeeding day that is a Business Day, except that if that Business Day is in the next succeeding calendar month, the Interest Reset Date shall be the next preceding Business Day. The term “Business Day” means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which commercial banks are open for business in New York, New York and that is also a calendar day on which dealings in U.S. Dollars are transacted in the London interbank market. The amount of interest payable for any full or partial Interest Period for which interest is computed will be computed on the basis of the actual number of days elapsed divided by 360. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name the relevant Notes, or any predecessor Notes, are registered at the close of business on the Record Date for such Interest Payment Date; *provided* that interest due on the Maturity Date will be paid to the Person to whom principal of such Note is payable. In the event that any Interest Payment Date (other than the Maturity Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding day which is a Business Day, except that if such Interest Payment Date is in the next succeeding calendar month, such Interest Payment Date will be the next preceding Business Day.

¹ USE FOLLOWING LANGUAGE INSTEAD for GLOBAL NOTES: [the principal sum as set forth in the Schedule of Increases or Decreases In Note attached hereto]

The interest rate in effect on each day will be (i) if that day is an Interest Reset Date, the interest rate determined as of the second Business Day immediately preceding (a) the original issue date, in the case of the Initial Interest Reset Period, or thereafter (b) the applicable Interest Reset Date (“**Interest Determination Date**”) immediately preceding such Interest Reset Date or (ii) if that day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date or the original issue date, as the case may be.

The interest rate applicable to each Interest Reset Period commencing on the related Interest Reset Date, or the original issue date in the case of the Initial Interest Reset Period, will be the rate determined as of the applicable Interest Determination Date.

JPMorgan Chase Bank, or its successor appointed by the Company, will act as calculation agent (the “**Calculation Agent**”). Three-month LIBOR will be determined by the Calculation Agent as of the applicable Interest Determination Date in accordance with the following provisions:

(i) LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars having a three-month maturity, commencing on the original issue date hereof or related Interest Reset Date, as applicable, immediately following such Interest Determination Date, which appears on Moneyline Telerate Page 3750 as of approximately 11:00 a.m., London time, on such Interest Determination Date. “**Moneyline Telerate Page 3750**” means the display designated on page “3750” on Moneyline Telerate (or such other page as may replace the 3750 page on that service, any successor service or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). If no rate appears on Moneyline Telerate Page 3750, LIBOR for such Interest Determination Date will be determined in accordance with the provisions of paragraph (ii) below; and

(ii) with respect to an Interest Determination Date on which no rate appears on Moneyline Telerate Page 3750 as of approximately 11:00 a.m., London time, on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major reference banks (which may include affiliates of the underwriters of the Notes of this series) in the London interbank market selected by the Calculation Agent (after consultation with the Company) to provide the Calculation Agent with a quotation of the rate at which deposits of U.S. dollars having a three-month maturity, commencing on the original issue

date hereof or related Interest Reset Date, as applicable, immediately following such Interest Determination Date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time. If at least two such quotations are provided, LIBOR for such Interest Determination Date will be the arithmetic mean of such quotations as calculated by the Calculation Agent. If fewer than two quotations are provided, LIBOR for such Interest Determination Date will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., New York City time, on such Interest Determination Date by three major banks (which may include affiliates of the underwriters of the Notes of this series) selected by the Calculation Agent (after consultation with the Company) for loans in U.S. dollars to leading European banks having a three-month maturity commencing on the original issue date hereof or related Interest Reset Date, as applicable, immediately following such Interest Determination Date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting such rates as mentioned in this sentence, LIBOR for such Interest Determination Date will be LIBOR determined with respect to the immediately preceding Interest Determination Date.

All percentages resulting from any calculation of any interest rate for the Notes of this series will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward and all dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward.

Promptly upon such determination, the Calculation Agent will notify the Company and the Trustee (if the Calculation Agent is not the Trustee) of the interest rate for the new Interest Reset Period. Upon request of a holder of the Notes of this series, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Reset Period.

All calculations made by the Calculation Agent for the purposes of calculating interest on the Notes of this series shall be conclusive and binding on the holders, the Trustee and the Company, absent manifest error.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in The City of New

York, which shall initially be the Principal Office of the 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 Person entitled thereto 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; *provided*, that the paying agent shall have received written notice of such account designation at least five Business Days prior to the date of such payment (subject to surrender of the relevant Note in the case of a payment of interest on the Maturity Date).

Reference is hereby made to the further provisions of this 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 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.

Dated:

GENWORTH FINANCIAL, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: _____

JPMORGAN CHASE BANK, as Trustee

By: _____
Authorized Officer

REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “Notes”), issued and to be issued in one or more series under an Indenture (the “Base Indenture”), dated as of June 15, 2004, between the Company and JPMorgan Chase Bank, as Trustee (herein called the “Trustee”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of June 15, 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 Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$500,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

The Notes are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the 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 Notes at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Notes of each series (each series voting as a class) affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any 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 Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this 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 Notes of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The 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 2.04 of Supplemental Indenture No. 1. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS NOTE 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.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this 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 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 Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security 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 Security registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES OR DECREASES IN NOTE

The initial principal amount of this Note is \$500,000,000. The following increases or decreases in the principal amount of this Note have been made:

Date	Amount of decrease in principal amount of this Note	Amount of increase in principal amount of this Note	Principal amount of this Note following such decrease or increase	Signature of authorized officer of Trustee
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

[IF THIS NOTE IS TO BE A GLOBAL SECURITY, INSERT:]

THIS 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 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.

4.750% Note due 2009

CUSIP: 37247D AD 8

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 of \$ _____]² on June 15, 2009 (such date is hereinafter referred to as the “**Maturity Date**”), and to pay interest thereon from June 15, 2004 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 of each year (each, an “**Interest Payment Date**”), commencing December 15, 2004 at the rate of 4.750% per annum, 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 amount of interest payable for any period shorter than a full semi-annual 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 such Indenture, be paid to the person in whose name the relevant Notes, or any predecessor Notes, are registered at the close of business on the Record Date for such Interest Payment Date; *provided* that the interest due on the Maturity Date or a Redemption Date (in each case, whether or not an Interest Payment Date) of a Note of this series will be paid to the Person to whom principal of such Note is payable.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in The City of New York, which shall initially be the Principal Office of the 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 Person entitled thereto at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the Person entitled to payment *provided*, that the paying agent shall have received written notice of such account designation at least five Business Days prior to the date of such payment (subject to surrender of the relevant Note in the case of a payment of interest on a Redemption Date or on the Maturity Date).

Reference is hereby made to the further provisions of this 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 Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

² USE FOLLOWING LANGUAGE INSTEAD for GLOBAL NOTES: [the principal sum as set forth in the Schedule of Increases or Decreases In Note attached hereto]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

GENWORTH FINANCIAL, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: _____

JPMORGAN CHASE BANK, as Trustee

By: _____
Authorized Officer

REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “**Notes**”), issued and to be issued in one or more series under an Indenture (the “**Base Indenture**”), dated as of June 15, 2004, between the Company and JPMorgan Chase Bank, as Trustee (herein called the “**Trustee**”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of June 15, 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 Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$500,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

The Company shall have the right to redeem this Note at the option of the Company, without premium or penalty, in whole or in part (an “**Optional Redemption**”), at a redemption price (the “**Optional Redemption Price**”) equal to the greater of:

(i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points plus accrued interest on the principal amount being redeemed to the Redemption Date.

The Company will mail notice of such redemption to the registered holders of the Notes of this series to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date. If Notes of this series are only partially redeemed pursuant to the preceding paragraph, the Notes of this series to be redeemed will be selected by the Trustee in such manner as in its sole discretion it shall deem appropriate and fair; *provided*, that if at the time of redemption the Notes of this series to be redeemed are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of the Notes of this series to be redeemed held by each of its participants that holds a position in such Notes. The Optional Redemption Price shall be paid prior to

12:00 noon, New York time, on the Redemption Date or at such later time as is then permitted by the rules of the Depository for the related Notes (if then registered as a Global Note) provided that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

In the event of redemption of this Note in part only, a new Note or Notes of this series for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof. Except as set forth in the preceding paragraphs and in Article 3 of the Supplemental Indenture No. 1, the Company may not redeem the Notes of this series at its option prior to the Maturity Date.

The Notes are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the 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 Notes at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Notes of each series (each series voting as a class) affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any 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 Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this 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 Notes of this series, of authorized denominations and for the same

aggregate principal amount, will be issued to the designated transferee or transferees.

The 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 2.04 of Supplemental Indenture No. 1. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS NOTE 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.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this 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 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 Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security 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 Security registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES OR DECREASES IN NOTE

The initial principal amount of this Note is \$500,000,000. The following increases or decreases in the principal amount of this Note have been made:

<u>Date</u>	<u>Amount of decrease in principal amount of this Note</u>	<u>Amount of increase in principal amount of this Note</u>	<u>Principal amount of this Note following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>
-------------	--	--	--	---

[IF THIS NOTE IS TO BE A GLOBAL SECURITY, INSERT:]

THIS 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 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.

5.750% Note due 2014

CUSIP: 37247D AE 6

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 of \$ _____]³ on June 15, 2014 (such date is hereinafter referred to as the “**Maturity Date**”), and to pay interest thereon from June 15, 2004 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 of each year (each, an “**Interest Payment Date**”), commencing December 15, 2004 at the rate of 5.750% per annum, 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 amount of interest payable for any period shorter than a full semi-annual 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 such Indenture, be paid to the person in whose name the relevant Notes, or any predecessor Notes, are registered at the close of business on the Record Date for such Interest Payment Date; *provided* that the interest due on the Maturity Date or a Redemption Date (in each case, whether or not an Interest Payment Date) of a Note of this series will be paid to the Person to whom principal of such Note is payable.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in The City of New York, which shall initially be the Principal Office of the 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 Person entitled thereto at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the Person entitled to payment *provided*, that the paying agent shall have received written notice of such account designation at least five Business Days prior to the date of such payment (subject to surrender of the relevant Note in the case of a payment of interest on a Redemption Date or on the Maturity Date).

Reference is hereby made to the further provisions of this 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 Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

³ USE FOLLOWING LANGUAGE INSTEAD for GLOBAL NOTES: [the principal sum as set forth in the Schedule of Increases or Decreases In Note attached hereto]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

GENWORTH FINANCIAL, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: _____

JPMORGAN CHASE BANK, as Trustee

By: _____
Authorized Officer

REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “**Notes**”), issued and to be issued in one or more series under an Indenture (the “**Base Indenture**”), dated as of June 15, 2004, between the Company and JPMorgan Chase Bank, as Trustee (herein called the “**Trustee**”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of June 15, 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 Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$600,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

The Company shall have the right to redeem this Note at the option of the Company, without premium or penalty, in whole or in part (an “**Optional Redemption**”), at a redemption price (the “**Optional Redemption Price**”) equal to the greater of:

(i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15.0 basis points plus accrued interest on the principal amount being redeemed to the Redemption Date.

The Company will mail notice of such redemption to the registered holders of the Notes of this series to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date. If Notes of this series are only partially redeemed pursuant to the preceding paragraph, the Notes of this series to be redeemed will be selected by the Trustee in such manner as in its sole discretion it shall deem appropriate and fair; *provided*, that if at the time of redemption the Notes of this series to be redeemed are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of the Notes of this series to be redeemed held by each of its participants that holds a position in such Notes. The Optional Redemption Price shall be paid prior to

12:00 noon, New York time, on the Redemption Date or at such later time as is then permitted by the rules of the Depository for the related Notes (if then registered as a Global Note) provided that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

In the event of redemption of this Note in part only, a new Note or Notes of this series for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof. Except as set forth in the preceding paragraphs and in Article 3 of the Supplemental Indenture No. 1, the Company may not redeem the Notes of this series at its option prior to the Maturity Date.

The Notes are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the 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 Notes at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Notes of each series (each series voting as a class) affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any 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 Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this 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 Notes of this series, of authorized denominations and for the same

aggregate principal amount, will be issued to the designated transferee or transferees.

The 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 2.04 of Supplemental Indenture No. 1. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS NOTE 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.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this 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 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 Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security 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 Security registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES OR DECREASES IN NOTE

The initial principal amount of this Note is \$_____. The following increases or decreases in the principal amount of this Note have been made:

<u>Date</u>	<u>Amount of decrease in principal amount of this Note</u>	<u>Amount of increase in principal amount of this Note</u>	<u>Principal amount of this Note following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>
-------------	--	--	--	---

[IF THIS NOTE IS TO BE A GLOBAL SECURITY, INSERT:]

THIS 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 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.

6.500% Note due 2034

CUSIP: 37247D AB 2

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 of \$ _____]⁴ on June 15, 2034 (such date is hereinafter referred to as the “**Maturity Date**”), and to pay interest thereon from June 15, 2004 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 of each year (each, an “**Interest Payment Date**”), commencing December 15, 2004 at the rate of 6.500% per annum, 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 amount of interest payable for any period shorter than a full semi-annual 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 such Indenture, be paid to the person in whose name the relevant Notes, or any predecessor Notes, are registered at the close of business on the Record Date for such Interest Payment Date; *provided* that the interest due on the Maturity Date or a Redemption Date (in each case, whether or not an Interest Payment Date) of a Note of this series will be paid to the Person to whom principal of such Note is payable.

Payment of the principal of and interest on this Note will be made at the office or agency of the Company maintained for that purpose in The City of New York, which shall initially be the Principal Office of the 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 Person entitled thereto at such address as shall appear in the Security register or by wire transfer to an account appropriately designated by the Person entitled to payment *provided*, that the paying agent shall have received written notice of such account designation at least five Business Days prior to the date of such payment (subject to surrender of the relevant Note in the case of a payment of interest on a Redemption Date or the Maturity Date).

Reference is hereby made to the further provisions of this 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 Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

⁴ USE FOLLOWING LANGUAGE INSTEAD for GLOBAL NOTES: [the principal sum as set forth in the Schedule of Increases or Decreases In Note attached hereto]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

GENWORTH FINANCIAL, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

Dated: _____

JPMORGAN CHASE BANK, as Trustee

By: _____
Authorized Officer

REVERSE OF NOTE

This Note is one of a duly authorized issue of securities of the Company (herein called the “**Notes**”), issued and to be issued in one or more series under an Indenture (the “**Base Indenture**”), dated as of June 15, 2004, between the Company and JPMorgan Chase Bank, as Trustee (herein called the “**Trustee**”, which term includes any successor trustee), as amended and supplemented by Supplemental Indenture No. 1, dated as of June 15, 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 Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$300,000,000.

All terms used in this Note that are defined in the Indenture shall have the meaning assigned to them in the Indenture.

The Company shall have the right to redeem this Note at the option of the Company, without premium or penalty, in whole or in part (an “**Optional Redemption**”), at a redemption price (the “**Optional Redemption Price**”) equal to the greater of:

(i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points plus accrued interest on the principal amount being redeemed to the Redemption Date.

The Company will mail notice of such redemption to the registered holders of the Notes of this series to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date. If Notes of this series are only partially redeemed pursuant to the preceding paragraph, the Notes of this series to be redeemed will be selected by the Trustee in such manner as in its sole discretion it shall deem appropriate and fair; *provided*, that if at the time of redemption the Notes of this series to be redeemed are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of the Notes of this series to be redeemed held by each of its participants that holds a position in such Notes. The Optional Redemption Price shall be paid prior to

12:00 noon, New York time, on the Redemption Date or at such later time as is then permitted by the rules of the Depository for the related Notes (if then registered as a Global Note) provided that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

In the event of redemption of this Note in part only, a new Note or Notes of this series for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof. Except as set forth in the preceding paragraphs and in Article 3 of the Supplemental Indenture No. 1, the Company may not redeem the Notes of this series at its option prior to the Maturity Date.

The Notes are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for defeasance of the obligations of the Company at any time upon compliance by the Company with certain conditions set forth therein, which provisions apply to the Notes of this series.

If an Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the 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 Notes at any time by the Company and the Trustee with the consent of the holders of a majority in principal amount of the Notes of each series (each series voting as a class) affected thereby and at the time Outstanding. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Notes of a series at the time Outstanding, on behalf of the holders of all Notes of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any 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 Note.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this 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 Notes of this series, of authorized denominations and for the same

aggregate principal amount, will be issued to the designated transferee or transferees.

The 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 2.04 of Supplemental Indenture No. 1. As provided in the Indenture and subject to certain limitations therein set forth, Notes of this series are exchangeable for a like aggregate principal amount of 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS NOTE 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.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this 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 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 Note)

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security 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 Security registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES OR DECREASES IN NOTE

The initial principal amount of this Note is \$300,000,000. The following increases or decreases in the principal amount of this Note have been made:

<u>Date</u>	<u>Amount of decrease in principal amount of this Note</u>	<u>Amount of increase in principal amount of this Note</u>	<u>Principal amount of this Note following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>
-------------	--	--	--	---

AGREEMENT

by and between

GE CAPITAL INTERNATIONAL (MAURITIUS),

a Mauritius corporation,

and

GENWORTH FINANCIAL, INC.,

a Delaware corporation.

Dated December 27, 2004

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	1
DEFINITIONS	
Section 1.01. Certain Defined Terms	1
Section 1.02. Interpretation and Rules of Construction	1
ARTICLE II	2
PAYMENT TO GENWORTH	
Section 2.01. Payment to Genworth at Closing	2
Section 2.02. Adjustments to Genworth Payment	2
Section 2.03. Payment to Genworth as Designee	3
ARTICLE III	3
REPRESENTATIONS AND WARRANTIES OF GECIM	
Section 3.01. Organization and Good Standing	3
Section 3.02. Authorization of Agreement	3
Section 3.03. Conflicts	3
ARTICLE IV	4
REPRESENTATIONS AND WARRANTIES OF GENWORTH	
Section 4.01. Organization and Good Standing	4
Section 4.02. Authorization of Agreement	4
Section 4.03. Conflicts	4
ARTICLE V	4
CONDITIONS TO PAYMENT	
Section 5.01. Conditions to the Obligation of GECIM	4
ARTICLE VI	5
TERMINATION	
Section 6.01. Termination	5
Section 6.02. Procedure upon Termination	5
Section 6.03. Effect of Termination	5
ARTICLE VII	5
GENERAL PROVISIONS	
Section 7.01. Notices	5
Section 7.02. Public Announcements	6
Section 7.03. Severability	7
Section 7.04. Entire Agreement	7
Section 7.05. Assignment	7
Section 7.06. No Third-Party Beneficiaries	7

TABLE OF CONTENTS
(continued)

	Page
Section 7.07. Amendment; Waiver	7
Section 7.08. Governing Law	8
Section 7.09. Counterparts	8
Section 7.10. Headings	8

CONSIDERATION AGREEMENT

THIS CONSIDERATION AGREEMENT (this "Agreement"), dated as of December 27, 2004, is by and between GE Capital International (Mauritius), a Mauritius corporation ("GECIM"), and Genworth Financial, Inc., a Delaware corporation ("Genworth").

RECITALS

WHEREAS, General Electric Company, a New York corporation ("GE"), GECIM, General Electric Capital Corporation, a Delaware corporation, and Garuda Investment Co., a Cayman Islands corporation ("Purchaser"), have entered into that certain Securities Purchase Agreement, dated as of November 7, 2004 (as amended, the "Securities Purchase Agreement"), pursuant to which, among other things, (i) each member of the Seller Group has agreed to complete the Restructuring whereby the Seller Group will transfer the Transferred BPO Business to the Company in accordance with Section 5.01 of the Securities Purchase Agreement and (ii) Purchaser will purchase the Sale Shares of the Company from the Seller Group, subject to the terms and conditions of the Securities Purchase Agreement;

WHEREAS, pursuant to the Securities Purchase Agreement, the Seller Group has the option to include the Genworth Resources in the Transferred BPO Business to be transferred to the Company (as more particularly described in the Securities Purchase Agreement, the "Genworth Option"); and

WHEREAS, pursuant to the exercise of the Genworth Option and upon satisfaction of certain conditions in respect thereto, the parties hereto agree to the payment by GECIM to Genworth of a certain amount as set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual agreements and covenants herein contained, and, intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Certain Defined Terms. Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Securities Purchase Agreement.

Section 1.02. Interpretation and Rules of Construction. In this Agreement, except to the extent that the context otherwise requires:

(a) when a reference is made in this Agreement to an article, section or exhibit, such reference is to an Article or Section of, or an Exhibit to, this Agreement, unless otherwise indicated;

-
- (b) the Exhibits to this Agreement are incorporated herein, and any reference to “this Agreement” shall include the Exhibits hereto;
- (c) whenever the words “include”, “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;
- (d) the words “hereof”, “herein”, “hereinafter” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (e) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;
- (f) all amounts payable under this Agreement shall be paid in United States dollars (unless as expressly agreed by the parties) by wire transfer of immediately available funds and any reference in this Agreement to “\$” or “dollars” shall mean U.S. dollars;
- (g) any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa; and
- (h) any Law defined or referred to herein means such Law as from time to time amended, modified or supplemented, including by succession of comparable successor Laws.

ARTICLE II

PAYMENT TO GENWORTH

Section 2.01. Payment to Genworth at Closing. Subject to Section 2.03 and Section 5.01 of this Agreement, concurrently upon the Closing contemplated by the Securities Purchase Agreement, GECIM shall pay, or shall instruct Purchaser to pay, to Genworth an amount equal to Forty Million Dollars (\$40,000,000), which amount shall be paid by wire transfer of immediately available United States funds into an account designated by Genworth (the “Closing Payment”).

Section 2.02. Adjustments to Genworth Payment. In accordance with the terms of the Securities Purchase Agreement and the Outsourcing Services Amendment Agreement, if Genworth and the Company are unable to obtain from the Genworth Regulators the necessary approval for the performance of the Company’s obligations pursuant to a Genworth ARMOA that is required as a result of the amendment of such Genworth ARMOA in accordance with Section 5.19(c) of the Securities Purchase Agreement and the Outsourcing Services Amendment Agreement (a “Regulatory Deficiency”), GECIM and Genworth agree to determine in good faith and in consultation with Purchaser an equitable adjustment to the Closing Payment payable hereunder, and Genworth shall reimburse to GECIM or its Affiliates the applicable amount of the Closing Payment to reflect such adjustment. In the event of a Regulatory

Deficiency, GECIM will assist Genworth in negotiating with Purchaser a reduction in the Genworth Minimum Volume Commitment under the Outsourcing Services Amendment Agreement in respect of any applicable Genworth ARMOA not transferred to the Company as a result of the Regulatory Deficiency.

Section 2.03. Payment to Genworth as Designee. In accordance with Section 2.2(b) of the Securities Purchase Agreement, at Genworth's request GECIM shall instruct Purchaser to pay a portion of the Purchase Price equal to the Closing Payment directly to an account designated by Genworth.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GECIM

GECIM hereby represents and warrants to Genworth that:

Section 3.01. Organization and Good Standing. GECIM is a corporation duly incorporated, validly existing and, to the extent legally applicable, in good standing under the Laws of its jurisdiction of incorporation and has all necessary corporate power to enter into, consummate the transactions contemplated by, and carry out its obligations under, this Agreement.

Section 3.02. Authorization of Agreement. The execution and delivery by GECIM of this Agreement and the consummation by GECIM of the transactions contemplated by, and the performance by GECIM of its obligations under, this Agreement has been (or will be prior to Closing) duly authorized by all requisite corporate action on the part of GECIM. This Agreement has been, and, upon execution and delivery, will be, duly executed and delivered by GECIM, and (assuming due authorization, execution and delivery by Genworth) this Agreement constitutes legal, valid and binding obligations of GECIM enforceable against GECIM in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or similar Laws relating to or affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.03. Conflicts. None of the execution and delivery by GECIM of this Agreement, the consummation of the transactions contemplated hereby, or compliance by GECIM with any of the provisions hereof will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of (i) the certificate of incorporation and by-laws or comparable organizational documents of GECIM; (ii) any order of any Governmental Entity applicable to GECIM or by which any of the properties or assets of GECIM are bound; or (iii) any applicable Law.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF GENWORTH

Genworth hereby represents and warrants to GECIM that:

Section 4.01. Organization and Good Standing. Genworth is a corporation duly incorporated, validly existing and, to the extent legally applicable, in good standing under the Laws of its jurisdiction of incorporation and has all necessary corporate power to enter into, consummate the transactions contemplated by, and carry out its obligations under, this Agreement.

Section 4.02. Authorization of Agreement. The execution and delivery by Genworth of this Agreement and the consummation by Genworth of the transactions contemplated by, and the performance by Genworth of its obligations under, this Agreement has been (or will be prior to Closing) duly authorized by all requisite corporate action on the part of Genworth. This Agreement has been, and, upon execution and delivery, will be, duly executed and delivered by Genworth, and (assuming due authorization, execution and delivery by GECIM) this Agreement constitutes legal, valid and binding obligations of Genworth enforceable against Genworth in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or similar Laws relating to or affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.03. Conflicts. None of the execution and delivery by Genworth of this Agreement, the consummation of the transactions contemplated hereby, or compliance by Genworth with any of the provisions hereof will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of (i) the certificate of incorporation and by-laws or comparable organizational documents of Genworth; (ii) any order of any Governmental Entity applicable to Genworth or by which any of the properties or assets of Genworth are bound; or (iii) any applicable Law.

ARTICLE V

CONDITIONS TO PAYMENT

Section 5.01. Conditions to the Obligation of GECIM. The obligation of GECIM to pay, or instruct Purchaser to pay, the Closing Payment to Genworth is subject to the satisfaction of each of the following conditions:

- (a) the Closing under the Securities Purchase Agreement shall have been consummated;
- (b) the Seller Group shall have received from Purchaser the Purchase Price (less the Closing Payment if Genworth requests that Purchaser pay the Closing

Payment directly to an account designated by Genworth) by wire transfer or transfers in immediately available United States funds in accordance with the Securities Purchase Agreement;

(c) each of Genworth and Purchaser shall have executed and delivered the Genworth Outsourcing Services Amendment Agreement, substantially in the form attached as Exhibit A hereto, duly signed by Genworth and Purchaser, providing, inter alia, in connection with the transactions contemplated by this Agreement and the Securities Purchase Agreement, that Genworth or its Affiliates agree to (i) irrevocably terminate, as of the Closing of the transactions contemplated by the Securities Purchase Agreement, all exclusivity obligations, non-compete obligations, carve-out options and similar obligations and options with respect to the Genworth Resources and the Transferred BPO Business, as applicable, in favor of Genworth and its subsidiaries contained in the Genworth ARMOAs, and (ii) amend or cause to be amended consistent with the terms of the Master Services Agreement the Genworth ARMOAs; and

(d) the representations and warranties of Genworth set forth in this Agreement shall be true and correct when made and at and as of the Closing Date of the transactions contemplated by the Securities Purchase Agreement as though made on the Closing Date.

ARTICLE VI

TERMINATION

Section 6.01. Termination. This Agreement shall terminate upon the valid termination of the Securities Purchase Agreement.

Section 6.02. Procedure upon Termination. In the event of termination pursuant to Section 6.01 hereof, written notice thereof shall forthwith be given to Genworth, and this Agreement shall terminate without further action by any party hereto.

Section 6.03. Effect of Termination. In the event of the termination of this Agreement as provided in Section 6.01, this Agreement shall forthwith become void and there shall be no liability on the part of any party to this Agreement; provided, however, that nothing in this Agreement shall relieve any party to this Agreement from liability for breach of this Agreement.

ARTICLE VII

GENERAL PROVISIONS

Section 7.01. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail

(postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.01):

- (i) if to GECIM:
GE CAPITAL INTERNATIONAL (MAURITIUS)
Les Cascades, Edith Cavell Street
Port Louis, Mauritius
Attention: Board of Directors
Facsimile: 011 230 212-9833

with a copy to:

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153
Attention: Howard Chatzinoff, Esq.
Waajid Siddiqui, Esq.
Facsimile: (212) 310-8007

if to Genworth:

GENWORTH FINANCIAL, INC.
6620 West Broad Street
Richmond, VA 23230
Attention: General Counsel
Facsimile: (804) 662-2414

with a copy to:

HUNTON & WILLIAMS
Riverfront Plaza, East Tower
951 E. Byrd Street
Richmond, VA 23219
Attention: Randall Parks
Facsimile: (804) 788-8218

Failure or delay in delivering any notice, demand, request, consent, approval, declaration or other communication to any Person designated to receive a copy thereof shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

Section 7.02. Public Announcements. Except as may be required by Law or stock exchange rules, no party to this Agreement or any Affiliate or representative of such party shall make any public announcements or otherwise communicate with any news media in respect of this Agreement or the transactions contemplated by this Agreement without prior notification to the other parties, and prior

to any announcement or communication the parties shall cooperate as to the timing and contents of any such announcement or communication.

Section 7.03. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 7.04. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the parties hereto, with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral. The parties hereby agree that this Agreement is a complex commercial contract that has been negotiated and drafted jointly by sophisticated commercial parties represented by counsel and, accordingly, that no rule of contract construction or interpretation pursuant to which ambiguities are construed against the draftsman shall be applied to the construction or interpretation of this Agreement.

Section 7.05. Assignment. This Agreement shall not be assigned by operation of law or otherwise, except that GECIM or Genworth may assign any or all of its rights and obligations under this Agreement to any of its respective Affiliates. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the parties hereto and their permitted successors and assigns.

Section 7.06. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.07. Amendment; Waiver. No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to such agreement. The parties to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of any other party or (b) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement.

The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 7.08. Governing Law. This Agreement 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 principles of such state other than Section 5-1401 of the General Obligations Law of the State of New York.

Section 7.09. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 7.10. Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by its officers or representatives thereunto duly authorized, as of the date first above written.

GE CAPITAL INTERNATIONAL (MAURITIUS)

By: /s/ Briggs Tobin
Name: Briggs L. Tobin
Title: Director

GENWORTH FINANCIAL, INC.

By: /s/ Ward Bobitz
Name: Ward Bobitz
Title: Vice President

Exhibit A

The Outsourcing Services Amendment Agreement, dated as of December 30, 2004, by and between Gecis International Holdings, Luxembourg, Swiss Branch Zug, and Genworth Financial, Inc., is filed as Exhibit 10.58 to Genworth Financial Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.

**OUTSOURCING SERVICES
AMENDMENT AGREEMENT**

This **OUTSOURCING SERVICES AMENDMENT AGREEMENT** (this "Agreement"), dated as of December 30, 2004 (the "Effective Date"), is by and among GECIS International Holdings, Luxembourg, Swiss Branch Zug, located at Baarerstrasse 21, 6304 Zug, Switzerland ("Luxco 2"), an entity duly formed and existing under the laws of the Grand-Duchy of Luxembourg and Genworth Financial, Inc., a Delaware corporation.

WITNESSETH:

WHEREAS, GE Capital International (Mauritius) and certain of its affiliates (collectively, the "Seller Group"), Garuda Investment Co. ("Garuda"), GE and General Electric Capital Corporation entered into that certain Securities Purchase Agreement ("SPA") dated November 7, 2004, pursuant to which Garuda will purchase a controlling interest in Gecis Global (Lux) a Luxembourg entity (the "Luxco Acquisition");

WHEREAS, Luxco 2 is a Subsidiary of Gecis Global Holdings;

WHEREAS, certain of the Affiliates of Luxco 2 (Luxco 2, together with all of its Affiliates, unless the context otherwise requires, "Luxco") and Genworth and certain of its Affiliates (collectively, unless the context otherwise requires, "Genworth") are parties to a series of Amended and Restated Master Outsourcing Agreements and Master Outsourcing Agreements (including, in each case, related Project Specific Agreements and Descriptions of Services, collectively, the "PSAs") and certain other service agreements, all as set forth on Exhibit A attached hereto (collectively, the "Genworth ARMOAs");

WHEREAS, in connection with the consummation of the Luxco Acquisition, Luxco and Genworth now desire to agree to amend and restate the Genworth ARMOAs on the terms and subject to the conditions set forth herein in the form attached hereto as Exhibit B (collectively, the "Amended ARMOAs").

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Definitions.

- a. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the SPA.
- b. "Genworth Group" means Genworth, each Subsidiary of Genworth and each other Person that is controlled directly or indirectly by Genworth.
- c. "Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental authority or other entity.
- d. "Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the

capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

e. "Transferred PSAs" means (i) all PSAs and similar statements of work in effect immediately prior to the Effective Date between the Transferred BPO Business and any member of the Genworth Group (as defined in the Amended ARMOAs), or similar documents specifying work to be performed and amounts to be paid) and (ii) those services provided immediately prior to the Effective Date by the Transferred BPO Business to a member of the Genworth Group without a PSA or statement of work. To the extent necessary for its construction, each Transferred PSA will be deemed to incorporate by reference any definitions of terms used therein that were contained in the agreement to which it related.

f. "Stranded Costs" means any costs and expenses of Luxco directly resulting from termination of a Transferred PSA for convenience, including (i) any costs and expenses with respect to re-employment or termination of any employee directly engaged in rendering the terminated Services (as defined in the Amended ARMOAs) and (ii) any facility, hardware or equipment-related costs.

g. "Sweet Spot Services" means business process services that any member of the Genworth Group requests that Luxco provide that (i) are similar to any of the Services provided under a PSA in effect as of the date of such request or are otherwise within Luxco's then-current capabilities (including language capabilities), taking into account the location of Luxco's then-current facilities and the then-current skill set of Luxco's personnel, and (ii) are to be or could reasonably be performed in facilities located in India, China, Hungary or Mexico or any other of Luxco's platforms in existence as of the date of such request.

Section 2. Agreement to Amend the Genworth ARMOAs

The parties agree to amend and restate, or cause to be amended and restated, each of the Genworth ARMOAs in the form attached as Exhibit B effective upon, or as promptly as practicable after, the closing of the Luxco Acquisition (the "Closing"). Such restatements shall substitute Luxco for GE Capital International Services and its Affiliates (collectively, "GECIS") as the "Provider" under all of the Genworth ARMOAs, and Luxco shall assume all of the obligations, liabilities and responsibilities of GECIS under all of the Genworth ARMOAs. The effectiveness of each of such restatements shall be contingent solely upon receipt by the parties to such agreements of all necessary approvals by any domestic or foreign federal, state, provincial, local, county or municipal government or supra-national, governmental, judicial, regulatory or administrative agency, department, commission board, bureau, court or other authority or instrumentality or any arbitrator or arbitral panel (each, a "Governmental Entity") having jurisdiction. Luxco will cooperate with Genworth in securing such approvals as set forth in Section 5.19(e) of the SPA. The parties acknowledge and agree that in connection with entering into each such amended and restated ARMOA, Luxco intends to subcontract for the performance of the Services under such ARMOA with the entity that was a party to such ARMOA immediately prior to the date of such amendment and restatement.

Section 3. Waiver of Carve-Out Option.

Genworth irrevocably waives and agrees not to exercise, and shall cause its affiliates to irrevocably waive and not exercise, any Carve-Out Option (as defined in the Genworth ARMOAs) afforded to Genworth or its affiliates in the Genworth ARMOAs with respect to the consummation of the transactions contemplated by the SPA, and further irrevocably waives and

agrees not to exercise, and shall cause its affiliates to irrevocably waive and not exercise, any Carve-Out Option with respect to the occurrence of any future Carve-Out Condition (as defined in the Genworth ARMOAs).

Section 4. Minimum Volume Commitments

a. Genworth Minimum Volume Commitment. For the five (5)-calendar year period beginning on January 1, 2005 (the “Genworth Minimum Volume Commitment Term”), the Genworth Group will purchase from Luxco Services under all of the Amended ARMOAs (or any other agreement) that would result in an aggregate minimum annual purchase dollar volume to Luxco under all of the Amended ARMOAs of \$24.0 million (“Genworth Minimum Volume Commitment”).

b. Ramp Down Volume. For the three (3)-year period following the Genworth Minimum Volume Commitment Term (the “Ramp Down Term” and collectively with the Genworth Minimum Volume Commitment Term, the “GMVC Term”), the Genworth Group will purchase Services from Luxco that would result in a minimum annual purchase dollar volume to Luxco of: (i) \$18.0 million in the sixth year of the Term (as defined in the Amended ARMOAs), (ii) \$12.0 million in the seventh year of the Term, and (iii) \$6.0 million in the eighth year of the Term (“Ramp Down GMVC” and collectively with the Genworth Minimum Volume Commitment, the “GMVCs”).

c. Reduction of GMVCs.

i. The GMVCs will only be:

A. reduced by the purchase dollar volume of any PSA or Services terminated by the Genworth Group pursuant to Section 8.1 i.e., for “cause”), Section 8.5 (i.e., for “liability in excess of liability cap”), or Section 8.6(a) i.e., “special provisions for regulated entities”) of the Amended ARMOAs for each year of the remaining term (excluding any renewal period) of such PSA or Services (or one (1) year if no term is set forth in the applicable PSA);

B. reduced by the revenues attributable to any Sweet Spot Services that the Genworth Group offers to Luxco from and after the date that the Genworth Group actually acquires such Sweet Spot Services from a third party and that Luxco either (i) declines or (ii) offers to perform at rates exceeding the Benchmark Rates; provided, however, that after January 1, 2006, in the event the annual revenue run rate (on a trailing twelve (12) month basis) for all PSAs under all of the Genworth ARMOAs is one hundred fifteen percent (115%) or more than the GMVC, this paragraph (ii) shall not be applied to reduce the GMVC. For purposes of this provision, “Benchmark Rates” means, (1) for Services already offered under a Transferred PSA, the rates set forth in the most comparable Transferred PSA (as may be reasonably determined by Luxco and Genworth); and (2) for services not already offered under a Transferred PSA, market rates for such services of similar quality under similar terms offered by a similarly situated supplier established pursuant to neutral benchmarking procedures to be agreed to by Luxco and the applicable member of the Genworth Group;

C. reduced by the purchase dollar volumes of any PSA or Services that Luxco has been unable to perform pursuant to, or unable to provide for more than one hundred eighty (180) days as the result of, a Force Majeure condition (as defined in the Amended ARMOAs) of Luxco for each year that the term (without any renewal period) of such PSA or Services (or the Term, if no term is set forth in the applicable PSA) would have extended had such PSA or Services not been terminated;

D. reduced by the purchase dollar volume of any PSA or Services terminated by the Genworth Group for a Change of Control of Luxco as provided in Section 8.4 of the Amended ARMOAs (Termination Right Related to Change of Control of Luxco) for each year of the remaining term (excluding any renewal period) of such PSA or Services (or one year if no term is set forth in the applicable PSA); and

E. reduced by the revenues attributable to any Competitive Services under a proposed PSA pursuant to which any Technology and Intellectual Property developed, licensed or purchased by Provider is owned by a member of the Genworth Group as contemplated by Section 2.2 of Exhibit I to an Amended ARMOA, that the Genworth Group offers to Luxco from and after the date that the Genworth Group actually acquires such Competitive Services from a third party and that Luxco either (i) declines or (ii) offers to perform at rates exceeding the Benchmark Rates.

ii. For the purposes of this Section 5, purchase dollar volumes for any terminated or suspended Services will be determined (A) based on any actual purchase dollar volumes set forth in the applicable PSA less any amounts already paid thereunder, or (B) if no purchase dollar volumes are set forth in the applicable PSA, projected for the remaining term based on the Charges (as defined in the Amended ARMOAs) due to Luxco during the prior twelve (12) month period for such Services or such lesser period as is available if a twelve (12) month period is not available (pro-rated as applicable).

iii. Unless expressly stated otherwise in this Agreement, references to the Genworth Minimum Volume Commitment, Ramp Down GMVC, and GMVCs will mean such terms as adjusted in accordance with this Section 5.

d. Determining Actual Purchase Dollar Volumes.

i. During the GMVC Term, the Parties will determine the actual purchase dollar volume of the Genworth Group on an annual calendar-year basis in accordance with methodologies agreed upon by the Parties in writing.

ii. For purposes of the GMVCs:

A. purchasing of Services by any member of the Genworth Group from Luxco, whether under the Amended ARMOAs or another agreement, shall be included on a dollar-for-dollar basis (notwithstanding any provision to the contrary in any Genworth ARMOA or PSA) in the calculation of the GMVC; provided, however, that the purchase dollar volume from an entity that becomes a member of the Genworth Group after the Effective Date that was not previously a member of the Genworth Group shall only apply to the extent purchasing (on an annual basis) is at a level exceeding the level (on a trailing twelve (12) month basis) existing immediately prior to its becoming a member of the Genworth Group;

B. the purchase dollar volume to Luxco from any statements of work entered into with a divested business pursuant to Section 1.5 of the Amended ARMOAs (or any renewal or extension thereof) will be included in the calculation of the amount of the purchase dollar volume of the Genworth Group;

C. any Services purchased by GE ITS Services on behalf of the Genworth Group will be included in the amount of the purchase dollar volume of the Genworth Group;

D. any Services Transfer Assistance (as defined in the ARMOAs), termination services and capital expenditures that are billed to the Genworth Group at the actual costs incurred by Luxco (not including any mark-ups or margins on such costs or any mark-ups or margins which may be included in the price per FTE specified in the applicable PSA), will not be counted towards the annual purchase dollar volume; and

E. amounts invoiced in currencies other than dollars will be converted to dollars on a quarterly basis at the prevailing exchange rate on the last day of each calendar quarter as reported in *The Wall Street Journal* for all Services performed during such quarter.

e. GMVC Shortfall and Excess Adjustments.

i. Subject to paragraphs (c) and (d) of this Section, in the event Luxco's actual purchase dollar volume from the Genworth Group for any calendar year during the GMVC Term is below the applicable GMVC for such year, Genworth will pay to Luxco (within ninety (90) days of the end of such calendar year) a pricing adjustment for the Services provided to the Genworth Group in such year in an amount equal to (i) (a) the amount of such shortfall multiplied by (b) twenty five percent (25%) plus (ii) the documented Stranded Costs associated with Transferred PSAs terminated for convenience under Section 8.3 of the Amended ARMOAs that resulted in the shortfall in full satisfaction of Genworth's remaining obligations with respect to the applicable GMVC for that year. Subject to Article 6, Luxco shall use reasonable good faith efforts to mitigate any Stranded Costs including efforts to redeploy any effected employees, facility, hardware or equipment in connection with Luxco's then-current business. Genworth acknowledges that it is Luxco's expectation that the Genworth Group actually purchase the minimum level of Services rather than pay such shortfall amount, while Luxco acknowledges that Genworth's only binding commitment is either to purchase the GMVC level of Services or to pay the amount detailed in clauses (i) and (ii). Genworth will make efforts in good faith to reach the GMVCs through requests for actual service, rather than pay such shortfall amount.

ii. In the event Luxco's actual purchase dollar volume from the Genworth Group for any calendar year during the GMVC Term exceeds the applicable GMVCs, the amount of such excess, up to 5% of the then-applicable GMVC, will be credited against any shortfalls in the GMVCs in each of the following two (2) years or up to 10% of the then-applicable GMVC will be credited against any shortfalls in the GMVCs in the following year, with the choice being in the sole discretion of Genworth.

iii. In the event Luxco's actual purchase dollar volume at any point during the GMVC Term from the Genworth Group is below the applicable GMVC for such year in whole or in part because of Services suspended or terminated by reason of a Force Majeure condition (i) relating to Luxco that prevented Luxco from providing Services for one hundred eighty (180) days or less or (ii) of the Genworth Group that entitled the Genworth Group to suspend receipt of Services, the Genworth Group shall not be liable for any GMVC shortfall (or obligated to make any payment under paragraph (a) of this Section) resulting in whole or in part from the reduction in purchase dollar volume for a period of up to one (1) year from the date Luxco becomes able to resume the suspended or terminated Services or the Genworth Group has resumed operations that were the subject of the suspended or terminated Services, but the Genworth Group shall replace any difference between the amounts that would have been required to be purchased under the applicable GMVC and the actual amounts purchased (the "FM Shortfall Amount"). The FM

Shortfall Amount will be calculated in total dollars, not dollars per year, and will represent any amount of revenue that Luxco would have been entitled to receive because of the applicable GMVC, but did not receive, by reason of the Force Majeure condition. All FM Shortfall Amounts accruing from Force Majeure conditions taking place within one year shall be aggregated together into a single FM Shortfall Amount. Genworth shall cause the Genworth Group to purchase from Luxco Services under all PSAs that would result in aggregate dollar volume equal to the FM Shortfall Amount in addition to its obligation regarding the applicable GMVC beginning in the second calendar year following the Force Majeure condition according to the following schedule, there being no penalty for early purchasing of the required amounts:

- A. for FM Shortfall Amount less than \$2.0 million, in equal installments over a period of three (3) years;
- B. for FM Shortfall Amount of at least \$2.0 million but less than \$2.7 million, in equal installments over a period of four (4) years; and
- C. for FM Shortfall Amount equal to or greater than \$2.7 million, in equal installments over a period of five (5) years.

If the periods over which the FM Shortfall Amount is to be purchased would extend beyond the Term, the portion of the FM Shortfall Amount that would extend beyond the end of the Term will instead be purchased in the last calendar year of the Term. If a Force Majeure condition occurs mid-year, the foregoing amounts shall be pro-rated so that the multi-year periods specified above beginning at the time of the Force Majeure condition are allocated across the calendar years to which the GMVCs apply. The remedy for failure to purchase any FM Shortfall Amount will be the same as the remedy applying to an GMVC shortfall under paragraph (a) of this Section.

iv. In the event a Force Majeure condition of the Genworth Group for which purchasing of Services was suspended or terminated does not prevent Genworth Group from fulfilling the applicable GMVC, the applicable member of the Genworth Group shall use good faith efforts to recommence its purchasing of Services under the applicable PSA to the extent that after the remediation of such Force Majeure condition the applicable member of the Genworth Group requires such Services or substantially similar services.

f. Pulled Back Termination.

i. "Pulled Back Termination" will mean any termination of a Transferred PSA where the Services performed under that Transferred PSA either (i) are subsequently performed by a member of the Genworth Group or (ii) are awarded to a third party. During any year of the Genworth Minimum Volume Commitment Term, if the annual purchase dollar volume of Pulled Back Terminations in that year in aggregate exceeds the following amounts (the amount of such excess being the "Annual Excess"): \$1.2 million for 2005 (5% of the GMVC), \$960,000 for 2006 (4% of the GMVC), and \$720,000 (3% of the GMVC) for each of 2007, 2008 and 2009; then Genworth shall cause the Genworth Group to purchase additional Services of like price per FTE and for a period of time that reflects a duration of a weighted average equivalent to all Pulled Back Terminations terminated in that year with annual purchase dollar volume in aggregate no less than the Annual Excess.

ii. The preceding paragraph (i) shall not apply to any terminations resulting from, in whole or in part:

- A. a termination of a Transferred PSA in accordance with Section 8.1 (i.e., for "cause") or Section 8.6(a) (i.e., "regulatory cause") of the Amended

ARMOAs;

B. Luxco becoming subject to any voluntary or involuntary order of any Governmental Entity, for reasons other than those within Luxco's control, prohibiting or materially impairing the performance of Services under such Transferred PSA, for which Luxco does not develop a work-around within thirty (30) days;

C. a termination of a Transferred PSA in accordance with Section 8.4 (Termination Right Related to Change of Control of PROVIDER) of the Amended ARMOAs.

D. a termination of a Transferred PSA in accordance with Section 21.1 (Force Majeure) of the Amended ARMOAs;

E. a termination of a Transferred PSA with the IT Services Business Component in connection with reacquisition of substantially similar services on substantially the same terms from Luxco;

F. a termination of a Transferred PSA due to changes in applicable Law (as defined in the Amended ARMOAs); or

G. a termination directly resulting from a material change in the requirements of any of the Services being provided by Luxco under any Transferred PSA to any third party customers of the Genworth Group.

iii. Genworth shall, upon request, provide Luxco with reasonable information related to the disposition of Services terminated pursuant to Pulled Back Terminations.

g. Volume Fluctuations.

i. If, in any year of the Genworth Minimum Volume Commitment Term, the aggregate purchasing under Transferred PSAs ((netting volume ramp-ups against volume ramp-downs) other than Pulled Back Terminations but excluding reductions resulting from one of the reasons set forth in Section 4(f)(ii) and reductions resulting from the expiration of Transferred PSAs relating to finite life projects) declines from the purchase dollar volume of the prior year by more than the Volume Trigger, Genworth shall meet with Luxco to work together in good faith to consider new business opportunities to put Luxco in a position similar to that it would have been in had the Volume Trigger not been exceeded.

The "Volume Trigger" will mean annual purchase dollar volume declines in aggregate exceeding the sum of (i): \$0 for 2005 (0% of the GMVC), \$240,000 for 2006 (1% of the GMVC), and \$480,000 (2% of the GMVC) for each of 2007, 2008 and 2009; and (ii) any amount by which Pulled Back Terminations in such year were less than the applicable amount under Section 5(f)(i).

h. Cooperation Regarding Service Mix. For each calendar year during which one or more Genworth ARMOAs is effective, the parties will review Luxco's business plans and the types of services being provided to the Genworth Group. If such services substantially depart from the services provided in the prior calendar year, the parties will cooperate to identify future service offerings within the Sweet Spot Services that may be offered by the Genworth Group to Luxco.

Section 5. Genworth Customer Service Team.

Luxco agrees:

- i. to maintain work areas for Luxco personnel providing the Services that are separate from the work areas of Luxco personnel providing services for other Luxco customers and which are readily identified as such with Genworth branding and other affinity materials as requested by Genworth;
- ii. to cooperate with the members of the Genworth Group to maintain existing communication programs targeted at Luxco personnel providing the Services and to facilitate such modified or additional communications programs targeted at such personnel as the members of the Genworth Group may reasonably request from time to time; and
- iii. to otherwise cooperate with the Genworth Group to foster a high level of identification between the Luxco employees providing the Services and the Genworth Group as the Genworth Group may reasonably request from time to time.

Section 6. Luxco Employees.

For any Competitive Services provided by Luxco to any member of the Genworth Group the following provisions shall apply.

a. Recruiting for Competitive Services. At any time that a PSA for a Competitive Service is not fully staffed in accordance with the terms of such PSA, Luxco shall continuously use commercially reasonable efforts to identify candidates who possess the skills and experience necessary to perform the Competitive Service (the "CS Candidates"). For eighteen months from the Effective Date with respect to Transferred PSAs and for twelve months from the Effective Date with respect to any New PSA (as defined in the Amended ARMOAs), at any time that a PSA for a Competitive Service is not fully staffed in accordance with the terms of such PSA, Luxco shall first consider any CS Candidate for employment to perform the Competitive Services and shall not consider any CS Candidate for employment to perform services for any other customer until the earlier of: (i) with respect to positions for which Genworth does not wish to meet with candidates, such time as Luxco has determined in good faith that the CS Candidate is not suitable for any open Competitive Service position, and (ii) with respect to positions for which Genworth wishes to meet with candidates, the earlier of (A) thirty days after Luxco has presented the CS Candidate to Genworth, which such period shall commence upon Genworth's receipt of such CS Candidate's resume (and Genworth has not requested an offer to be made to such CS Candidate within such thirty days), and (B) the date on which Genworth has indicated that the CS Candidate is not suitable for the PSA. Luxco shall make an offer of employment to any CS Candidate referenced in (ii) that Genworth considers suitable for an unstaffed position under the PSA. In the event that an offer is made to such CS Candidate, Luxco shall not discuss any other employment opportunities with the CS Candidate until the CS Candidate declines the offer of employment related to the Competitive Services.

b. Critical Luxco Employees. During the term of the applicable PSA(s), each Critical Luxco Employee shall dedicate substantially all of his or her working time to the provision of Services pursuant to such PSA(s) and shall not provide services of any kind to any other customer account of Luxco or any of its Affiliates. Luxco shall not assign any Critical Luxco Employee to provide, directly or indirectly, (i) Competitive Services to any other customer of Luxco or any of its Affiliates, or (ii) any services to any competitor of the Genworth Group, provided, however if

(A) the applicable PSA(s) under which such Critical Luxco Employee provides Services expires or terminates and Genworth and its Affiliates do not have any work for such Critical Luxco Employee after such expiration or termination or (B) there is a reduction in the purchase dollar volume of Services under the applicable PSA(s) such that such Critical Luxco Employee is not fully utilized and Genworth does not agree to compensate Luxco for such employee's time as though he or she were fully-utilized, the foregoing assignment restriction shall not apply.

c. **Dedicated Luxco Employees.** Luxco shall use, and cause each of its Affiliates providing the Services to use, commercially reasonable efforts to retain the initial Dedicated Luxco Employees and shall dedicate substantially all of the working time of the Dedicated Luxco Employees to the performance of the Services for the Genworth Group. If the Attrition Rate for the Dedicated Luxco Employees for any calendar month exceeds (i) for the 12 month period beginning January 1, 2005, 2.08% and (ii) thereafter, 1.66%, and there are open positions in that month, Luxco shall not transfer, and shall cause each of its Affiliates providing the Services not to transfer, any Dedicated Luxco Employee to the account of any other customer until such time as (A) the Attrition Rate shall have been less than the applicable amount for at least four (4) consecutive calendar months and/or all such open positions have been filled by qualified persons, or (B) there is a reduction in the purchase dollar volume of Services under the applicable PSA(s) such that a Dedicated Luxco Employee to be transferred is not fully utilized and Genworth does not agree to compensate Luxco for such employee's time as though he or she were fully-utilized. Luxco further agrees not to transfer, and shall cause each of its Affiliates providing the Services not to transfer, any Dedicated Luxco Employees to the account of any other customer if the Attrition Rate is reasonably likely to be exceeded for the calendar month in which the transfer occurs and there are reasonably likely to be open positions in such month.

d. **Definitions.** For purposes of this Section:

i. "Attrition Rate" means the percentage calculated by dividing the number of Departed Dedicated Luxco Employees during the relevant month by the number of Dedicated Luxco Employees at the beginning of such month.

ii. "Competitive Services" means the product development, actuarial valuation, modeling, pricing, and analysis; risk modeling, analytics, and research; marketing modeling and analytics; and insurance investment research processes described in the PSAs listed in Exhibit C attached hereto or identified in any PSA entered into after the Effective Date, and services substantially similar to any of the foregoing services.

iii. "Critical Luxco Employee" shall mean an employee of Luxco who Luxco and Genworth (or their applicable Affiliates) agree has or is likely to develop special expertise or knowledge of proprietary information of Genworth and who is specifically identified in one or more PSAs entered into after the Effective Date.

iv. "Dedicated Luxco Employee" shall mean any employee of Luxco or its Affiliates, for so long as such person is an employee of Luxco or its Affiliates and dedicates substantially all of his or her working time to the provision of the Services. The Dedicated Luxco Employees as of the Effective Date are listed in Exhibit D hereto.

v. "Departed Dedicated Luxco Employee" shall mean any former employee or current employee of Luxco or its Affiliate who was, but no longer is, a Dedicated Luxco Employee but excluding any Dedicated Luxco Employees removed from the account at the request of Genworth or any of its Affiliates or by the agreement of Luxco and Genworth or their applicable Affiliates.

e. Equitable Relief. Luxco acknowledges that any violation of the restrictions contained in the foregoing paragraph would result in irreparable injury to the Genworth Group, and Luxco further agrees that, in the event of its violation of any of these restrictions, the members of the Genworth Group shall be entitled to obtain from any court of competent jurisdiction (in any jurisdiction) preliminary and permanent injunctive relief, as well as damages to which it may be entitled under applicable law, subject to Section 13.0 of the Amended ARMOAs in its entirety.

Section 7. Agreement Not to Enforce Non-Compete Provisions. Genworth irrevocably agrees not to enforce, and shall cause its Affiliates not to enforce, the provisions of Section 18.0 (Non-Compete) of the Genworth ARMOAs, and irrevocably waives all of its rights with respect thereto under the Genworth ARMOAs. Notwithstanding Section 2 of this Agreement, following the consummation of the Luxco Acquisition, neither Luxco 2 nor its Affiliates, including GECIS shall (i) have any obligations to Genworth in respect of such Section 18.0 of the Genworth ARMOAs or (ii) be bound any exclusivity obligations contained therein.

Section 8. Critical Intellectual Property.

In connection with any PSA entered into after the Effective Date, the parties to such PSA may agree that certain intellectual property to be developed in connection with such PSA shall be owned exclusively by Genworth or its applicable Affiliate. The parties will specifically identify in the applicable PSA such intellectual property and the scope of Genworth's (or its Affiliate's) rights therein.

Section 9. Dispute Resolution.

a. General Provisions.

i. Any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Section 8, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

ii. Commencing with a request contemplated by paragraph (b) set forth below, all communications between the parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator's evaluation referred to in paragraph (c) set forth below, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.

iii. The parties expressly waive and forego any right to (i) punitive, exemplary, statutorily-enhanced or similar damages in excess of compensatory damages, and (ii) trial by jury.

iv. The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the parties in writing.

v. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Section 8 are pending. The parties will take such action, if any, required to effectuate such tolling.

b. Consideration by Senior Executives.

If a Dispute is not resolved in the normal course of business at the operational level, the parties shall attempt in good faith to resolve such Dispute by negotiation between executives who hold, at a minimum, the office of President and CEO of the respective business entities involved in such Dispute. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Initial Notice"). Fifteen (15) days after delivery of the Initial Notice, the receiving party shall submit to the other a written response (the "Response"). The Initial Notice and the Response shall include (i) a statement of the Dispute and of each party's position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Such executives will meet in person or by telephone within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute.

c. Mediation.

If a Dispute is not resolved by negotiation as provided in paragraph (b) within forty-five (45) days from the delivery of the Initial Notice, then either party may submit the Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution (the "CPR") Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

d. Arbitration.

i. If a Dispute is not resolved by mediation as provided in paragraph (c) within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either party may submit the Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect (the "CPR Arbitration Rules"). The parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

ii. The neutral organization for purposes of the CPR Arbitration Rules will be the CPR. The arbitral tribunal shall be composed of three arbitrators, of whom each party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Arbitration Rules. The arbitration shall be conducted in New York City. Each party shall be permitted to present its case, witnesses and evidence, if any, in the presence of the other party. A written transcript of the proceedings shall be made and furnished to the parties. The arbitrators shall determine the Dispute in accordance with the law of the State of New York, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable, and shall apply this Agreement or applicable PSA, according to its terms, provided that the provisions relating to arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

iii. The parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this paragraph (d) and further agree that judgment on any award or order resulting from an arbitration conducted under this paragraph (d) may be entered and enforced in any court having jurisdiction thereof.

iv. Except as expressly permitted by this Agreement, no party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated by paragraph (d)(iii) above, (ii) to restrict or vacate an arbitral

decision based on the grounds specified under applicable law, or (iii) for interim relief as provided in paragraph (d)(v) below. For purposes of the foregoing, the parties hereto submit to the non-exclusive jurisdiction of the courts of the State of New York.

v. In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. If the tribunal shall not have been appointed, either party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.

Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Section 8.

e. Continued Performance.

The parties agree to continue to perform their respective obligations under this Agreement and any related PSA during a Dispute.

Section 10. GE ITS Agreements.

At the request of Luxco, Genworth will request that GE ITS assign to Luxco all agreements pursuant to which GE ITS provides services to the Genworth Group.

Section 11. Entire Agreement; Amendment and Waiver.

Except as otherwise expressly provided in this Agreement, this Agreement (including the Exhibits attached hereto) constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the parties hereto with respect to the subject matter of this Agreement. In the event of any apparent conflict between the provisions of this Agreement and any Amended ARMOA or PSA, such provisions shall be construed so as to make them consistent to the extent possible, and if such is not possible, then the parties will negotiate in good faith to resolve such conflicts in a commercially reasonable manner. If the parties are unable to resolve such conflicts, then the provisions of this Agreement shall control. No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to such agreement. No waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by either party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 12. Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 13. Assignment; No Third-Party Beneficiaries.

This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties hereto. This Agreement is for the sole benefit of the parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 14. Termination.

This Agreement may be terminated by either party upon thirty (30) days notice to the other party if there are no outstanding Amended ARMOAs, PSAs, and other Services being provided pursuant to an Amended ARMOA.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Outsourcing Services Amendment Agreement to be executed on the date first written above by their respective duly authorized officers.

GECIS INTERNATIONAL HOLDINGS,
LUXEMBOURG, SWISS BRANCH ZUG

By: /s/ Peter Rüfenacht

Name: Peter Rüfenacht
Title: Branch Manager

By: /s/ Vivek Gour

Name: Vivek Gour
Title: Chief Financial Officer, Gecis
International Holdings

GENWORTH FINANCIAL, INC.

By: /s/ Ward Bobitz

Name: Ward Bobitz
Title: Vice President

EXHIBIT A
Genworth ARMOAs
Genworth ARMOAs

The following is a list of Genworth ARMOAs to be amended.

No.	<u>Genworth Legal Entity</u>	<u>GECIS Legal Entity</u>	<u>Type of Agreement</u>
1	American Mayflower Life Insurance Company of New York	GECIS	ARMOA
2	GE Capital Life Assurance Company of New York	GECIS	ARMOA
3	GNA Corporation	GECIS	MOA
4	GE Group Administrators, Inc.	GECIS	ARMOA
5	First Colony Life Insurance Company	GECIS	ARMOA
6	FFRL Re Corp.	GECIS	ARMOA
7	Federal Home Life Insurance Company	GECIS	ARMOA
8	General Electric Capital Assurance Company	GECIS	ARMOA
9	GE Group Life Assurance Company	GECIS	ARMOA
10	GE Life and Annuity Assurance Company	GECIS	ARMOA
11	Jamestown Life Insurance Company	GECIS	ARMOA
12	Professional Insurance Company	GECIS	ARMOA
13	GE Mortgage Contract Services, Inc.	GECIS	MOA
14	Brookfield Life Assurance Co. Ltd.	GECIS	MOA
15	Viking Insurance Co. Ltd.	GECIS	MOA
16	GE Mortgage Services Limited (UK)	GECIS	ARMOA
17	GE Mortgage Services Limited (UK)	GE Capital Global Process Solutions (UK)	MOA
18	General Electric Mortgage Insurance Corporation	GECIS	MOA

EXHIBIT B
Form of Amended and Restated ARMOA

Each of the outstanding Genworth ARMOAs shall be amended and restated as set forth in Section 1 of this Agreement in the form attached hereto, provided that Exhibit B to each Amended ARMOA shall be in substantially the form of Exhibit B to the respective Genworth ARMOAs, amended or supplemented as shall be necessary to appropriately reflect any unique provisions of any Genworth ARMOA or as may be required to obtain necessary approvals of the Amended ARMOAs by governmental agencies (with such amendments or supplements to be negotiated and agreed upon in good faith in a commercially reasonable manner).

**FORM OF SECOND AMENDED
MASTER OUTSOURCING AGREEMENT**

by and between

[CUSTOMER]

and

**GECIS INTERNATIONAL HOLDINGS,
LUXEMBOURG, SWISS BRANCH ZUG**

[Date]

TABLE OF CONTENTS

	<u>Page</u>
1.0 Services.	1
1.1 Structure of the Agreement.	1
1.2 Business Continuity and Disaster Recovery Services	1
1.3 PROVIDER Responsibilities	2
1.4 Service Locations; Security	2
1.5 Support of CUSTOMER Divestitures	2
1.6 Intentionally Omitted.	3
1.7 New Services	3
1.8 Intentionally Omitted.	3
1.9 Right of First Opportunity.	3
2.0 Charges.	4
2.1 Generally	4
2.2 Discount Factor	4
2.3 Adjustment of Charges	4
2.4 Renewal Pricing	5
2.5 New PSAs	5
2.6 Currency	5
2.7 Taxes	5
2.8 Productivity Sharing.	5
2.9 Transaction Productivity	6
2.10 Continuous Improvement; Planning	7
3.0 Billing and Payment.	7
3.1 Invoices	7
3.2 Payments	7
3.3 Reimbursements	8
3.4 Method of Payment	8
3.5 Notice of Default	8
3.6 PROVIDER Termination for Non-Payment.	8
3.7 Past Due Amounts	8
4.0 Performance Standards.	9
4.1 Generally	9
4.2 Measurement and Reporting	9
4.3 Compliance	9
4.4 Additional Remedies	9

5.0	Record Keeping and Audits.	10
5.1	Record Keeping	10
5.2	Audits	10
5.3	Reports and Certifications	10
6.0	CUSTOMER Commitments.	11
6.1	System Access	11
6.2	Data Integrity	11
6.3	Training	11
7.0	Term.	11
7.1	Initial Term	11
7.2	Renewal Term	11
8.0	Termination.	11
8.1	Termination for Cause by CUSTOMER	11
8.2	Termination for Cause by PROVIDER	12
8.3	Termination for Convenience	13
8.4	Termination Right Related to Change of Control of PROVIDER.	13
8.5	Termination Right Related to Liability Cap	14
8.6	Special Provisions for Regulated Companies.	14
8.7	Termination of Agreement	15
8.8	Continued Performance	15
9.0	Obligations on Expiration and Termination.	15
10.0	Assignment and Subcontracting.	16
10.1	PROVIDER Assignment	16
10.2	Subcontracting	16
10.3	CUSTOMER Assignment	16
11.0	Confidentiality.	16
11.1	Obligations of PROVIDER	16
11.2	Obligations of CUSTOMER	17
11.3	Required Disclosures	18
11.4	HIPAA Addendum	18
11.5	Data Ownership	19
12.0	Indemnities.	19
12.1	PROVIDER Indemnity	19

12.2	CUSTOMER Indemnity	19
12.3	Mutual Indemnity.	19
12.4	Infringement Indemnity.	20
12.5	Limitation on Indemnity Obligation	21
12.6	Indemnification Obligations Net of Insurance Proceeds and on an After-Tax Basis	21
12.7	Provider Insurance	22
13.0	Limitation of Liability.	23
13.1	LIABILITY CAP	23
13.2	EXCLUSION OF INDIRECT DAMAGES	23
13.3	EXCEPTIONS	23
14.0	PROVIDER Employees.	24
14.1	Responsibility for PROVIDER Employees	24
15.0	Representations, Warranties and Covenants.	24
15.1	PROVIDER Representations	24
15.2	CUSTOMER Representations	25
15.3	Approvals and Consents	25
15.4	Cooperation.	25
16.0	Notices.	26
17.0	Intellectual Property.	27
18.0	Non Solicitation	27
19.0	Change Control Procedure.	27
20.0	Governance.	27
20.1	PROVIDER Account Executive.	27
20.2	CUSTOMER Account Executive.	28
20.3	Key Employees of PROVIDER	29
20.4	Meetings.	29
20.5	Operational Dispute Resolution	30
21.0	Miscellaneous.	30
21.1	Force Majeure	30
21.2	Independent Contractors	30
21.3	Failure to Object Not a Waiver	30
21.4	Governing Law	31
21.5	No Third-Party Beneficiaries	31

21.6	Publicity	31
21.7	Entire Agreement	31
21.8	Amendment	31
21.9	Rules of Construction	31
21.10	Severability	32
21.11	Remedies Not Exclusive	32
21.12	Dispute Resolution	32
21.13	Language	32
21.14	Survival	32
22.0	Attachments.	33

Exhibits

Exhibit A	Definitions
Exhibit B	Local Modifications to Master Agreement
Exhibit C	Form of PSA
Exhibit D	BCP/DRP Plans
Exhibit E	Security Procedures
Exhibit F	Pricing Template
Exhibit G	Dispute Resolution
Exhibit H	RESERVED
Exhibit I	Intellectual Property
Exhibit J	Business Associate Addendum
Exhibit K	Change Control Procedure
Exhibit L	PSAs and Base Costs

**FORM OF
SECOND AMENDED
MASTER OUTSOURCING AGREEMENT**

SECOND AMENDED MASTER OUTSOURCING AGREEMENT (“Agreement”) entered into as of the _____ (the “Execution Date”), by and between [NAME], a [JURISDICTION][TYPE OF ENTITY], with offices at [ADDRESS] (“CUSTOMER”) and GECIS INTERNATIONAL HOLDINGS, LUXEMBOURG, SWISS BRANCH ZUG, an entity duly formed and existing under the laws of the Grand-Duchy of Luxembourg, with offices at Baarerstrasse 21, 6304 Zug, Switzerland (“PROVIDER”).

RECITALS

WHEREAS, PROVIDER and CUSTOMER are parties to an [Amended and Restated] Master Outsourcing Agreement (“ARMOA”), dated as of _____, 2004;

WHEREAS, PROVIDER and CUSTOMER now desire to amend the ARMOA on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

WITNESSETH

1.0 Services.

1.1 Structure of the Agreement.

(a) The Services are governed by the terms of this Agreement as amended and/or supplemented as set forth in Exhibit B, and the PSAs. Each PSA executed after the Execution Date shall be in the form attached as Exhibit C, unless otherwise agreed to by the parties.

(b) PROVIDER agrees to provide the Services under the terms and conditions of this Agreement and as more specifically described in the PSAs.

1.2 Business Continuity and Disaster Recovery Services. PROVIDER shall provide the services set forth in the business continuity and disaster recovery plans referred to in Exhibit D (collectively, the “BCP/DRP Plans”). The BCP/DRP Plans shall address all operations identified by CUSTOMER as “Mission Critical;” shall meet the substantive requirements specified by CUSTOMER and shall be agreed upon by CUSTOMER and PROVIDER. Further, at no additional charge to CUSTOMER other than as provided in Section 2 and the Pricing Template set forth in Exhibit E, PROVIDER will (a) actively review and update the BCP/DRP Plans, (b) test the BCP/DRP Plans at least annually, (c) permit CUSTOMER the opportunity to participate in such testing, (d) give CUSTOMER access to the results and analysis of such testing, and (e) correct deficiencies in the BCP/DRP Plans revealed by such testing. Failure to provide the services described in such BCP/DRP Plans will constitute a material breach of this Agreement, subject to cure as set forth in Section 8.1(e).

1.3 PROVIDER Responsibilities. Except as otherwise noted in this Agreement, PROVIDER shall provide, at its expense, all materials, labor, equipment, facilities and other items necessary to deliver the Services. Subject to Section 6.3 herein, all employees performing the Services shall be skilled in their trades and licensed, if required, by all proper authorities.

1.4 Service Locations: Security. Except as provided in the BCP/DRP Plans, without the prior written consent of CUSTOMER, PROVIDER shall not change or move the original location for the performance by PROVIDER of the Services required under this Agreement. In performing the Services, operating the Facilities used by it to provide the Services and protecting CUSTOMER's data, information and other property, PROVIDER will comply with the security procedures set forth in Exhibit E of this Agreement.

1.5 Support of CUSTOMER Divestitures. If CUSTOMER divests any business operation, PROVIDER will provide the Services to such operation if such operation (i) used the Services prior to being divested, (ii) after being divested uses either essentially the same services as before being divested, or CUSTOMER or the acquiring entity compensates PROVIDER to modify its systems or processes used to perform and provide the Services as necessary to accommodate the use of the Services as reasonably requested by the acquiring entity, (iii) the acquiror of such operation agrees to be subject to the provisions of this Agreement and the PSAs, and (iv) CUSTOMER is not in payment default at the time of the request, but, in that case, PROVIDER must provide the Services if paid in advance. At CUSTOMER's option, PROVIDER and such acquiror shall enter into a separate agreement and PSA(s) providing for the provision of the Services, which agreements shall be on substantially the same terms and conditions as are set forth in this Agreement and the PSA(s), with such changes therein as the parties may agree upon. PROVIDER shall charge for the continuing performance and delivery of such Services based on the then-existing charging methodologies and may charge CUSTOMER or the acquiring entity for the reasonable implementation and set-up fees relating to the extension of the Services to such entity approved in writing in advance. PROVIDER and the acquiring entity will negotiate in good faith for up to one hundred twenty (120) days following the divestiture to agree upon alternative terms and conditions that will apply to the provision of the Services to such entity by PROVIDER. If they are unable to so agree, at the request of the acquiring entity, PROVIDER shall be required to provide the Services to such acquiring entity until the earlier of (i) the last day of the twelfth (12th) month following such 120-day negotiation period and (ii) the termination date of this Agreement and related PSAs, provided, that if such termination date is to occur later than twelve (12) months following the end of such 120-day period and PROVIDER is requested to provide such Services for less than twelve (12) months following the end of such period, such acquiring entity or CUSTOMER shall bear all costs actually incurred by PROVIDER as a result of such reduction in volume, provided, further, that PROVIDER shall use commercially reasonable efforts to mitigate such costs. Such Services shall be provided by PROVIDER regardless of whether the acquiring entity is a competitor of PROVIDER. PROVIDER shall provide Services Transfer Assistance as reasonably requested by the acquiror, solely at the acquiror's cost, for the period during which PROVIDER is required to provide Services to such acquiror.

1.6 Intentionally Omitted.

1.7 New Services. From time to time, CUSTOMER may request that PROVIDER furnish additional services to CUSTOMER that are not within the scope of the Services (“New Services”). PROVIDER will discuss with CUSTOMER such request and the ramifications of such additional services on the existing Services, but will not be obligated to provide such additional services. Such requests shall be addressed through the Change Control Procedure described in Section 19.0 hereof. CUSTOMER shall bear all costs agreed in advance between the parties and incurred by PROVIDER on account of transition or migration of New Services from CUSTOMER to PROVIDER.

1.8 Intentionally Omitted.

1.9 Right of First Opportunity.

(a) If CUSTOMER proposes to outsource to a third party (*i.e.*, other than a CUSTOMER Affiliate) any Additional Service (other than an Additional Service originally acquired from PROVIDER but terminated for cause), then CUSTOMER will first issue to PROVIDER a request for proposal with respect to such Additional Service. Notwithstanding the foregoing, in no event shall CUSTOMER have any obligation to make any offer with respect to its actual or proposed acquisition of services substantially similar to those provided to CUSTOMER by any third party suppliers or vendors of CUSTOMER prior to the Execution Date from the supplier or vendor that supplied such services prior to the Execution Date.

(b) PROVIDER will have a period of ten (10) days following PROVIDER’s receipt of such request for proposal (the “Exclusive Tender Period”) to deliver to CUSTOMER a proposed PSA (which complies with the requirements of this Agreement and such request for proposal).

(c) CUSTOMER will not solicit proposals from, or negotiate with, any third party with respect to the provision of the Additional Service prior to or during the Exclusive Tender Period.

(d) If PROVIDER delivers a proposed PSA to CUSTOMER within the Exclusive Tender Period, then CUSTOMER will consider such proposed PSA in good faith; provided, however, that this Section 1.9 will not operate so as to prevent CUSTOMER from soliciting proposals from, or negotiating with, third parties concerning the provision of any Additional Service after the Exclusive Tender Period.

(e) If at the end of the Exclusive Tender Period, CUSTOMER and PROVIDER have not agreed on the terms of PROVIDER’s PSA for the Additional Services, CUSTOMER may solicit bids from other third party providers. CUSTOMER will not supply any information provided by PROVIDER pursuant to its bid for Additional Services to any third party provider, and such information shall be Confidential Information of PROVIDER.

2.0 Charges.

2.1 Generally. Notwithstanding any provision related to fees and charges in a PSA to the contrary, as consideration for the provision of the Services, CUSTOMER will pay to PROVIDER the charges calculated as set forth in this Section 2.0 (the "Charges"). "Baseline Charges" shall mean (i) for PSAs existing as of May 24, 2004, the Baseline Charges and the Charges for the initial Contract Year (or part thereof) as set forth on Exhibit L, and (ii) for PSAs executed after May 24, 2004 and prior to the Execution Date, the Baseline Charges as set forth in each such PSA. The Charges shall be adjusted annually to reflect changes in PROVIDER's Base Costs and to reflect scheduled discounts from the Baseline Charges pursuant to the following formula:

$$\text{New Charges} = \text{Baseline Charges} * \text{Discount Factor} * \text{Cost Factor}$$

2.2 Discount Factor. For the periods indicated, the "Discount Factor" shall mean and be as follows:

<u>Period</u>	<u>Discount Factor</u>
after May 24, 2004 through the first anniversary of the Trigger Date (as defined below)	0.962963
from the first anniversary of the Trigger Date through the second anniversary of the Trigger Date	0.925926
from the second anniversary of the Trigger Date through the third anniversary of the Trigger Date	0.911111
from the third anniversary of the Trigger Date through the eighth anniversary of the Trigger Date	0.888889

"Cost Factor" means and shall be calculated as follows:

$$Y(n) \text{ Base Cost} / Y(0) \text{ Base Cost}$$

where Y(n) Base Cost is determined pursuant to Section 2.3 for each Contract Year, Y(n-1) Base Cost is the Base Cost for the preceding Contract Year and Y(0) Base Cost is the Base Cost for the initial Contract Year, as set forth in Exhibit L.

2.3 Adjustment of Charges. Prior to the commencement of each Contract Year, the parties will negotiate in good faith to agree upon the elements of Base Cost and the rates to be charged to CUSTOMER for such elements during such year. The parties will reflect their agreement on such matters in a written document to be executed by each of them and the Charges for the Services in such year shall not exceed the agreed amounts. Any amendment or addition to such elements or rates must be approved by CUSTOMER in advance in writing. If the parties are unable to agree upon such matters, the Cost Factor for the applicable year shall be

calculated using Base Cost as determined by PROVIDER in accordance with the definition of Base Cost, provided, that Base Cost for any Contract Year shall not exceed one hundred five percent (105%) of Base Cost for the immediately preceding Contract Year. If Base Cost relating to any PSA for any Contract Year during the Initial Term exceeds one hundred five percent (105%) of Base Cost for the immediately preceding Contract Year, CUSTOMER may terminate that PSA upon at least six (6) months' written notice to PROVIDER and shall not be liable for any costs incurred by PROVIDER as a result of such termination.

2.4 Renewal Pricing. At least eighteen (18) months prior to the expiration of the Initial Term, PROVIDER will propose in writing to CUSTOMER the terms and conditions upon which PROVIDER would be willing to renew the Agreement and the related PSAs. Such terms and conditions shall be consistent with the terms and conditions for such services of similar quality offered by a similarly situated supplier.

2.5 New PSAs. Pricing terms (including productivity sharing) for all PSAs entered into after the Execution Date ("New PSAs") shall be negotiated by the parties and may or may not be subject to the terms set forth in Section 2.1, Section 2.2, Section 2.3, Section 2.8 and Section 2.9.

2.6 Currency. All currency references in this Agreement are in the currency of the United States of America and all payments shall be made in such currency.

2.7 Taxes. The Charges for the Services shall be inclusive of any sales, use, gross receipts or value added, withholding, ad valorem and other taxes based on or measured by PROVIDER's cost in acquiring equipment, materials, supplies or services used by PROVIDER in providing the Services. Further, each party shall bear sole responsibility for any real or personal property taxes on any property it owns or leases, for franchises or similar taxes on its business, for employment taxes on its employees, for intangible taxes on property it owns or licenses and for taxes on its net income. If a sales, use, privilege, value added, excise, services and/or similar tax ("Tax") is assessed with respect to PROVIDER'S Charges to CUSTOMER for the provision of the Services, CUSTOMER shall be responsible for and pay the amount of any such Tax to PROVIDER or as applicable Law otherwise requires, in addition to the Charges. CUSTOMER may report and (as appropriate) pay any Taxes directly if CUSTOMER provides PROVIDER with a direct pay or exemption certificate. PROVIDER's invoices shall separately state the amounts of any Taxes PROVIDER is proposing to collect from CUSTOMER. PROVIDER shall promptly notify CUSTOMER of any claim for Taxes asserted by any applicable taxing authorities. Notwithstanding the above, CUSTOMER's liability for such Taxes is conditioned upon PROVIDER providing CUSTOMER notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by PROVIDER. PROVIDER shall coordinate with CUSTOMER the response to and settlement of, any such assessment. CUSTOMER shall be entitled to receive and to retain any refund of Taxes paid to PROVIDER pursuant to this Agreement.

2.8 Cost Productivity Sharing. With respect to the Transferred PSAs, CUSTOMER agrees to share with PROVIDER any reductions in Base Cost actually achieved by PROVIDER in any Contract Year during the Term in accordance with this Section 2.8. Commencing with the

first full Contract Year after the Execution Date, CUSTOMER shall pay to PROVIDER the positive amount, if any, calculated for each Transferred PSA pursuant to the following formula:

$$\text{PROVIDER Productivity Share} = \text{Savings Factor} * (\text{Y(n-1) FTE Base Cost} - \text{Y(n) FTE Base Cost}) * \text{Y(n) FTEs}$$

where:

For the periods indicated, the Savings Factor shall mean and be as follows:

<u>Period</u>	<u>Savings Factor</u>
after May 24, 2004 through the first anniversary of the Trigger Date (as defined below)	0.3250
from the first anniversary of the Trigger Date through the second anniversary of the Trigger Date	0.3125
from the second anniversary of the Trigger Date through the third anniversary of the Trigger Date	0.3075
from the third anniversary of the Trigger Date through the eighth anniversary of the Trigger Date	0.3000

Y(n) FTE Base Cost is equal to the Base Cost on a per-FTE basis for the most recently concluded Contract Year for such Transferred PSA;

Y(n-1) FTE Base Cost is equal to the Base Cost on a per FTE basis for the immediately preceding Contract Year for such Transferred PSA; and

Y(n) FTEs is equal to the number of full-time equivalent employees charged to CUSTOMER during the most recently concluded Contract Year relating to such Transferred PSA in accordance with this Agreement.

PROVIDER shall calculate the PROVIDER Productivity Share each year within sixty (60) days following the end of each Contract Year and submit to CUSTOMER an invoice for the amount claimed, a detailed calculation of such amount and all documentation reasonably necessary to support such calculation for each Transferred PSA. CUSTOMER shall pay any undisputed amount within sixty (60) days of receipt of such documentation. Any disputes with respect to such calculation or the PROVIDER Productivity Share shall be resolved pursuant to Section 21.12 (Dispute Resolution).

2.9 Transaction Productivity.

(a) During the first year of the Term, the parties shall negotiate in good faith to develop and implement a mechanism for measuring reductions in the number of FTEs performing a fixed volume of the Services under a PSA or increases in the volume of Services under a PSA that are performed by a single FTE (“Transaction Productivity”) and quantifying the resulting cost savings, net of any investments necessary to achieve such cost savings. Such mechanism must take into account and accurately adjust for variability in transaction volumes

unrelated to productivity improvement initiatives and variability in Services mix. The cost of developing such system shall not be included in or result in any increase in Base Cost to CUSTOMER. Following agreement upon and implementation of the system, beginning in the second year of the Term and thereafter, the parties shall share any net cost savings realized by CUSTOMER under a PSA as a result of any Transaction Productivity improvements during the two-year period following realization of such improvements, with CUSTOMER receiving 75% of such net savings and PROVIDER receiving 25% of such net savings. After such two-year period, CUSTOMER shall receive 100% of the net cost savings realized as a result of such improvements. This paragraph shall not apply to Transferred PSAs for fixed-price Project work.

(b) On an annual basis, CUSTOMER will have the right to discuss and negotiate with PROVIDER more favorable Transaction Productivity sharing for any Transferred PSA, subject to the agreement of the parties.

2.10 Continuous Improvement; Planning. PROVIDER shall use commercially reasonable efforts to increase productivity and efficiency in performing the Services and shall endeavor to reduce Base Cost annually, depending on the overall reduction in its cost of operations. The parties will participate in an annual budgeting process as part of determining Base Cost that will address improvements in PROVIDER productivity and efficiency in performing the Services and dedicate appropriate resources to execute the budgeted improvements. To support PROVIDER's demand planning, each quarter, CUSTOMER shall provide PROVIDER a good faith estimate of its requirements for the Services for the following twelve (12) months.

3.0 Billing and Payment

3.1 Invoices. PROVIDER shall submit an invoice each month for the Charges relating to the Services provided during the prior month period. Each invoice shall detail all information relevant to calculation of the Charges and the total amount due. PROVIDER agrees to include the information and prepare the invoice in a form agreed to by the parties pursuant to Section 3.4.

3.2 Payments. For invoices processed through the Intercompany Billing System ("IBS") as of the Execution Date, CUSTOMER will pay all undisputed charges to PROVIDER in full within fifteen (15) days from the date (a) of receipt of the invoice or (b), with respect to any disputed Charges, such dispute is resolved (the "Due Date"). For all other invoices, CUSTOMER will pay all undisputed Charges to PROVIDER in full within thirty (30) days from the date (a) of receipt of an invoice or (b), with respect to any disputed Charges, such dispute is resolved (also, the "Due Date"); provided, however, that from the Execution Date until such time as the New Billing Method is approved for use by both parties, CUSTOMER is only required to use commercially reasonable efforts to pay all undisputed Charges to PROVIDER in full within a commercially reasonable timeframe not to exceed sixty (60) days from the date (a) of receipt of the invoice, or (b), with respect to disputed Charges, such dispute is resolved (also, the "Due Date"). CUSTOMER may dispute any invoiced amount in good faith in accordance with Section 21.12 (Dispute Resolution). Any such dispute shall not relieve CUSTOMER from paying undisputed amounts on such invoice in accordance with the terms of this Section 3.2.

CUSTOMER will not be responsible for any costs or expenses incurred by PROVIDER for changes to Services or New Services performed without the authorization of CUSTOMER in accordance with the terms of this Agreement.

3.3 Reimbursements. Payment of all reimbursable expenses approved by CUSTOMER in writing in advance will be made within thirty (30) days after CUSTOMER's receipt of invoice together with copies of receipts and other verification.

3.4 Method of Payment. The parties agree to initially use the IBS system as the method of payment. The parties will use commercially reasonable efforts to jointly design and approve a new PROVIDER billing process and CUSTOMER reconciliation, approval, and pay process to replace IBS (the "New Billing Method") which allows CUSTOMER to reconcile, approve, and pay charges within thirty (30) days from the date of receipt of the invoice.

3.5 Notice of Default. If CUSTOMER does not pay any invoice by the Due Date, PROVIDER shall serve CUSTOMER a notice pursuant to Section 16.0 (a "Payment Default Notice") and simultaneously initiate the procedures for consideration of Disputes by senior executives of the parties by giving notice as described under Section 1.2 of Exhibit G.

3.6 PROVIDER Termination for Non-Payment.

(a) PROVIDER shall have the right to terminate any PSA, without prejudice to any other legal rights to which it may be entitled, if CUSTOMER fails to pay to PROVIDER any amount (i) that is undisputed within thirty (30) days following CUSTOMER's receipt of a Payment Default Notice, (ii) determined by the senior executives under Section 1.2 of Exhibit G to be due to PROVIDER, within five (5) business days following CUSTOMER's agreement that such amount is not in dispute or the conclusion of the senior executives' negotiations, whichever is earlier, or (iii) that remains in dispute and is not paid following the conclusion of the senior executives' negotiations as contemplated by Section 3.6(b) hereof.

(b) PROVIDER shall have no right to terminate if CUSTOMER pays any disputed amount within five (5) business days following the conclusion of the senior executives' negotiations under Exhibit G, without prejudice, and invokes the remainder of the dispute resolution process set forth in Exhibit G.

(c) If pursuant to the dispute resolution process, PROVIDER is found to have charged improperly, PROVIDER shall promptly refund such excess amount along with interest at a rate of 8% per annum.

3.7 Past Due Amounts. Past due amounts (including Charges, disputed amounts unpaid after conclusion of the senior executives' negotiations contemplated by Section 1.2 of Exhibit G hereof, and reimbursable expenses and credits) will bear interest at a rate of 8% per annum provided, however, that unpaid disputed amounts shall not be considered past due until after the conclusion of such senior executives' negotiations.

4.0 Performance Standards

4.1 Generally. All work relating to the Services shall be completed in a professional, timely manner and shall conform to such additional Performance Standards, if any, as may be set forth in each PSA. Such Performance Standards may be revised from time to time upon the mutual agreement of the parties.

4.2 Measurement and Reporting. Unless otherwise specified, each Performance Standard shall be measured on a monthly basis. PROVIDER shall create, implement, support and maintain reports for monitoring the metrics associated with the Performance Standards and such other metrics as are mutually agreed upon by the parties on a schedule agreed upon in each PSA or within ninety (90) days after the execution of each PSA.

4.3 Compliance. PROVIDER shall perform the Services in compliance with all applicable Laws, stock exchange rules or generally accepted, statutory or regulatory accounting or actuarial principle specified in any PSA or otherwise by CUSTOMER, in each case as applicable to the business processes of CUSTOMER performed by PROVIDER as part of the Services, just as if CUSTOMER performed the Services itself. PROVIDER shall notify CUSTOMER whenever changes in the Services or Performance Standards are necessary to comply with applicable Indian Laws. It is understood that any reference in the PSAs to standards, policies and procedures established by General Electric Company or its Affiliates or Genworth or its Affiliates, is deemed to include any replacement standards, policies and procedures established by CUSTOMER or any member of the Genworth Group, and communicated to PROVIDER, provided, that PROVIDER shall be entitled to recover its cost of complying with such standards, policies and procedures as part of the Charges for the Services established pursuant to Section 2 and Exhibit F.

4.4 Additional Remedies. In addition to all other remedies available under this Agreement, any PSA or at law, CUSTOMER may take one or more of the following actions in the event of PROVIDER's failure to comply with the Performance Standards, provided, that CUSTOMER may not exercise any of these remedies if the failure in performance is caused by inaccurate or incomplete data or information provided by CUSTOMER:

(a) require training of all PROVIDER employees involved in performing the affected Services, the length and nature of such training to be mutually agreed upon by PROVIDER and CUSTOMER;

(b) cause PROVIDER to correct any deficient Services at no charge or fee to CUSTOMER; or

(c) direct PROVIDER to assign, according to a reasonable timetable, additional employees to perform the Services at CUSTOMER's expense (determined consistently with other similar Charges), which instruction PROVIDER agrees to follow.

5.0 Record Keeping and Audits.

5.1 Record Keeping. PROVIDER will keep appropriate records of time and costs related to the Services, as required by Law or as reasonably requested by CUSTOMER. PROVIDER shall maintain a complete audit trail for all financial and non-financial transactions resulting from or arising in connection with this Agreement and the PSAs in such manner as is required under the Genworth Records Management Policies and Indian and United States GAAP. PROVIDER will maintain such audit trail for such periods of time as may be specified in the Genworth Records Management Policies or, if no such period is specified, for such period as the parties may agree upon.

5.2 Audits. Upon reasonable advance notice (to the extent practicable), PROVIDER shall provide to CUSTOMER or its auditors (including internal audit staff and external auditors), inspectors, regulators, customers (it being understood that customers of CUSTOMER shall not have independent audit rights and that access provided to such customers shall be granted pursuant to the exercise by CUSTOMER of its rights under this paragraph) and other representatives as CUSTOMER may from time to time designate in writing, access at all reasonable times to any facility or part of a facility at which either PROVIDER or any of its permitted subcontractors is providing the Services, to PROVIDER personnel, to PROVIDER's systems, policies and procedures relating to the Services, and to data and records relating to the Services for the purpose of performing audits and inspections of either PROVIDER or any of its subcontractors with respect to (i) any aspect of PROVIDER's or such subcontractor's performance of the Services, (ii) compliance with the security procedures or (iii) any other matter relevant to this Agreement, including, without limitation, the determination and calculation of all elements of Base Cost and all other elements of the pricing mechanism described in Section 2.0 hereof and in Exhibit F as necessary to verify amounts charged to CUSTOMER by PROVIDER and compliance with the pricing mechanisms set forth in the Agreement. PROVIDER shall reasonably cooperate with CUSTOMER in the performance of these audits consistent with the practice of the parties prior to the Execution Date, including installing and operating audit software. If CUSTOMER requires PROVIDER to conduct any audit which results in any increased cost to PROVIDER, PROVIDER shall be entitled to pass on such extra costs to CUSTOMER through a special invoice, but only to the extent approved by CUSTOMER in advance. PROVIDER shall not be obligated to perform any functions not so approved by CUSTOMER.

5.3 Reports and Certifications. PROVIDER shall provide CUSTOMER such other reports and certifications relating to the Services as CUSTOMER may reasonably request, including all reports and sub-certifications necessary for officers of CUSTOMER to make the certifications required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations and all related applicable stock exchange listing requirements. CUSTOMER shall reimburse PROVIDER for its reasonable cost of providing any report under Statement of Auditing Standards No. 70 (or any successor standard), except that no such reimbursement shall be required if PROVIDER provides such report to any other customer (excluding, prior to the Trigger Date, any member of the GE Group).

6.0 CUSTOMER Commitments.

6.1 System Access. CUSTOMER agrees to provide to PROVIDER, at CUSTOMER'S expense, necessary access to the mainframe computer and related information technology systems (the "System") on which CUSTOMER data is processed during the times (the "Service Hours") specified in the PSAs, subject to reasonable downtime for utility outages, maintenance, performance difficulties and the like. In the event of a change in the Service Hours, CUSTOMER will provide PROVIDER with at least fifteen (15) calendar days written notice of such change.

6.2 Data Integrity. CUSTOMER will ensure that all data and information submitted by it to PROVIDER for performing the Services shall be accurate and complete and furnished in a timely manner.

6.3 Training. CUSTOMER shall provide all PROVIDER employees who are dedicated to CUSTOMER operations with training or training materials relating to business processes and regulatory matters uniquely related to the CUSTOMER business and reasonably required by such employees to meet the Performance Standards.

To the extent any non-performance or failure to meet Performance Standards by PROVIDER is due to CUSTOMER's failure to comply with this Section 6.0, such non-performance or failure shall not be considered a breach in Performance Standards and/or a breach of this Agreement by PROVIDER.

7.0 Term.

7.1 Initial Term. The term of this Agreement shall commence on the Execution Date and terminate on December 31, 2012 (the "Common Termination Date"). The period from the Execution Date to the Common Termination Date is referred to as the "Initial Term".

7.2 Renewal Term. The Agreement may be renewed for a single three (3) year term (the "Renewal Term") upon the mutual written agreement of the parties at least twelve (12) months prior to the expiration of the Initial Term.

8.0 Termination.

8.1 Termination for Cause by CUSTOMER. CUSTOMER shall have the right at any time to terminate any PSA in whole or in part with respect to the affected Services, effective immediately and without prejudice to any other legal rights to which CUSTOMER may be entitled, upon the occurrence of any of the following events:

(a) PROVIDER becomes subject to any voluntary or involuntary order of any governmental agency for reasons within PROVIDER's control prohibiting or materially impairing the performance of any of the Services and PROVIDER does not develop a work-around for such prohibition or impairment within thirty (30) days from receiving notice of such order from such governmental agency;

(b) if PROVIDER or CUSTOMER, due to the actions of PROVIDER, is administratively cited by any governmental agency for materially violating, or is judicially found to have materially violated, any Law governing the performance of the Services;

(c) if a trustee or receiver or similar officer of any court is appointed for PROVIDER or for a substantial part of the property of PROVIDER, whether with or without consent;

(d) if bankruptcy, composition, reorganization, insolvency or liquidation proceedings are instituted by or against PROVIDER without such proceedings being dismissed within ninety (90) days from the date of the institution thereof; or

(e) a material breach of this Agreement or a PSA (including without limitation a failure of the Services to substantially conform to the Performance Standards) by PROVIDER that prohibits or materially impairs the performance of the Services or prohibits or materially impairs the reasonably intended benefits CUSTOMER is to receive from the Services based on the terms of this Agreement, and, upon receipt of notice thereof from CUSTOMER, PROVIDER (i) does not immediately undertake action in good faith to cure such breach, and (ii) does not provide to CUSTOMER a preliminary analysis of the root cause of such breach and an initial plan to cure such breach (which shall be prepared in consultation with CUSTOMER) within ten (10) days of such notice, and (iii) has not provided to CUSTOMER a definitive plan to cure such breach (which shall be prepared in consultation with and shall be reasonably acceptable to CUSTOMER) within thirty (30) days of such notice, and (iv) has not fully cured such default within ninety (90) days of such notice or such longer period as may have been approved by CUSTOMER as part of PROVIDER's plan to cure such breach, provided, that any breach referred to in Section 1.2 shall be fully cured within thirty (30) days of such notice. Notwithstanding the foregoing, CUSTOMER shall not be entitled to terminate a PSA for a material breach if the breach (including a failure to conform to the Performance Standards) is caused primarily by the willful misconduct of CUSTOMER or its agents, or the failure of CUSTOMER to comply with its obligations under this Agreement or a PSA.

CUSTOMER must exercise any right to terminate a PSA, in whole or in part, within (12) twelve months from the date that CUSTOMER first becomes aware of the breach giving rise to such right to terminate or CUSTOMER will be deemed to have waived such right to terminate. Within fifteen (15) days of its notice to PROVIDER of its intent to terminate any PSA, in whole or in part, under this Section 8.1, CUSTOMER shall inform PROVIDER as to whether it will require PROVIDER to provide Services Transfer Assistance for a period not exceeding twenty-four (24) months from the date of such notice. If CUSTOMER fails to do so, CUSTOMER shall not be entitled to require PROVIDER to provide Services Transfer Assistance.

8.2 Termination for Cause by PROVIDER. PROVIDER shall have the right at any time to terminate any PSA in whole or in part with respect to the affected Services, effective immediately and without prejudice to any other legal rights to which PROVIDER may be entitled, upon the occurrence of any of the following events:

(a) non-payment in accordance with Section 3.6; or

(b) as described below under Section 8.5 (Termination Relating to Liability Cap) hereof.

PROVIDER must exercise any right to terminate this Agreement or any PSA within (12) twelve months from the date that PROVIDER first becomes aware of the breach giving rise to such right to terminate or PROVIDER will be deemed to have waived such right to terminate. Within fifteen (15) days of PROVIDER's notice to CUSTOMER of PROVIDER's intent to terminate any PSA in accordance with this Sections 8.2, CUSTOMER shall inform PROVIDER as to whether it will require PROVIDER to provide Services Transfer Assistance for a period not exceeding fourteen (14) months from the date of such notice, provided, in the case of a termination described in clause (a), that CUSTOMER has made all outstanding payments under any invoice in accordance with Section 3.2 hereof. If CUSTOMER fails to give such notice, CUSTOMER shall not be entitled to require PROVIDER to provide Services Transfer Assistance. At PROVIDER's option, CUSTOMER shall be required to pay for Services Transfer Assistance provided under this paragraph in advance.

With respect to any other breach of this Agreement or a PSA by CUSTOMER, PROVIDER will be entitled to invoke the applicable dispute resolution process under Section 21.12 hereof and pursue all remedies permitted by that process, but shall not be entitled to terminate this Agreement or any related PSA or voluntarily withhold any Services except as authorized pursuant to such process.

8.3 Termination for Convenience. CUSTOMER may terminate without cause any PSA in whole or in part at any time upon two hundred and seventy (270) days' prior written notice to PROVIDER (or for any Services being provided by PROVIDER under any PSA to any third party customer of the CUSTOMER on behalf of CUSTOMER, any shorter notice period required by such third party customer that is specified in such PSA). For the avoidance of doubt, any CUSTOMER providing written notice of its intent to terminate any PSA in whole or in part under this Section 8.3 will continue to pay Charges for the terminated Services in accordance with such PSA and this Agreement for such two hundred and seventy (270) day period, and to the extent, if any, such Services are provided upon agreement of the parties after the termination of such PSA.

8.4 Termination Right Related to Change of Control of PROVIDER.

(a) Within sixty (60) days after a Change of Control of PROVIDER, the CUSTOMER may terminate this Agreement or any or all PSAs in whole or in part by sending written notice to PROVIDER. Within sixty (60) days after any Subsidiary of PROVIDER that is providing the Services (pursuant to a subcontract or otherwise) ceases to be a Subsidiary of PROVIDER, CUSTOMER may terminate any or all PSAs under which such Subsidiary performs the Services by sending written notice to PROVIDER. If the CUSTOMER fails to notify PROVIDER within such sixty (60) day written notice period, then CUSTOMER waives its right to terminate under this Section 8.4. CUSTOMER and PROVIDER must provide a transition period of at a minimum ninety (90) days in connection with any terminated Services. To enable CUSTOMER's rights under this provision, PROVIDER shall notify CUSTOMER upon the signing of a definitive agreement that, if consummated, would result in a Change of Control or in any such Subsidiary ceasing to be a Subsidiary of PROVIDER.

(b) The right of CUSTOMER to terminate this Agreement or any PSA in the event of a Change of Control of PROVIDER under this Section 8.4 shall no longer apply upon an initial public offering of PROVIDER.

8.5 Termination Right Related to Liability Cap. If either CUSTOMER or PROVIDER incurs liability to the other under this Agreement or any PSA in excess of the Liability Cap and does not agree to reset to zero the amounts counted toward the Liability Cap, the party that has not incurred such excess liability shall have the right to terminate this Agreement and/or PSAs by providing written notice to the other party. Within fifteen (15) days of the notice to PROVIDER of termination of this Agreement or any PSAs under this Section 8.5, CUSTOMER shall inform PROVIDER as to whether it will require PROVIDER to provide Services Transfer Assistance for a period not exceeding fourteen (14) months from the date of such notice. If CUSTOMER fails to do so, CUSTOMER shall not be entitled to Services Transfer Assistance.

8.6 Special Provisions for Regulated Companies

(a) CUSTOMER shall have the right at any time to terminate any PSA in whole or in part with respect to the affected Services, effective immediately and without prejudice to any other legal rights to which CUSTOMER may be entitled, for a series of non-material or persistent breaches by PROVIDER, that in the aggregate have a material and significant adverse impact (i) on the administrative, management, planning, financial reporting or operations functions of CUSTOMER, or (ii) on the management of the Services, that remain uncured for ten (10) days after receipt of written notice thereof by CUSTOMER to PROVIDER. Within fifteen (15) days of its notice to PROVIDER of its intent to terminate any PSA, in whole or in part, under this Section 8.6, CUSTOMER shall inform PROVIDER as to whether it will require PROVIDER to provide Services Transfer Assistance for a period not exceeding twenty-four (24) months from the date of such notice. If CUSTOMER fails to do so, CUSTOMER shall not be entitled to require PROVIDER to provide Services Transfer Assistance.

(b) Except as provided in Sections 8.2 and 21.1 hereof (it being understood that Force Majeure will not relieve PROVIDER of its responsibility to provide the Services set forth in the BCP/DRP Plans), PROVIDER shall not voluntarily refuse to provide all or any portion of the Services in violation or breach of the terms of the Agreement or any related PSA. PROVIDER shall be relieved from its obligation to perform any Services and its obligations to pay any service credit under a PSA to the extent it is unable to perform any Services or to perform in accordance with any applicable Performance Standard as a result of CUSTOMER's failure to perform its obligations under such PSA. Notwithstanding the dispute resolution provisions set forth in Section 21.12, if PROVIDER breaches this covenant, CUSTOMER shall be entitled to apply to a court of competent jurisdiction for specific performance by PROVIDER of its obligations under this Agreement and the related PSAs without the necessity of posting any bond.

8.7 Termination of Agreement. This Agreement may be terminated by either party upon thirty (30) days' prior written notice to the other party if there are no outstanding PSAs or other Services being provided pursuant to this Agreement. PROVIDER will have no obligation to accept any future PSAs after the date of such termination.

8.8 Continued Performance. Termination of this Agreement for any reason provided herein shall not relieve either party from its obligation to perform its obligations hereunder up to the effective date of such termination or to perform such obligations as may survive termination in accordance with this Agreement.

9.0 Obligations on Expiration and Termination.

(a) PROVIDER shall cooperate with CUSTOMER to assist in the orderly transfer of the Services to CUSTOMER itself or its designee (including another services provider) in connection with the expiration, non-renewal or earlier termination of the Agreement and/or each PSA for any reason, however described. The Services include "Services Transfer Assistance," which includes providing CUSTOMER and its successors, and their respective agents, contractors and consultants, as necessary, with (i) such cooperation and other services incidental to the transfer of the Services as CUSTOMER may reasonably request, (ii) all or such portions of the Services as CUSTOMER may request, and (iii) such other transition services as may be provided for in any PSA. Neither the term of the Agreement nor the term of any PSA shall be deemed to have expired or terminated until the Services Transfer Assistance thereunder is completed.

(b) Upon CUSTOMER's request, PROVIDER shall provide Services Transfer Assistance commencing up to one (1) year prior to expiration or termination of the Agreement or any PSA and continuing for the periods described in this Agreement. PROVIDER shall provide the Services Transfer Assistance even in the event of CUSTOMER's material breach (other than an uncured payment default) of this Agreement or any PSA.

(c) If any Services Transfer Assistance provided by PROVIDER requires the utilization of additional resources that PROVIDER would not otherwise use in the performance of the Services, but for which there is a charging methodology provided for in the Agreement or such PSAs, CUSTOMER will pay PROVIDER for such usage at the then-current applicable Charges and in the manner set forth in the Agreement and/or applicable PSAs. If the Services Transfer Assistance requires PROVIDER to incur costs that PROVIDER would not otherwise incur in the performance of the Services under the Agreement and applicable PSAs, then PROVIDER shall notify CUSTOMER of the identity and scope of the activities requiring that PROVIDER incur such costs and the projected amount of the charges that will be payable by CUSTOMER for the performance of such assistance. Upon CUSTOMER's prior authorization, PROVIDER shall perform the assistance and invoice CUSTOMER for such charges. CUSTOMER shall bear all costs agreed in advance between the parties and incurred by PROVIDER on account of transition/migration of services/processes from PROVIDER to CUSTOMER or its designee.

10.0 Assignment and Subcontracting.

10.1 PROVIDER Assignment. Without the prior written consent of CUSTOMER, PROVIDER shall not voluntarily, involuntarily or by operation of law, assign or otherwise transfer this Agreement, any related PSA or any of PROVIDER's rights hereunder or thereunder. Any assignment or transfer without CUSTOMER's written consent shall be null and void. Notwithstanding anything to the contrary above, PROVIDER shall have the right to assign this Agreement or any PSA, in whole or in part, to any Affiliate of PROVIDER upon thirty (30) days' prior written notice to CUSTOMER and subject to receipt by CUSTOMER of all regulatory approvals. Following any such assignment to an Affiliate of PROVIDER, PROVIDER shall remain liable for the performance of all of PROVIDER's obligations under this Agreement and each PSA. This Agreement and all of the terms and provisions hereof will be binding upon, and will inure to the benefit of PROVIDER's successors and permitted assigns.

10.2 Subcontracting. PROVIDER shall not enter into any subcontracts for the performance of the Services without the prior written consent of CUSTOMER, provided, that (i) PROVIDER may enter into subcontracts without such consent upon written notice to CUSTOMER (i) with its Subsidiaries and Subsidiaries of its parent company, GECIS Global Holdings, and (ii) for the performance of temporary labor that is not material to the performance of the Services. In the event a subcontract is proposed by PROVIDER, PROVIDER shall furnish such information as reasonably requested by CUSTOMER to enable CUSTOMER to ascertain to its satisfaction that such proposed subcontractor of PROVIDER is able to meet CUSTOMER's quality standards and comply with the terms and conditions of this Agreement. In the case of any subcontract, notwithstanding CUSTOMER's consent thereto, PROVIDER shall remain liable for the performance of all of PROVIDER's obligations under, and the compliance by the subcontractor with all of the provisions of, this Agreement and each PSA. CUSTOMER shall not be obligated to pay any person other than PROVIDER for Services rendered by any subcontractor.

10.3 CUSTOMER Assignment. Without the prior written consent of PROVIDER, CUSTOMER shall not voluntarily, involuntarily or by operation of law, assign or otherwise transfer this Agreement, any related PSA or any of CUSTOMER's rights hereunder or thereunder. Any assignment or transfer without PROVIDER's written consent shall be null and void. Notwithstanding anything to the contrary in this Section 10.3, CUSTOMER shall have the right to assign this Agreement or any PSA, in whole or in part, to any Affiliate of CUSTOMER upon thirty (30) days' prior written notice to PROVIDER and subject to receipt by CUSTOMER of all regulatory approvals. Following any such assignment to an Affiliate of CUSTOMER, CUSTOMER shall remain liable for the performance of all of CUSTOMER's obligations under this Agreement and each PSA. This Agreement and all of the terms and provisions hereof will be binding upon, and will inure to the benefit of CUSTOMER's successors and permitted assigns.

11.0 Confidentiality.

11.1 Obligations of PROVIDER. From and after the Execution Date, subject to Section 11.3 and the rights of PROVIDER with respect to the CUSTOMER Licensed

Technology pursuant to Exhibit I, and except as otherwise contemplated by this Agreement or any PSA, PROVIDER shall not, and shall cause its Affiliates and their respective officers, directors, employees, and other agents and representatives, including attorneys, agents, customers, suppliers, contractors, consultants and other representatives of any Person providing financing (collectively, "Representatives"), not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing Services to CUSTOMER or use or otherwise exploit for its own benefit or for the benefit of any third party, any CUSTOMER Confidential Information. If any disclosures are made in connection with providing Services to CUSTOMER, its Affiliates or Representatives under this Agreement, then the CUSTOMER Confidential Information so disclosed shall be used only as required to perform the Services. PROVIDER shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the CUSTOMER Confidential Information by any of its Representatives as it currently uses for its own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 11.1, any Information, material or documents relating to the Genworth Business currently or formerly conducted, or proposed to be conducted, by any member of the Genworth Group furnished to or in possession of PROVIDER and its Affiliates and Representatives, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by PROVIDER, its Affiliates and their respective Representatives, that contain or otherwise reflect such Information, material or documents is hereinafter referred to as "CUSTOMER Confidential Information." "CUSTOMER Confidential Information" does not include, and there shall be no obligation hereunder with respect to, Information that (i) is or becomes generally available to the public, other than as a result of a disclosure by PROVIDER, its Affiliates or Representatives not otherwise permissible hereunder, (ii) PROVIDER or such Affiliate or Representative can demonstrate was or became available to such person from a source other than CUSTOMER or its Affiliates, or (iii) is developed independently by PROVIDER or such Affiliate or Representative without reference to the CUSTOMER Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such persons to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, CUSTOMER or any of its Affiliates with respect to such information.

11.2 Obligations of CUSTOMER. From and after the Execution Date, subject to Section 11.3 and the rights of CUSTOMER with respect to the PROVIDER Licensed Technology pursuant to Exhibit I, and except as otherwise contemplated by this Agreement, CUSTOMER shall not, and shall cause its Affiliates and their respective Representatives, not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing Services to CUSTOMER or any Affiliate of CUSTOMER or use or otherwise exploit for its own benefit or for the benefit of any third party, any PROVIDER Confidential Information. If any disclosures are made in connection with providing Services to CUSTOMER or any of its Affiliates under this Agreement, then PROVIDER Confidential Information so disclosed shall be used only as required to perform the Services. CUSTOMER and its Affiliates shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of

PROVIDER Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 11.2, any Information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by PROVIDER or any of its Affiliates furnished to or in possession of CUSTOMER or any of its Affiliates, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by CUSTOMER or its officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as "PROVIDER Confidential Information." "PROVIDER Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by CUSTOMER or its Representatives not otherwise permissible hereunder, (ii) CUSTOMER or such Representative can demonstrate was or became available to it from a source other than PROVIDER and its Affiliates, or (iii) is developed independently by CUSTOMER or its Representatives without reference to PROVIDER Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by CUSTOMER to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, PROVIDER or its Affiliates with respect to such information.

11.3 Required Disclosures. If PROVIDER or its Affiliates, on the one hand, or CUSTOMER or its Affiliates, on the other hand, are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any CUSTOMER Confidential Information or PROVIDER Confidential Information as applicable, the entity or person receiving such request or demand shall use all reasonable efforts to provide the other party with written notice of such request or demand as promptly as practicable under the circumstances so that such other party shall have an opportunity to seek an appropriate protective order. The party receiving such request or demand agrees to take, and cause its representatives to take, at the requesting party's expense, all other reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the party that received such request or demand may thereafter disclose or provide any CUSTOMER Confidential Information or PROVIDER Confidential Information, as the case may be, to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

11.4 HIPAA Addendum. If PROVIDER in connection with the provision of a Service, constitutes a Business Associate (as defined in HIPAA and/or the HIPAA Privacy Rule) and uses Protected Health Information (as defined in HIPAA and/or the HIPAA Privacy Rule) generated by or entrusted to CUSTOMER, then the terms of Exhibit J shall apply with respect to such Service. CUSTOMER shall provide notice to PROVIDER of changes in HIPAA and/or the HIPAA Privacy Rule relevant to the performance of the Services and appropriate training to PROVIDER regarding compliance with HIPAA and the HIPAA Privacy Rule in accordance with Section 6.3.

11.5 Data Ownership. All data, records, and reports provided by CUSTOMER to PROVIDER or generated in connection with the Services by PROVIDER and relating to the Genworth Business or the customers of the Genworth Group (collectively, "Records"), whether in existence at the Execution Date hereof or compiled thereafter in the course of performing the Services, shall be treated by PROVIDER and its subcontractors as the exclusive property of CUSTOMER or other member of the Genworth Group and the furnishing of such Records, or access to such items by, PROVIDER and/or its subcontractors, shall not grant any express or implied interest in or license to PROVIDER and/or its subcontractors relating to such Records other than as is necessary to perform and provide the Services to the Genworth Group. Upon request by CUSTOMER at any time and from time to time and without regard to the default status of the parties under the Agreement, PROVIDER and/or its subcontractors shall promptly deliver to CUSTOMER the Records in electronic format and in such hard copy as exists on the date of the request by CUSTOMER.

12.0 Indemnities and Insurance.

12.1 PROVIDER Indemnity. PROVIDER will indemnify, defend and hold all of the members of the Genworth Group and its Representatives (collectively, the "CUSTOMER Indemnified Parties") harmless against any losses, damages, liabilities, costs (including reasonable attorneys' fees and expenses) relating to a PSA (collectively, "Losses") resulting from or arising out of any third party claims or actions resulting from or arising out of:

- (a) a failure by PROVIDER to comply with its obligations regarding compliance with Laws; or
- (b) subject to Section 13.1 (Liability Cap), a material breach of this Agreement and/or any PSA.

12.2 CUSTOMER Indemnity. Subject to PROVIDER's obligations to comply with Laws, CUSTOMER will indemnify, defend and hold PROVIDER and its Representatives (collectively, the "PROVIDER Indemnified Parties") harmless against any Losses resulting from or arising out of any third party claims or actions resulting from or arising out of:

- (a) the failure of CUSTOMER to comply with any applicable Law, or
- (b) subject to Section 13.1 (Liability Cap), the third party's receipt or use of Services not in contravention of CUSTOMER's instructions, but only to the extent CUSTOMER itself would have been liable if it had itself performed the acts giving rise to liability and the liability does not arise from a breach by PROVIDER of the relevant PSA.

12.3 Mutual Indemnity.

(a) PROVIDER agrees to indemnify, defend and hold harmless the CUSTOMER Indemnified Parties from and against Losses resulting from or arising out of any third party claims or actions resulting from or arising out of: (i) death or bodily injury to a third party (or its legal representatives or successors) or physical damage to real or tangible personal

property of such third party to the extent caused directly and proximately by the negligent misconduct of PROVIDER, (ii) fraudulent, criminal, or dishonest acts or fraudulent, criminal or dishonest omissions of PROVIDER, or (iii) any breach by PROVIDER of the confidentiality provisions in Section 11.0 (Confidentiality).

(b) CUSTOMER will indemnify, defend and hold harmless the PROVIDER Indemnified Parties from and against Losses resulting from or arising out of any third party claims or actions resulting from or arising out of: (i) death or bodily injury to a third party (or its legal representatives or successors) or physical damage to real or tangible personal property of such third party to the extent caused directly and proximately by the negligent misconduct of CUSTOMER, (ii) fraudulent, criminal, or dishonest acts or fraudulent, criminal or dishonest omissions of CUSTOMER, or (iii) any breach by CUSTOMER of the confidentiality provisions in Section 11.0 (Confidentiality).

12.4 Infringement Indemnity.

(a) PROVIDER will indemnify, defend and hold the CUSTOMER Indemnified Parties harmless from and against Losses incurred as a result of any claim of, or action for, infringement, violation or misappropriation of any Intellectual Property right related to such CUSTOMER Indemnified Party's possession or anticipated use of any Software, documentation, information, data or other property ("Material") furnished by PROVIDER (including the PROVIDER Solutions but not including any such infringements, violations or misappropriations existing prior to the Execution Date) for use by such CUSTOMER Indemnified Party in connection with the Services, provided, however, that the CUSTOMER Solutions will be deemed property furnished by PROVIDER for the purposes of the foregoing.

(b) CUSTOMER will indemnify, defend and hold the PROVIDER Indemnified Parties harmless from and against Losses incurred as a result of any claim of, or action for, infringement, violation or misappropriation of any Intellectual Property right related to such PROVIDER Indemnified Party's possession or anticipated use of any Materials furnished by CUSTOMER (except for CUSTOMER Third Party Resources and any infringements, violations or misappropriations existing prior to the Execution Date). With respect to any CUSTOMER Third Party Resources that CUSTOMER furnishes to a PROVIDER Indemnified Party, CUSTOMER will provide to such PROVIDER Indemnified Party any indemnification, defense, and hold harmless benefits that such member receives from the applicable third party with respect to such CUSTOMER Third Party Resources.

(c) No party providing indemnification under this Section 12.4 ("Indemnifying Party") will have any obligation under this Section 12.4 or other liability to any party being indemnified under this Section 12.4 ("Indemnified Party") for any infringement or misappropriation claim or action resulting or alleged to result from: (i)(A) use of the allegedly infringing Material or any part thereof in combination with any equipment, Software or data with which such Material was not intended to be combined and not otherwise approved by the Indemnifying Party, (B) use in any manner for which such Material was not intended, or (C) modification or alteration of such Material by a Person other than the Indemnifying Party in any manner for which such Material was not intended; (ii) any claim or action arising from any

instruction, information, design or other materials furnished by the Indemnified Party to the Indemnifying Party hereunder; or (iii) the Indemnified Party's continuing the allegedly infringing activity after being informed and provided for no additional charge with modifications that would have avoided the alleged infringement.

(d) In the event that some or all of the Material furnished by PROVIDER or CUSTOMER is held or is in the reasonable opinion of the other likely to infringe, violate or misappropriate any Intellectual Property right of a third party, the furnishing party will have the option, at its expense, (i) to modify the Material to remedy such infringement, violation or misappropriation while maintaining the same quality and function; (ii) to replace the Material with other Material that does not infringe, violate or misappropriate any Intellectual Property right while maintaining the same quality and function in all material respects; (iii) to obtain a license to allow the other and its Affiliates to continue using the Material without any additional cost to the other or its Affiliates; (iv) to require return of the Material and all rights thereto from the other; provided, however, that if PROVIDER requires such a return, PROVIDER shall still be required to perform the Services hereunder, or (v) if the furnishing party is a member of the Genworth Group, to renegotiate the applicable PSA to eliminate any obligation by such member to furnish such Material. If any such return materially affects PROVIDER's ability to meet its obligations under this Agreement or any PSA, then CUSTOMER may, at its sole option, terminate any affected PSA in accordance with Section 8.1 (Termination for Cause by CUSTOMER) without prejudice to the CUSTOMER's right to recover any permitted damages under this Agreement and such PSA.

12.5 Limitation on Indemnity Obligation. The obligations to indemnify, defend and hold harmless set forth above in this Section 12.0 (Indemnity) will not apply to the extent the Indemnified Party was responsible for giving rise to the matter upon which the claim or action for indemnification is based and will not apply to the extent to which the Indemnified Party fails to (i) promptly notify the Indemnifying Party of any matters in respect of which the indemnity may apply and of which the Indemnified Party has knowledge (provided, however, that any delay in providing such notice will not relieve the Indemnifying Party of its obligations under this Section 12.0 to the extent such delay does not materially prejudice the Indemnifying Party's defense of any such claim or action); (ii) gives the Indemnifying Party the full opportunity to control the response thereto and the defense thereof, including any agreement relating to the settlement thereof, provided, however, that the Indemnifying Party will not settle any such claim or action without the prior written consent of the Indemnified Party (which will not be unreasonably withheld or delayed); and (iii) cooperates with the Indemnifying Party, at the Indemnifying Party's cost and expense, in the defense or settlement thereof. The Indemnified Party may participate, at its own expense, in such defense and in any settlement discussions directly or through counsel of its choice on a monitoring, non-controlling basis.

12.6 Indemnification Obligations Net of Insurance Proceeds and on an After-Tax Basis

(a) Any liability subject to indemnification under this Agreement (hereinafter referred to as "Liability" for the purposes of this Section 12.6) will be net of Insurance Proceeds that actually reduce the amount of the Liability and will be determined on an After-Tax Basis. Accordingly, the amount which any Indemnifying Party is required to pay to the Indemnified

Party will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability. If an Indemnified Party receives a payment ("Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim will not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto. The Indemnified Party will use its commercially reasonable efforts to seek to collect or recover any third-party (which will not include any captive insurance subsidiary) Insurance Proceeds (other than Insurance Proceeds under an arrangement where future premiums are adjusted to reflect prior claims in excess of prior premiums) to which the Indemnified Party is entitled in connection with any Liability for which the Indemnified Party seeks indemnification pursuant to this Section 12.0 (Indemnity); provided that the Indemnified Party's inability to collect or recover any such Insurance Proceeds will not limit the Indemnifying Party's obligations hereunder.

(c) The term "After-Tax Basis" as used in this Section 12.0 requires that, in determining the amount of any indemnification payment hereunder, the amount of the payment shall be (i) increased to take into account any additional Tax cost incurred by the Indemnified Party arising from the receipt of indemnification payments hereunder ("Tax Costs") and (ii) decreased to take into account any deduction, credit or other tax benefit actually realized by the Indemnified Party with respect to such Liabilities ("Tax Benefits"). In computing the amount of any such Tax Cost or Tax Benefit, the Indemnified Party shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of any indemnification payment hereunder or the incurrence or payment of any indemnified Liabilities; provided, however, that if a Tax Cost or Tax Benefit is not realized in the taxable period during which an Indemnifying Party makes an indemnification payment or the Indemnified Party incurs or pays the amounts giving rise to indemnification, the parties hereto shall thereafter make payments to one another at the end of each subsequent taxable period to reflect the net Tax Costs and Tax Benefits realized by the parties hereto in each such subsequent taxable period.

12.7 Provider Insurance. During the Term and for two years following the expiration of the Term, PROVIDER will maintain (as a general policy and not only for the purposes of this Agreement) Professional and Technology Errors and Omissions Liability Insurance and Internet and Network Liability Insurance (the "E&O Policies") providing protection against liability for (i) systems attacks, (ii) denial of service, (iii) introduction, implementation, or spread of malicious software code, (iv) unauthorized access and use, with combined limits of \$20 million per occurrence and in annual aggregate.

13.0 Limitation of Liability.

13.1 LIABILITY CAP. THE LIABILITY OF THE PARTIES AND THEIR AFFILIATES TO EACH OTHER FOR ANY AND ALL CAUSE(S) OF ACTION, REGARDLESS OF THE FORM OF ACTION (INCLUDING CONTRACT, TORT, NEGLIGENCE OR ANY OTHER), ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OR BREACH OF THIS AGREEMENT OR ANY PSA WILL IN NO EVENT EXCEED IN THE AGGREGATE (I) THE AMOUNT OF CHARGES DUE BY THE GENWORTH GROUP UNDER ALL OF THE MOAS TO PROVIDER DURING THE [TWELVE (12) MONTH PERIOD] PRIOR TO THE DATE SUCH CAUSE OF ACTION AROSE, OR (II) IF THE SERVICES HAVE BEEN PROVIDED TO THE GENWORTH GROUP FOR LESS THAN TWELVE (12) MONTHS, THEN THE AVERAGE MONTHLY CHARGES DUE TO PROVIDER (AND ITS AFFILIATES) FOR ALL OF THE SERVICES PROVIDED TO THE GENWORTH GROUP UNDER ALL OF THE MOAS CONVERTED TO AN ANNUALIZED BASIS (THE "LIABILITY CAP"). THE LIABILITY CAP SET FORTH IN THIS SECTION 13.1 WILL APPLY TO ANY AMOUNTS PAID OR OWED PURSUANT TO SECTION 12.1(B) OR 12.2(B). IN ADDITION, IN NO EVENT SHALL PROVIDER BE LIABLE TO THE CUSTOMER IN THE AGGREGATE IN ANY CONTRACT YEAR IN RESPECT OF ANY AND ALL PSAs FOR MORE THAN \$12.0 MILLION; PROVIDED, HOWEVER, THAT IF IN ANY CONTRACT YEAR PROVIDER'S ACTUAL LIABILITY TO THE CUSTOMER EXCEEDS \$12.0 MILLION, AND (A) PROVIDER'S E&O POLICIES (AS DEFINED IN SECTION 12.7) COVER THE APPLICABLE CLAIMS FOR WHICH PROVIDER IS LIABLE TO CUSTOMER UNDER THE APPLICABLE PSA, AND (B) THE COVERAGE LIMIT OF THE E&O POLICIES HAS NOT BEEN EXCEEDED PRIOR TO THE RESOLUTION OF SUCH CLAIMS, THEN PROVIDER'S LIABILITY TO CUSTOMER FOR SUCH CONTRACT YEAR IN EXCESS OF THE LIABILITY CAP SET FORTH ABOVE SHALL BE INCREASED BY AN AMOUNT EQUAL TO PROVIDER'S INSURANCE PROCEEDS UNDER THE E&O POLICIES UP TO AN ADDITIONAL \$12.0 MILLION.

13.2 EXCLUSION OF INDIRECT DAMAGES. NEITHER PROVIDER NOR CUSTOMER WILL BE LIABLE TO THE OTHER OR ANY OTHER PERSON OR ENTITY FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY PSA, EVEN IF SUCH PARTY HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES OR SUCH DAMAGES COULD HAVE BEEN REASONABLY FORESEEN BY SUCH PARTY.

13.3 EXCEPTIONS. NOTWITHSTANDING THE FOREGOING, SECTIONS 13.1 (LIABILITY CAP) AND 13.2 (EXCLUSION OF INDIRECT DAMAGES) WILL NOT APPLY TO (I) CLAIMS FOR GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR CRIMINAL ACTS OR OMISSIONS, (II) BREACH OF CONFIDENTIALITY, (III) ANY THIRD PARTY CLAIMS SUBJECT TO THE INDEMNIFICATION PROVISIONS OF THIS AGREEMENT (OTHER THAN THOSE UNDER SECTION 12.1(B) OR 12.2(B), WHICH WILL BE SUBJECT TO THE CAP), AND (IV) CHARGES PAYABLE BY CUSTOMER UNDER THE APPLICABLE PSA AND THIS AGREEMENT.

14.0 PROVIDER Employees.

14.1 Responsibility for PROVIDER Employees. PROVIDER shall be responsible for all payments to its employees including any insurance coverage and benefit programs required by applicable law and regulation. Nothing in this Agreement shall constitute an employer-employee relationship between the employees of PROVIDER and CUSTOMER.

15.0 Representations, Warranties and Covenants.

15.1 PROVIDER Representations. PROVIDER represents, warrants and covenants that:

(a) PROVIDER has the facilities, equipment, staff, experience and expertise to perform and provide the Services required hereunder;

(b) PROVIDER is solvent and able to meet all financial obligations as they mature;

(c) PROVIDER has the necessary power and authority to execute, deliver and perform its obligations under this Agreement and this Agreement has been or will be duly executed and delivered by PROVIDER and constitutes or will constitute the valid and binding agreement of PROVIDER, enforceable in accordance with its terms;

(d) Subject to Section 6.3, the execution and delivery of this Agreement by PROVIDER and the consummation by PROVIDER of the transactions herein contemplated will not contravene any provision of applicable Law, and will not constitute a breach of or default under any agreement or other instrument or any decree, judgment or order to which PROVIDER is currently a party or by which PROVIDER is bound;

(e) PROVIDER has provided to CUSTOMER a list referring to this paragraph which, to the knowledge of PROVIDER, sets forth all Software used by PROVIDER (other than such Software provided to PROVIDER by CUSTOMER) in the performance of the Services as of the Execution Date;

(f) After the Execution Date, PROVIDER will not use any New PROVIDER Materials in performing the Services without the prior written consent of CUSTOMER; and

(g) After the Execution Date, PROVIDER will not enter into any material agreement for the purchase of Hardware or Third Party Software or enter into any material Third Party Agreements without the prior written consent of CUSTOMER.

15.2 CUSTOMER Representations. CUSTOMER represents, warrants and covenants that:

(a) CUSTOMER has the necessary power and authority to execute, deliver and perform its obligations under this Agreement and this Agreement has been or will be duly executed and delivered by CUSTOMER and constitutes the valid and binding agreement of CUSTOMER, enforceable in accordance with its terms; and

(b) The execution and delivery of this Agreement by CUSTOMER and the consummation by CUSTOMER of the transactions herein contemplated will not contravene any provision of applicable Law, and will not constitute a breach of or default under any agreement or other instrument or any decree, judgment or order to which CUSTOMER is currently a party or by which CUSTOMER is bound.

15.3 Approvals and Consents. In addition to the obligations set forth in Section 6.0 of Exhibit I (CUSTOMER Third Party Resources), each party shall be responsible for obtaining all approvals, permissions, consents or grants required or which may be required for such party to undertake its duties and responsibilities regarding any Services under this Agreement and any related PSA. Additionally, each party shall provide such cooperation and support as may be necessary for the other party to secure such approvals, permissions, consents or grants.

15.4 Cooperation.

(a) The parties shall timely, diligently and on a commercially reasonable basis cooperate, facilitate the performance of their respective duties and obligations under this Agreement and each related PSA and reach agreement with respect to matters left for future review, consideration and/or negotiation and agreement by the parties, as specifically set forth in this Agreement and PSA. Further, the parties shall deal and negotiate with each other and their respective Affiliates in good faith in the execution and implementation of their duties and obligations under this Agreement.

(b) The parties shall make good faith efforts to share (i) versions, patches, fixes and other modifications recommended or required by third party providers of Software provided hereunder by either party to the other prior to or after the Execution Date and (ii) information regarding the foregoing (i).

(c) PROVIDER agrees, at CUSTOMER's request and expense, to provide documentary information and any further assistance required in order to respond for CUSTOMER to state department of insurance or third party or administrative demands in regulatory or legal proceedings or in conjunction with formal department of insurance inquiries related to the Services performed by PROVIDER. The assistance rendered by PROVIDER under this Section 15.4(c) shall include causing PROVIDER's employees to travel to the United States to participate in or testify at regulatory or legal proceedings relating to the Services as required by Law or request of any Governmental Authority or as otherwise reasonably requested by CUSTOMER, provided, that CUSTOMER shall reimburse PROVIDER for the reasonable travel and living expenses incurred by such employees in accordance with CUSTOMER's reimbursement policies generally applicable to CUSTOMER's employees.

16.0 Notices.

All notices, requests, claims, demands and other communications under this Agreement shall be given or made (and shall be deemed to have been duly given or made if the sender has reasonable means of showing receipt thereof) by delivery in person, by reputable international courier service, by facsimile with receipt confirmed (followed by delivery of an original via reputable international courier service) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 16.0):

TO PROVIDER:

Attention:
Designation:
Address:

Fax:
E-mail:

Copy To:

Attention:
Designation:
Address:
Fax:
E-mail:

TO CUSTOMER:

Attention: Scott McKay
Designation:
Address: 6620 West Broad Street, Richmond, VA 23230
Fax: 804/662-7766
E-mail: scott.mckay@ge.com

Copy To:

Attention: Leon Roday
Designation: Senior Vice President and General Counsel
Address: 6620 West Broad Street, Richmond, VA 23230
Fax: (804) 662-2414
E-mail: Leon.Roday@ge.com

Attention: [Local President information]
Designation:
Address:
Fax:
E-mail:

Attention: [Local General Counsel information]
Designation:
Address:
Fax:
E-mail:

The parties may agree to additional notice requirements related to specific outsourcing projects from time to time.

17.0 Intellectual Property.

Exhibit I of this Agreement sets forth certain additional rights and obligations of the parties with respect to intellectual property.

18.0 Non Solicitation. Except with respect to general employment advertising or the use of independent employment agencies or search firms not specifically targeting the other party's employees, during the Term and for a period of one year after the expiration or termination of this Agreement, neither party shall solicit or hire any individual while that individual is an employee of the other party, unless otherwise agreed in writing.

19.0 Change Control Procedure.

If either party requests a modification of the Agreement or any PSA, including (i) a change to the scope of the Services, Performance Standards, or Charges under any PSA, (ii) a change to the Exhibits or Schedules to the Agreement, (iii) the addition of New Services, (iv) a change to the features, functionality, scalability or performance of the Services, or (v) any other change to the terms of the Agreement or any PSA, the requesting party's Account Executive or his or her designee shall submit a written proposal in the form attached as Exhibit K (a "Change Order Request") to the other party's Account Executive describing such desired change. Such party's Account Executive shall review the proposal and reject or accept the proposal in writing within a reasonable period of time, but in no event more than thirty (30) days after receipt of the proposal. If the proposal is rejected, the writing shall include the reasons for rejection. If the proposal is accepted, the parties shall mutually agree on the changes to be made, if necessary, to the Agreement, the applicable PSA, any applicable Schedules or any applicable Exhibits. All such changes shall be made only in a written Change Order signed by the Account Executive of each of the parties or his designee (authorized in writing by the applicable party), and thereafter embodied in the applicable documents by appropriate written addenda thereto executed by PROVIDER and CUSTOMER.

20.0 Governance.

20.1 PROVIDER Account Executive.

(a) Designation and Authority. If a PROVIDER Account Executive has not been designated for the PROVIDER engagement under this Agreement as of the Execution Date, PROVIDER shall immediately designate a PROVIDER Account Executive after the Execution

Date. The PROVIDER Account Executive, and his/her designee(s), shall have the authority to act for and bind PROVIDER and its subcontractors in connection with all aspects of this Agreement. All of CUSTOMER's communications shall be sent to the PROVIDER Account Executive or his/her designee(s).

(b) Selection. Before assigning an individual to the position of Account Executive after the Execution Date, whether the person is initially assigned or subsequently assigned, PROVIDER shall:

(i) notify CUSTOMER of the proposed assignment for CUSTOMER's approval;

(ii) introduce the individual to appropriate CUSTOMER representatives; and

(iii) consistent with Law and PROVIDER's reasonable personnel practices, provide CUSTOMER with any other information about the individual that is reasonably requested.

(c) PROVIDER shall cause the person assigned to the position of Account Executive to maintain his or her principal office at a location designated by CUSTOMER and to devote all time and effort that is reasonably necessary to the provision of the Services under this Agreement. PROVIDER shall use commercially reasonable efforts to maintain the initial PROVIDER Account Executive at CUSTOMER for the minimum term of eighteen (18) months following the Execution Date, provided that any term that such Account Executive has already spent in his or her current position prior to the Execution Date shall be considered as a part of the 18-month period referred to herein, and each of the subsequent PROVIDER Account Executives for a minimum term of eighteen (18) months, unless such Account Executive (i) voluntarily resigns from PROVIDER, (ii) is dismissed by PROVIDER for (A) misconduct or (B) unsatisfactory performance in respect of his or her duties and responsibilities to CUSTOMER or PROVIDER, (iii) is unable to work due to his or her death, injury or disability, or (iv) is removed from the CUSTOMER assignment at the request of CUSTOMER. Whenever possible, PROVIDER shall give CUSTOMER at least ninety (90) days advance notice of a change of the Account Executive or if such ninety (90) days notice is not possible, the longest notice otherwise possible.

(d) Removal. If CUSTOMER determines that it is not in the best interests of CUSTOMER for the PROVIDER Account Executive to continue in his or her capacity, then CUSTOMER shall give PROVIDER written notice requesting that the Account Executive be replaced. PROVIDER shall replace the Account Executive as promptly as practicable, but, in any case, within thirty (30) days, in accordance with this Section 20.1.

20.2 CUSTOMER Account Executive.

(a) Designation and Authority. If a CUSTOMER Account Executive has not been designated for the PROVIDER engagement under this Agreement as of the Execution Date,

CUSTOMER shall immediately designate a CUSTOMER Account Executive after the Execution Date. The CUSTOMER Account Executive and his/her designee(s) shall have the authority to act for and bind CUSTOMER and its contractors in connection with all aspects of this Agreement. All of PROVIDER's communications shall be sent to the CUSTOMER Account Executive or his/her designee(s).

(b) Term. CUSTOMER shall cause the person assigned to the position of Account Executive to devote substantial time and effort to the management of CUSTOMER's responsibilities under this Agreement. Whenever possible, CUSTOMER shall give PROVIDER at least ninety (90) days advance notice of a change of the Account Executive or if such ninety (90) days notice is not possible, the longest notice otherwise possible.

20.3 Key Employees of PROVIDER. For this Agreement and each PSA executed pursuant hereto, PROVIDER shall notify CUSTOMER in writing of the names of all of the PROVIDER employees dedicated to providing Services under each such agreement who are at the senior professional band and above (each a "Key Employee"). If such notice has not been provided as of the Execution Date, such notice shall be provided within thirty (30) days of the execution of this Agreement and each PSA. PROVIDER shall use commercially reasonable efforts to maintain the initial Key Employees at CUSTOMER for the minimum term of eighteen (18) months following the Execution Date, provided that any term that such Key Employee has already spent in his or her current position prior to the Execution Date shall be considered as a part of the 18-month period referred to herein, and each of the subsequent Key Employees for a minimum term of eighteen (18) months, unless any such Key Employee (i) voluntarily resigns from PROVIDER, (ii) is dismissed by PROVIDER for (A) misconduct or (B) unsatisfactory performance in respect of his or her duties and responsibilities to CUSTOMER or PROVIDER, (iii) is unable to work due to his or her death, injury or disability, or (iv) is removed from the CUSTOMER assignment at the request of CUSTOMER. Whenever possible, PROVIDER shall give CUSTOMER at least ninety (90) days advance notice of a change of a Key Employee or if such ninety (90) days notice is not possible, the longest notice otherwise possible. If CUSTOMER determines that it is not in the best interests of CUSTOMER for any Key Employee to continue in his or her capacity, then CUSTOMER shall give PROVIDER written notice requesting that such Key Employee be replaced. PROVIDER shall replace the Key Employee as promptly as practicable, but, in any case, within thirty (30) days, in accordance with this Section 20.3.

20.4 Meetings.

(a) The parties will participate in an (i) annual budgeting and pricing process and a quarterly demand planning process as described in Section 2.10 and (ii) an annual business strategy and productivity enhancement process as directed by CUSTOMER.

(b) CUSTOMER may call meetings from time to time with reasonable notice to be held by telephone or video conference to generally review matters relating to the terms and conditions of this Agreement and any PSA, the compliance of each of the parties herewith, and to consider policies, planning and performance relating to quality controls, production, efficiency and productivity, costs and any other special matter or matters of concern. In addition, either

party shall have the right to call meetings by telephone or video conference, as necessary, with reasonable notice to the other party, to discuss and resolve specific matters of concern as they occur. All meetings shall be attended by the representatives of the parties who are responsible for performances as to those matters to be discussed. Either party may also request an in-person meeting with reasonable notice to the other party. The expenses for such meeting, including travel and lodging shall be borne by the party calling the meeting; however, such expenses will be agreed upon by the parties prior to such meeting.

20.5 Operational Dispute Resolution. As contemplated by Section 1.2 of Exhibit G, the parties may attempt to resolve Disputes in the normal course of business at the operational level as described in this Section 20.5. The line managers of the parties shall attempt in good faith to resolve such Dispute through negotiation. If the line managers cannot resolve the Dispute within a reasonable period of time, the Dispute shall be escalated by CUSTOMER to the applicable operations leader and by PROVIDER to the applicable service leader. If such persons can not resolve the Dispute within a reasonable period of time, the Dispute shall be escalated to the Account Executives of both parties. If the Dispute is not resolved by the Account Executives within a reasonable period of time or, in any case, if such Dispute is not resolved within ten (10) days after commencement of negotiations pursuant to this Section 20.5, the Dispute shall be handled in accordance with Exhibit G.

21.0 Miscellaneous.

21.1 Force Majeure. No party hereto (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or any related PSA, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (i) notify the other parties of the nature and extent of any such Force Majeure condition and (ii) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible. The preceding sentence shall not relieve PROVIDER of its obligation to provide the Services described in the BCP/DRP Plans described in Section 1.2 hereof. If PROVIDER's performance is affected by Force Majeure for a period of more than ten (10) calendar days, then CUSTOMER may terminate this Agreement or any affected PSA by giving written notice to PROVIDER before performance has resumed without payment of any amount other than accrued Charges.

21.2 Independent Contractors. The parties shall be and act as independent contractors, and under no circumstances shall this Agreement be construed as one of agency, partnership, joint venture or employment between the parties. Each party agrees and acknowledges that it neither has nor will give the appearance or impression of having any legal authority to bind or commit the other party in any way.

21.3 Failure to Object Not a Waiver. The failure of either party to object to or to take affirmative action with respect to any conduct of the other party which is in violation of the terms hereof shall not be construed as a waiver thereof, nor of any future breach or subsequent wrongful conduct.

21.4 Governing Law. This Agreement is to be governed by and construed and interpreted in accordance with the laws of the State of New York of the United States of America, which is applicable to contracts wholly made and performed therein. PROVIDER hereby submits to the jurisdiction of all courts where CUSTOMER is authorized to do business and all courts of the United States. Any action in regard to the contract or arising out of its terms and conditions shall be instituted and litigated in the United States.

21.5 No Third-Party Beneficiaries. Except as provided in Section 12.0 with respect to Indemnified Parties, this Agreement is for the sole benefit of the parties to this Agreement and members of their respective Group and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

21.6 Publicity. Except as may be agreed upon in advance in writing by the parties or as required by Law or the rules of any securities exchange or self-regulatory organization, neither party will advertise, market or, except as required by Law, otherwise disclose to others any information relating to the making of this Agreement. With respect to any public filings, the filing party will seek confidential treatment in such filings of pricing, Performance Standards and other key contractual terms and conditions. Neither party will use any of the other party's names, photographs, logos, trademarks, service marks, or other identifying characteristics in commerce (including in marketing brochures or press releases) without prior written consent.

21.7 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the PSAs and the attachments hereto and thereto) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the parties hereto with respect to such subject matter, provided, that, unless otherwise expressly agreed by the parties, matters arising prior to the Execution Date shall be governed by the provisions of the ARMOA (including the PSAs and attachments thereto) as in effect prior to such date.

21.8 Amendment. No provision of this Agreement or any PSA may be amended or modified except by a written instrument signed by all the parties to such agreement. No waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any party hereto of a breach of any provision of this Agreement or any PSA shall not operate or be construed as a waiver of any other subsequent breach.

21.9 Rules of Construction. Interpretation of this Agreement and the PSAs shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, Schedule and Exhibit are references to the Articles, Sections, paragraphs, Schedules and Exhibits to this Agreement and the PSAs unless otherwise specified, (c) the word "including" and words of similar import shall mean "including, without limitation," (d) provisions shall apply, when

appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and the PSAs, and (f) this Agreement and the PSAs shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted. In the event of any apparent conflict between the provisions of this Agreement, any Exhibit to this Agreement or any PSA, such provisions shall be construed so as to make them consistent to the extent possible, and if such is not possible, then the parties will negotiate in good faith to resolve such conflicts in a commercially reasonable manner. If the parties are unable to resolve such conflicts, then the provisions of this Agreement shall control, provided, that the provisions of Exhibit B shall control over the provisions of the Agreement and any other Exhibits. In the event of any conflict between the provisions of this Agreement and any PSA, the provisions of this Agreement shall control.

21.10 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

21.11 Remedies Not Exclusive. No remedy herein conferred upon or reserved to a party is intended to be exclusive of any other remedy available at law or in equity, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity, by statute or otherwise.

21.12 Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement or any related PSA, or the validity, interpretation, breach or termination of any provision of this or PSA shall be resolved in accordance with the dispute resolution process set forth in Exhibit G hereof.

21.13 Language. All PSAs, documents, exhibits, schedules, deliverable items, notices and communications of any kind relating to this Agreement and the PSAs shall be made in the English language.

21.14 Survival. The following sections of this Agreement shall survive termination of this Agreement and any PSA:

- 9.0 Obligations on Expiration and Termination
- 11.0 Confidentiality
- 12.0 Indemnities
- 12.1 Limitation of Liability
- 16.0 Notices
- 17.0 Intellectual Property
- 21.0 Miscellaneous

22.0 Attachments.

The following Exhibits are attached hereto and are incorporated into this Agreement:

- Exhibit A Definitions
- Exhibit B Local Modifications to Master Agreement
- Exhibit C Form of PSA
- Exhibit D BCP/DRP Plans
- Exhibit E Security Procedures
- Exhibit F Pricing Template
- Exhibit G Dispute Resolution
- Exhibit H RESERVED
- Exhibit I Intellectual Property
- Exhibit J Business Associate Addendum
- Exhibit K Change Control Procedure
- Exhibit L PSAs and Base Costs

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives as of the date first written above.

[CUSTOMER]

By: _____

Its: _____

GECIS INTERNATIONAL HOLDINGS,
LUXEMBOURG, SWISS BRANCH ZUG

By: _____

Its: _____

EXHIBIT ADefinitions

“Addendum” means the terms which are supplemental to and/or deviate from this Agreement as set forth in Exhibit B.

“Additional Services” means business process services that (i) are similar to any of the Services provided under a PSA in effect as of the date of the request for proposal for such services as described in Section 1.9 (Right of First Opportunity), (ii) are performed or could reasonably be performed in facilities located in India, China, Hungary or Mexico, and (iii) are anticipated to involve an annual purchase dollar volume in excess of \$200,000.

“Agreement” means this Agreement, as amended and/or supplemented as set forth in Exhibit B, together with the other Exhibits and Schedules hereto.

“Affiliate” means (and, with a correlative meaning, “affiliated”) means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person; provided, however, that from and after the Execution Date, no member of the Genworth Group shall be deemed an Affiliate of any member of the PROVIDER Group for purposes of this Agreement and no member of the PROVIDER Group shall be deemed an Affiliate of any member of the Genworth Group for purposes of this Agreement. As used in this definition, “control” (including with correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies or the power to appoint and remove a majority of directors (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

“After Tax Basis” shall have the meaning given in Section 12.6 hereof.

“Base Cost” shall be PROVIDER’s actual direct cost of providing the Services reasonably and equitably determined to be attributable to CUSTOMER by PROVIDER for each year. The elements of PROVIDER’s direct cost are described in the attached Exhibit L, and shall take into account cost productivity gains or losses, measured on a per-FTE basis.

“Baseline Charges” has the meaning set forth in Section 2.1 hereof.

“BCP/DRP Plans” shall have the meaning given such term in Section 1.2 hereof.

“Change Control Procedure” means the procedure set forth in Section 19.0 and Exhibit K for amending the Agreement including (i) a change to the scope of the Services, Performance Standards, or Charges under any Transaction Document, (ii) a change to the Exhibits or Schedules to this Agreement, (iii) the addition of New Services, (iv) a change to the features, functionality, scalability or performance of the Services, and (v) any other change to the terms of this Agreement or PSA.

A “Change of Control” means (i) any Transfer of PROVIDER Equity Securities resulting in any Person or “group” (as such term would be interpreted under Section 13(d) of the Exchange Act) of Persons not holders of PROVIDER Equity Securities (or Affiliates of such persons) prior thereto owning, directly or indirectly, PROVIDER Equity Securities which comprise or are convertible into more than fifty percent (50%) of the outstanding PROVIDER Common Shares on a Fully Diluted basis, (ii) the Transfer of all or substantially all of the assets of PROVIDER (determined on a consolidated basis) to any Person or “group” of Persons of more than fifty percent (50%) of the outstanding PROVIDER Common Shares on a Fully Diluted basis or (iii) the issuance or sale by the PROVIDER of PROVIDER Equity Securities, or any merger, consolidation, combination, reorganization, recapitalization or other transaction or series of related transactions that results in the ownership by any Person or “group” of Persons of more than fifty percent (50%) of the outstanding PROVIDER Common Shares on a Fully Diluted basis.

“Change Order” means a document that amends the Agreement, including the changes described in (i) through (v) of the definition of “Change Control Procedure,” executed pursuant to the Change Control Procedure, in substantially the form set forth in Exhibit K.

“Change Order Request” has the meaning given in Section 19.0 hereof.

“Charges” shall have the meaning given such term in Section 2.1

“Common Termination Date” shall have the meaning given such term in Section 7.1 hereof.

“Contract Year” means the twelve-month period ending on May 24 of each year.

“Cost Factor” shall have the meaning given such term in Section 2.2 hereof.

“Covered Personnel” shall have the meaning given such term in Section 18.0 hereof.

“CPR” shall have the meaning given such term in Exhibit G hereof.

“CPR Arbitration Rules” shall have the meaning given such term in Exhibit G hereof.

“CUSTOMER Confidential Information” shall have the meaning given such term in Section 11.1 hereof.

“CUSTOMER Indemnified Party” shall have the meaning given such term in Section 12.1 hereof.

“CUSTOMER Licensed Technology” shall have the meaning given such term in Exhibit I hereof.

“CUSTOMER Personal Data” means, as it relates to the Services, (i) Personal Data obtained by PROVIDER from any member of the Genworth Group, (ii) Personal Data (from whatever source) being processed by PROVIDER on behalf of any member of the Genworth Group, and (iii) Personal Data (from whatever source) pertaining to the personnel of any member of the Genworth Group or its Representatives.

“CUSTOMER Solutions” means all Technology and Intellectual Property owned by CUSTOMER pursuant to a PSA.

“CUSTOMER Third Party Resources” has the meaning given such term in Exhibit I hereof.

“Deliverable” means any deliverable or other work product that is developed as part of a PSA, or delivered to CUSTOMER as part of the Services.

“Discount Factor” shall have the meaning given such term in Sections 2.2 and 2.4 hereof.

“Dispute” shall have the meaning given such term in Exhibit G hereof.

“Due Date” shall have the meaning given such term in Section 3.2 hereof.

“E&O Policies” shall have the meaning set forth in Section 12.7 hereof.

“Exclusive Tender Period” shall have the meaning given such term in Section 1.9 hereof.

“Execution Date” means the date of this Agreement as set forth on the first page hereof.

“Force Majeure” means, with respect to a party, an event beyond the reasonable control of such party (or any Person acting on its behalf), which by its nature could not have been foreseen by such party (or such Person), or, if it could have been foreseen, was unavoidable after using commercially reasonable efforts, and includes acts of God, strikes and labor unrest (other than those against the party affected), storms, floods, riots, fires, sabotage, civil commotion or civil unrest, actions of a governmental entity limiting in a material fashion or prohibiting the provision of the Services, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity, one or more acts of terrorism or failure of energy sources.

“FTE” means the full time equivalent of the output of a natural person engaged by PROVIDER who is dedicated to performing Services or any portion thereof.

“Fully Diluted” means all outstanding PROVIDER Common Shares and all PROVIDER Common Shares issuable in respect of all PROVIDER Equity Securities that have, by their terms, the current right to vote with the outstanding PROVIDER Common Shares on an as-converted or as-exercised basis.

“GAAP” means generally accepted accounting principles prevailing from time to time in the applicable jurisdiction.

“GE” means General Electric Company.

“GE Group” means GE and each Person (other than any member of the Genworth Group) that is an Affiliate of GE immediately after the Execution Date.

“Genworth” shall have the meaning given such term in the recitals of this Agreement.

“Genworth Business” means the businesses of (a) the members of the Genworth Group; (b) GEFAHI; and (c) those terminated, divested or discontinued businesses of the members of Genworth Group, other than those listed on Schedule A-1.

“Genworth Common Stock” means the Class A Common Stock, \$0.0001 par value per share and the Class B Common Stock, \$0.0001 par value per share, of Genworth.

“Genworth Group” means Genworth, each Subsidiary of Genworth immediately after the Execution Date and each other Person that is either controlled directly or indirectly by Genworth immediately after the Execution Date.

“Genworth Records Management Policies” means the Genworth Records Management Policy adopted by Genworth and provided to PROVIDER, as amended from time to time.

“Governmental Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality whether federal, state, local or foreign (or any political subdivision thereof), and any tribunal, court or arbitrator(s) of competent jurisdiction.

“Hardware” means the hardware and other furniture, fixtures and equipment owned or leased and then currently being used by PROVIDER to perform the Services under this Agreement or any PSA or to support such performance.

“HIPPA” shall have the meaning given such term in Exhibit J hereof.

“Improvement” shall have the meaning given such term in Exhibit I.

“Indemnity Payment” shall have the meaning given such term in Section 12.6 hereof.

“Indemnified Party” shall have the meaning given such term in Section 12.4 hereof.

“Indemnifying Party” shall have the meaning given such term in Section 12.4 hereof.

“Information” means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client

privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, including customer and/or consumer non-public personal financial information, non-public health information and protected health information as defined by applicable Law.

“Initial Notice” shall have the meaning given such term in Exhibit G hereof.

“Initial Term” shall have the meaning given such term in Section 7.1 hereof.

“Insurance Proceeds” means those monies: (a) received by an insured from an insurance carrier; (b) paid by an insurance carrier on behalf of the insured; or (c) received (including by way of set off) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

“Intellectual Property” means all of the following, whether protected, created or arising under the Laws of the United States, India, China, Hungary, Mexico or any other foreign jurisdiction: (a) patents, patent applications (along with all patents issuing thereon), statutory invention registrations, and divisions, continuations, continuations-in-part, and substitute applications of the foregoing, and any extensions, reissues, restorations and reexaminations of the foregoing, and all rights therein provided by international treaties or conventions, (b) copyrights, mask work rights, database rights and design rights, whether or not registered, published or unpublished, and registrations and applications for registration thereof, and all rights therein whether provided by international treaties or conventions or otherwise, (c) trade secrets, (d) trademarks, service marks, trade names, service names, trade dress, logos and other identifiers of source, including all goodwill associated therewith and all common law rights, registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (e) all rights arising from or in respect of domain names and domain name registrations and reservations, and (f) all other applications and registrations related to any of the rights set forth in the foregoing clauses (a)-(e) above.

“Key Employee” shall have the meaning given such term in Section 20.3 hereof.

“Law” means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation, order or other requirement enacted, promulgated, issued or entered by a Governmental Authority, including without limitation, the Gramm-Leach-Bliley Act, its implementing regulations, applicable state privacy laws, and HIPPA.

“Liability” shall have the meaning given such term in Section 12.1 hereof.

“Losses” shall have the meaning given such term in Section 12.6 hereof

“Liability Cap” shall have the meaning given such term in Section 13.1 hereof.

“PROVIDER Common Shares” means shares of PROVIDER Common Stock.

“PROVIDER Common Stock” means PROVIDER’s Common Stock, par value \$[0.01] per share, and any capital stock of PROVIDER into which such PROVIDER Common Stock may hereafter be converted, changed, reclassified or exchanged.

“PROVIDER Equity Securities” means (i) the PROVIDER Common Shares, (ii) shares of PROVIDER Preferred Stock and (iii) any securities issued by PROVIDER that are convertible into or exchangeable or exercisable for, or which represent options, warrants or other rights to acquire, PROVIDER Common Stock.

“PROVIDER Preferred Stock” means PROVIDER’s Convertible 3.5% PIK Preferred Stock, par value \$[0.01] per share, and any capital stock of PROVIDER into which PROVIDER Preferred Stock may hereafter be converted, changed, reclassified or exchanged.

“Material” shall have the meaning given such term in Section 12.4 hereof.

“Mission Critical” operations shall mean those operations identified by CUSTOMER from time to time as mission critical in one (1) or more written notices to PROVIDER.

“MOAs” means (i) all of the Second Amended Master Outsourcing Agreements and other agreements entered into between Affiliates of Genworth and PROVIDER and its Affiliates in connection with that certain Outsourcing Services Separation Agreement dated May 24, 2004 between Genworth and PROVIDER (ii) all PSAs, Descriptions of Services and other documents executed pursuant to such agreements, and (iii) all similar agreements, all as identified by the parties as of the Execution Date and thereafter.

“Moral Rights” shall have the meaning given such term in Exhibit I hereof.

“New PSAs” shall have the meaning set forth in Section 2.5 hereof.

“New PROVIDER Materials” means all Software first used by PROVIDER or its Affiliates or their Representatives in performing the Services after the Execution Date.

“New Services” shall have the meaning given such term in Section 1.7 hereof.

“Payment Default Notice” shall have the meaning given such term in Section 3.5 hereof.

“Performance Standards” means the performance requirements for PROVIDER set forth in any PSA.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental authority or other entity.

“Personal Data” means any information that is identified or identifiable with a natural person, including employees, directors, shareholders, customers, prospects, contacts and suppliers of the Genworth Group.

“Project” means a project anticipated to have a finite (rather than indefinite or year-to-year) life span.

“PROVIDER Confidential Information” shall have the meaning given such term in Section 11.2 hereof.

“PROVIDER Group” means PROVIDER, each Subsidiary of PROVIDER immediately after the Execution Date and each other Person that is either controlled directly or indirectly by PROVIDER immediately after the Execution Date.

“PROVIDER Indemnified Parties” shall have the meaning given such term in Section 12.2 hereof.

“PROVIDER Licensed Technology” shall have the meaning given such term in Exhibit I.

“PROVIDER Solutions” means all Technology and Intellectual Property owned by PROVIDER pursuant to a PSA.

“PSA(s)” means the Project Specific Agreements entered into between the parties under the original Master Outsourcing Agreement and hereafter and certain other services agreements entered into between the parties, all of which are and shall be listed on Exhibit L hereof.

“Records” shall have the meaning given such term in Section 11.5 hereof.

“Required Consents” shall have the meaning given such term in Exhibit I hereof.

“Renewal Term” shall have the meaning given such term in Section 7.2 hereof.

“Representatives” shall have the meaning given such term in Section 11.1 hereof

“Response” shall have the meaning given such term in Exhibit G hereof.

“Service Hours” shall have the meaning given such term in Section 6.1 hereof.

“Services” means (a) any services described in a PSA, (b) the services described in the BCP/DRP Plans, and (c) any other functions, responsibilities, tasks not specifically described in the Agreement or PSA which are required for the proper performance of and provision of the above services, or are an inherent part of, or necessary subpart included within, such services.

“Services Transfer Assistance” shall have the meaning given such term in Section 9.0 hereof.

“Software” means the object and source code versions of computer programs and sufficient associated documentation, training materials and configurations to use and modify such programs, including programmer, administrator, end user and other documentation.

“Subsidiary” or “subsidiary” means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Sweet Spot Services” means business process services that any member of the Genworth Group requests that PROVIDER provide that (a) are similar to any of the Services provided under a PSA in effect as of the date of such request or are otherwise within PROVIDER’s then-current capabilities (including language capabilities), taking into account the location of PROVIDER’s then-current facilities and the then-current skill set of PROVIDER’s personnel, and (b) are to be or could reasonably be performed in facilities located in India, China, Hungary or Mexico or any other of PROVIDER’s platforms in existence as of the date of such request.

“System” shall have the meaning given such term in [Section 6.1](#) hereof.

“Tax” shall have the meaning given such term in [Section 2.7](#) hereof.

“Tax Benefits” shall have the meaning given such term in [Section 12.6](#) hereof

“Tax Costs” shall have the meaning given such terms in [Section 12.6](#) hereof.

“Technology” means, collectively, all designs, formulas, algorithms, procedures, techniques, know-how, Software, programs, models, routines, databases, tools, inventions, creations, improvements, works of authorship, and all recordings, graphs, drawings, reports, analyses, other writings, and any other embodiment of the above, in any form, whether or not specifically listed herein.

“Term” shall mean the Initial Term and the Renewal Term, if any.

“Third Party Agreements” means any third party agreements used by PROVIDER in connection with Services being provided under this Agreement or any PSA, including, third party agreements for maintenance, business continuity and disaster recovery services and other necessary third party services then being used by PROVIDER to perform the Services.

“Third Party Software” means Software used by PROVIDER to provide the Services and licensed by PROVIDER from a third party.

“Transfer” means, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer, whether directly or indirectly or through hedging or similar derivative transactions, or agree or commit to do any of the foregoing (whether by operation of law or otherwise and whether for lawful consideration or no consideration) and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer or hedging or similar derivative transaction or any agreement or commitment to do any of the foregoing.

“Transferred PSAs” shall mean those PSAs in existence as of the Execution Date

“Trigger Date” means the first date on which members of the GE Group cease to beneficially own (excluding for such purposes shares of Genworth Common Stock beneficially owned by GE but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GE being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Genworth Common Stock) more than fifty percent (50%) of the outstanding Genworth Common Stock.

Schedule A-1

Discontinued Businesses

GE Property & Casualty Insurance Company
GE Casualty Insurance Company
GE Indemnity Insurance Company
GE Auto & Home Assurance Company
Bayside Casualty Insurance Company

EXHIBIT B

Local Modifications to Master Agreement

EXHIBIT C

Form of PSA

PROJECT SPECIFIC AGREEMENT

This Project Specific Agreement (“PSA”) is entered into on _____, 200_ by [NAME] (hereafter “CUSTOMER”) and PROVIDER (hereafter “PROVIDER”).

WHEREAS, CUSTOMER and PROVIDER are parties to that certain Second Amended Master Outsourcing Agreement between CUSTOMER and PROVIDER dated _____, 200_ (“SAMOA”);

WHEREAS, CUSTOMER now desires that PROVIDER provide certain services to CUSTOMER and PROVIDER desires to provide such services pursuant to the terms of the SAMOA;

WHEREAS, this PSA defines certain rights and liabilities of the parties with respect to [Insert general Project Name or Type of Service]; and

WHEREAS, capitalized terms used herein and not defined shall have the meaning given such terms in the SAMOA.

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of SAMOA by Reference. **The provisions of the SAMOA are hereby incorporated in their entirety into this PSA by reference.**

The SAMOA provides substantive terms that the parties agree will govern and define their rights and liabilities in this PSA. The SAMOA defines many fundamental provisions including, but not limited to, a description of the conditions under which the parties may terminate this PSA, confidentiality requirements, contractual remedies, limitations on assignment and subcontracting, indemnification rights, intellectual property rules, limitation of liability, particular representations and warranties made by the parties, and jurisdictional issues. The PSA shall be governed by the terms and conditions stated in the SAMOA.

The provisions of this PSA set forth below describe the term of this PSA, the Services to be performed, performance standards, if any, fees that may be charged, regulatory rules applicable to the Services, and other particulars not otherwise described in the SAMOA.

In the event of any conflict between the provisions of the SAMOA and this PSA, the SAMOA shall control. The parties to this PSA may deviate from any terms and conditions of the SAMOA, only to the extent that the SAMOA permits such deviation. Otherwise, such deviations are not permissible.

2. Term. **This PSA shall commence on the execution date of this PSA and shall continue for so long as the SAMOA is effective.**[The PSA should run concurrently with the SAMOA unless the parties agree otherwise.]

3. Description of Services.

A. The services to be performed by PROVIDER are described below and in Exhibit A to this PSA (the "Services"). The Services will be performed with the oversight of and in conjunction with the offices of CUSTOMER located in the United States of America.

B. Services generally shall be performed by PROVIDER at certain times of the day to provide for reasonable overlap of common working hours between PROVIDER and CUSTOMER.

C. **[To the extent CUSTOMER requires specific back-up requirements for records constituting CUSTOMER's books of account, such requirements should be inserted in this Section 3, or if such requirements are regulatory in nature, in Section 6 below. The inclusion of specific back-up requirements may increase the Baseline Charges for the Services.]**

D. **[If the parties contemplate executing a Description of Services document under the PSA, then the following addition should be made:**

PROVIDER shall prepare, subject to CUSTOMER'S approval, a description of the specific tasks to be performed ("Description of Services"), including details regarding the name or title of the CUSTOMER's US-based project or process owner, the number and qualification of PROVIDER personnel who will perform the task, the fees payable in connection with the Description of Services and the metrics-tracking method for each task, including key performance indicators. A template of the Description of Services is attached hereto as Exhibit B ("DOS Template"). CUSTOMER may also permit an affiliate to receive Services under the PSA and DOS by causing an affiliate to execute one or more Description of Services in the form or substantially in the form of the DOS Template. Thus, for purposes of this PSA, any CUSTOMER affiliate which executes a PSA shall be considered a CUSTOMER.]

4. Performance Standards.

A. PROVIDER shall perform the Services in conformance with CUSTOMER's guidelines and procedures for the Services as agreed to by the parties and attached as Schedule ___.

B. **[Section 4.1 of the SAMOA contemplates the insertion of Performance Standards, if any, for the Services. Insert any additional Performance Standards applicable to this PSA as new subsections of this Section 4 or as a new Schedule to this PSA.]**

C. **[Section 4.2 of the SAMOA contemplates measuring the Performance Standards monthly, but allows for deviations. If different measurement periods are desired, such should be inserted in this Section 4.]**

5. Fees.

A. CUSTOMER agrees to pay the following Baseline Charges to PROVIDER for performance of the Services: **[Insert FTE rate]. [Please note that Exhibit A to the SAMOA requires Baseline Charges for new PSAs to be defined in each PSA. The Baseline Charges must be an FTE rate to avoid problems with the pricing adjustment, volume reduction and non-compete provisions of the SAMOA.]**

At the time of execution of the PSA, the parties expect that ___ no. of FTEs will be required to complete the Services. The volume of services required under this PSA may increase during the term of the PSA. In case the volume increases during the term, the parties may agree to increase the number of FTEs providing the Services under the PSA, provided that such number will not exceed _____. **[Insert the maximum cap of FTE here. The number of FTEs may be changed outside this range in accordance with the Change Control Procedure in Section 19.0 of the SAMOA.]**

B. [To the extent the fee structure is subject to regulation and the applicable requirements are not addressed in the SAMOA, include such requirements here. For instance, certain existing PSAs require PROVIDER to satisfy certain expense and cost allocation requirements, such as New York Insurance Department Regulation No. 33].

6. Regulatory Matters.

A. PROVIDER shall (i) assist and cooperate with CUSTOMER with respect to any regulatory examination or investigation of CUSTOMER or legal proceeding involving CUSTOMER, (ii) make available personnel with detailed knowledge of the Services to meet with CUSTOMER or any regulatory agency with jurisdiction over CUSTOMER at such place as may be requested by CUSTOMER or such regulatory agency, and (iii) employ a compliance officer to monitor the performance of the Services.

B. [Section 4.3 of the SAMOA requires PROVIDER to perform the Services in compliance with all applicable Laws, stock exchange rules or generally accepted, statutory or regulatory accounting or actuarial principles specified in a PSA. Therefore, any specific rules that CUSTOMER must require PROVIDER to comply with in performing the Services should be set forth in this Section 6. For instance, an existing PSA requires that: "CUSTOMER records must be maintained by PROVIDER and CUSTOMER in accordance with applicable laws and regulations including, but not limited to, New York Insurance Department Regulation No. 152 (11 NYCRR Part 243)." However, please review Exhibit B to the SAMOA to ensure the specific rules have not already been included there.] Customer shall have the responsibility to inform PROVIDER about specific compliance and/or regulatory requirements that PROVIDER needs to comply with and provide regular updates and training regarding the same.

7. Remedies. [Insert additional remedies, if any, agreed to by the parties. See Section 4.4 of the SAMOA.]

8. Intellectual Property. [TBD]

9. Other Matters.

A. PROVIDER will have access to the System during the following time periods: [Insert time periods] ("Service Hours"). [Please refer to Section 6.1 of the SAMOA which contemplates that each PSA will define the "Service Hours" applicable to such PSA. CUSTOMER may also desire to define the parameters or scope of "access" in this Section 9 of the PSA.]

B. [Section 16.0 of the SAMOA contains notice information for the parties. If representatives at the PSA level are different than the SAMOA level representatives, the parties should consider inserting additional notice information under this Section 9.]

C. If known, the process owners for each party should be inserted into this Section 9.

D. PROVIDER represents and warrants to CUSTOMER that

(i) PROVIDER has the necessary power and authority to execute, deliver and perform its obligations under this PSA and this PSA has been or will be duly executed and delivered by PROVIDER and constitutes or will constitute the valid and binding agreement of PROVIDER, enforceable in accordance with its terms; and

(ii) The execution and delivery of this PSA by PROVIDER and the consummation by PROVIDER of the transactions herein contemplated will not contravene any provision of applicable Law, and will not constitute a breach of or default under any agreement or other instrument or any decree, judgment or order to which PROVIDER is currently a party or by which PROVIDER is bound.

E. CUSTOMER represents and warrants to PROVIDER that

(i) CUSTOMER has the necessary power and authority to execute, deliver and perform its obligations under this PSA and this PSA has been or will be duly executed and delivered by CUSTOMER and constitutes or will constitute the valid and binding agreement of CUSTOMER, enforceable in accordance with its terms; and

(ii) The execution and delivery of this PSA by CUSTOMER and the consummation by CUSTOMER of the transactions herein contemplated will not contravene any provision of applicable Law, and will not constitute a breach of or default under any agreement or other instrument or any decree, judgment or order to which CUSTOMER is currently a party or by which CUSTOMER is bound.

10. FURTHER, THE PARTIES AGREE THAT THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES RELATING TO THIS SUBJECT SHALL CONSIST OF 1) THIS PSA AND 2) THE SAMOA, INCLUDING AMENDMENTS TO THOSE DOCUMENTS FROM TIME TO TIME EXECUTED BY THE PARTIES. THIS STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES SUPERSEDES ALL PROPOSALS OR OTHER PRIOR AGREEMENTS, ORAL OR WRITTEN, AND ALL OTHER COMMUNICATIONS BETWEEN THE PARTIES RELATING TO THE SUBJECT DESCRIBED HEREIN.

[signatures appear on the following page]

IN WITNESS WHEREOF, authorized representatives of the parties have duly executed this PSA, as of the day and year first written above.

[CUSTOMER ENTITY]

By: _____

Name: _____

Title: _____

[PROVIDER]

By: _____

Name: _____

Title: _____

Exhibit A
Services

Exhibit B

Agreement Identifier Number: _____

PROJECT SPECIFIC AGREEMENT
DESCRIPTION OF SERVICES

This Description of Services has been prepared pursuant to Section 3 of the Project Specific Agreement between Customer and PROVIDER dated _____, 200_.

Name of Customer affiliate: _____

Name of Project (or reference purposes): _____

U.S. Based Process Owner (name, title and contact information): _____

Description of Services (include tasks to be performed and performance standards or metrics tracking as appropriate):

CUSTOMER'S guidelines and procedures for performing the Services are attached hereto as Exhibit(s)_____.

The term of this DOS shall be coterminous with the term of the PSA. The Services described herein shall terminate automatically upon termination of the PSA pursuant to which this description was prepared.

Description of Services acknowledged by:

CUSTOMER Process Owner

PROVIDER Process Owner

Name:

Name:

CUSTOMER Legal/ Compliance

PROVIDER Legal/ Compliance

Name:

Name:

EXHIBIT D
BCP/DRP Plans

As of the Execution Date, CUSTOMER has identified the operational processes set forth in the table below as "Mission Critical" with respect to the Services provided under all of the MOAs. PROVIDER shall provide under this Agreement the Services described in the referenced BCP/DR Plans to the extent the related processes are included within the Services performed under this Agreement. The references to the BCP/DR Plans set forth in the table below include such BCP/DR Plans as they may be amended or supplemented from time to time by agreement of the parties.

<u>Business</u>	<u>Process ID</u>	<u>BCP/DR Plan Reference</u>
GEMICO	2052	*
GEMICO	2051	*
GEMICO	2050	*
GEMICO	2049	*
GEMICO	2048	*
GEMICO	2047	*
GEFA	2627	*
GEFA	1761	*
GEFA	1284	*
GEFA	1969	*
GEFA	1754	*
GEFA	1747	*
GEFA	1746	*
GEFA	1745	*
GEFA	1744	*

GEFA	1272	*
GEFA	1991	*
GEFA	2658	*
GEFA	3145	*
GEFA	1266	*
GEFA	1741	*
GEFA	2311	*
GEFA	1739	*
GEFA	1962	*
GEFA	2491	*
GEFA	1243	*
GEFA	1257	*
GEFA	2246	*
GEFA	1960	*
GEFA	1759	*
GEFA	3381	*
GEFA	3384	*

* As provided by PROVIDER to CUSTOMER by email from _____ to _____ on _____, 2004.

EXHIBIT E

Security Procedures

After the Execution Date, PROVIDER shall comply with (i) the security procedures and policies generally applicable within the General Electric Company and its subsidiaries and as observed by PROVIDER immediately prior to the Execution Date, and (ii) such other security procedures and policies as CUSTOMER may direct, provided, that PROVIDER shall be entitled to recover its cost of complying with such procedures and policies as part of the Charges for the Services established pursuant to Section 2 and Exhibit F.

EXHIBIT F

Pricing Template

PROVIDER

Process Name:

TM Name :

Process ID :

Production date :

PPC Stage :

<u>Cost Line</u>	<u>Per FTE p.a</u>
Employee Costs	
Infrastructure Costs	
Overheads	
Others (BCP, Hedging etc)	
Total Annual Costs	
No. Of FTEs	

<u>Cost Categories</u>	<u>Assumptions/Basis of Calculation</u>		<u>Total Amount</u>
	<u>Units (U)</u>	<u>Standard Cost per unit (SCU)</u>	<u>Total cost</u>
Employee Cost	No. of FTE's	C&B per fte	U*SCU
FTE (C&B)	No. of Mgr	C&B per Mgr	U*SCU
Supervision Costs	No. of AVP	C&B per AVP	U*SCU
Other Variable Costs (Transport, Pantry, Training etc)	No. of FTE's	Cost per FTE	U*SCU
Infrastructure Costs			
Facility Costs	Eff wrkstns	Cost per Wrkstn	U*SCU
IT (Wkstn based - Dep, Coreload, Eqpt, Network,voice line cost)	Eff wrkstns	Cost per wrkstns	U*SCU
IT (FTE based - Dial Comm, Image & Session cost, Specific System, Tech Support etc)	No. of FTE's	Cost per application	U*SCU
Overheads:			
Direct Support Costs and other overheads	No. of FTE's	Cost per FTE	U*SCU
Others			
BCP	No. of ESL	Cost per ESL	U*SCU
Corporate Allocations and Appropriations	Billing	Allocation & Appropriation %	U*SCU
Interest	Billing	Interest %	U*SCU

Note:

- 1 *All Costs in the Table above are calculated on the basis of Operating Plan of the Contract Year under consideration for Pricing.*
- 2 *OJT / Transitions costs will be borne by PROVIDER and subsequently recovered at cost over 12 months from the date the process moves to production*
- 3 *Audit Trail to be maintained for Cost Items derived from preceding year actuals*
- 4 *Standard Cost to be determined on the basis of preceding year actual cost and Industry/PROVIDER estimates for succeeding Contract Year.*
- 5 *Input Taxes have been included as part of Cost elements*
- 6 *CUSTOMER Sponsored Non Production Costs will be on actual reimbursable basis*
- 7 *All Capital Costs incurred for procuring Hardware and other capital equipment, which will be dedicated to CUSTOMER, will be billed directly to CUSTOMER at actual cost*
- 8 *Corporate Allocations and Appropriations included in "Other" costs include an appropriate portion of senior executive management salaries and benefits and other reasonable business-related expenses.*

EXHIBIT GDispute Resolution

The following provisions shall govern any Dispute arising under the Agreement or the PSAs:

1.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or any PSA, or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Exhibit G, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with a request contemplated by Section 1.2 set forth below, all communications between the parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator's evaluation referred to in Section 1.3 set forth below, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.

(c) The parties expressly waive and forego any right to (i) punitive, exemplary, statutorily-enhanced or similar damages in excess of compensatory damages, and (ii) trial by jury.

(d) The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the parties in writing.

(e) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Exhibit G are pending. The parties will take such action, if any, required to effectuate such tolling.

1.2 Consideration by Senior Executives.

If a Dispute is not resolved in the normal course of business at the operational level, the parties shall attempt in good faith to resolve such Dispute by negotiation between executives who hold, at a minimum, the office of President and CEO of the respective business entities involved in such Dispute. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Initial Notice"). Fifteen (15) days after delivery of the Initial Notice, the receiving party shall submit to the other a written response (the "Response"). The Initial Notice and the Response shall include (i) a statement of the Dispute and of each party's position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Such executives will meet in person or by telephone within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute.

1.3 Mediation.

If a Dispute is not resolved by negotiation as provided in Section 1.2 within forty-five (45) days from the delivery of the Initial Notice, then either party may submit the Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution (the "CPR") Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

1.4 Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 1.3 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either party may submit the Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect (the "CPR Arbitration Rules"). The parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

(b) The neutral organization for purposes of the CPR Arbitration Rules will be the CPR. The arbitral tribunal shall be composed of three arbitrators, of whom each party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Arbitration Rules. The arbitration shall be conducted in New York City. Each party shall be permitted to present its case, witnesses and evidence, if any, in the presence of the other party. A written transcript of the proceedings shall be made and furnished to the parties. The arbitrators shall determine the Dispute in accordance with the law of the State of New York, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable, and shall apply this Agreement or applicable PSA, according to its terms, provided that the provisions relating to arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

(c) The parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 1.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 1.4 may be entered and enforced in any court having jurisdiction thereof.

(d) Except as expressly permitted by this Agreement, no party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated by Section 1.4(c) above, (ii) to restrict or vacate an arbitral decision based on the grounds specified under applicable law, or (iii) for interim relief as provided in paragraph (e) below. For purposes of the foregoing, the parties hereto submit to the non-exclusive jurisdiction of the courts of the State of New York.

(e) In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. If the tribunal shall not have been appointed, either party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.

Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with ~~this~~ Exhibit G.

1.5 Continued Performance.

The parties agree to continue to perform their respective obligations under this Agreement and any related PSA during a Dispute.

EXHIBIT H
RESERVED

EXHIBIT IIntellectual Property**1.0 Independently Developed Technology and Intellectual Property**

1.1 As between the CUSTOMER and PROVIDER, PROVIDER will retain all right, title and interest in and to all Technology and Intellectual Property owned, licensed or otherwise procured by PROVIDER and created or acquired independently of the Services.

1.2 As between CUSTOMER and PROVIDER, CUSTOMER will retain all right, title and interest in and to all Technology and Intellectual Property owned, licensed or otherwise procured by CUSTOMER and existing prior to the Execution Date or created or acquired independently of the Services.

2.0 Ownership of Technology and Intellectual Property Developed under PSAs

2.1 Subject to Section 2.2 and Section 4.3 of this Exhibit I, as between CUSTOMER and PROVIDER, PROVIDER will own all Technology and Intellectual Property developed, licensed or purchased by PROVIDER (or by any third parties on behalf of PROVIDER) pursuant to the PSAs. Except as provided in Section 2.2 of this Exhibit I, all such Technology and Intellectual Property developed, licensed or purchased pursuant to the PSAs will be deemed "PROVIDER Solutions". To the extent the PROVIDER Solutions are deemed a work made for hire under the United States Copyright Laws (17 U.S.C. § 101) (or any equivalent foreign Laws), CUSTOMER hereby assigns and agrees to assign to PROVIDER without further consideration all right, title and interest in and to the PROVIDER Solutions. Any and all such assignments include all rights, however denominated, of paternity, integrity, disclosure, attribution and withdrawal and any other rights, present or future, of any country, including rights that may be known as or referred to as "moral rights" or "unfair competition rights" (collectively, "Moral Rights"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent allowed by the laws in the various countries where Moral Rights exist, CUSTOMER hereby waives such Moral Rights and consents to any action of PROVIDER and its licensees that would violate such Moral Rights in the absence of such consent.

2.2 Notwithstanding the foregoing, the parties may agree in a particular PSA that any Technology and Intellectual Property developed, licensed or purchased by PROVIDER (or by any third parties on behalf of PROVIDER) under such PSAs will be owned by CUSTOMER and licensed to PROVIDER, in which case such Technology or Intellectual Property will be deemed "CUSTOMER Solutions" not "PROVIDER Solutions".

3.0 License to the CUSTOMER

3.1 If any Technology or Intellectual Property owned, licensed or otherwise procured by PROVIDER is incorporated into any Deliverables provided by PROVIDER to CUSTOMER

under the PSAs (whether such Deliverables are owned by or licensed to CUSTOMER) (“PROVIDER Licensed Technology”), PROVIDER hereby grants to the CUSTOMER a perpetual, irrevocable, worldwide, royalty-free, non-exclusive license, with the unrestricted right to sublicense to Affiliates, customers, suppliers, distributors, contractors and consultants, to such PROVIDER Licensed Technology to use, reproduce, access, practice, embody, enhance, make and have made, sell, offer to sell and import such Deliverables and to develop improvements, derivative works, compilations and modifications thereof. No such Technology or Intellectual Property of a third party will be incorporated into such Deliverables without the prior written consent of CUSTOMER unless such incorporated Technology or Intellectual Property is de minimis and is licensed to CUSTOMER on the same terms as the license set forth in the foregoing sentence.

3.2 PROVIDER will deliver copies of all PROVIDER Solutions (including source code and object code versions of any Software contained therein) licensed under this Section 3.0 of this Exhibit I promptly upon the reasonable request of CUSTOMER.

3.3 If any Technology or Intellectual Property owned by PROVIDER (including any PROVIDER Solutions) is used in the provision of Services but not incorporated into any Deliverable, PROVIDER agrees upon the expiration or termination of this Agreement to grant CUSTOMER a license to such Technology and Intellectual Property on reasonable and non-discriminatory terms (and similar in scope to the license set forth in Section 3.1 above).

4.0 License to PROVIDER

4.1 CUSTOMER hereby grants to PROVIDER a revocable, worldwide, royalty-free, non-exclusive license to use, reproduce, access, practice, embody, enhance, create derivative works, make and have made the CUSTOMER Solutions and any other Technology or Intellectual Property provided to PROVIDER by CUSTOMER (“Customer Licensed Technology”), subject to the following:

- (a) PROVIDER must use such CUSTOMER Solutions and other Technology and Intellectual Property solely for the purpose of providing Services to CUSTOMER;
- (b) PROVIDER’s license to use any CUSTOMER Solutions will expire automatically when such CUSTOMER Solutions are no longer necessary for PROVIDER’s use in connection with the Services; and
- (c) such license granted to PROVIDER pursuant to this Section 4.0 of this Exhibit I will be limited to PROVIDER and any subcontractors permitted in accordance with Section 10.2 of the Agreement.

4.2 At the request of PROVIDER, the parties to a PSA may assess whether in a separate PSA CUSTOMER will grant to PROVIDER a non-exclusive license under any CUSTOMER Solutions for purposes other than providing Services to CUSTOMER. If the parties agree to grant such a license, such license will be set forth in the applicable PSA along with such consideration as CUSTOMER and PROVIDER may agree to in writing.

4.3 All right, title and interest in and to any improvements, modifications, corrections, compilations, derivative works, derivations, or other revisions (“Improvements”) of the Customer Licensed Technology developed by PROVIDER (or by any third parties on behalf of PROVIDER), and all Intellectual Property therein will be owned by CUSTOMER. To the extent applicable, such Improvements will be deemed a work made for hire under the United States Copyright Laws (17 U.S.C. § 101) (or any equivalent foreign Laws). If any such Improvements are not deemed to be works made for hire for any reason, PROVIDER hereby assigns and agrees to assign to CUSTOMER without further consideration all right, title and interest in and to the Improvements. Any and all such assignments include all Moral Rights. To the extent such Moral Rights cannot be assigned under applicable law and to the extent allowed by the laws in the various countries where Moral Rights exist, PROVIDER hereby waives such Moral Rights and consents to any action of CUSTOMER and its licensees that would violate such Moral Rights in the absence of such consent. All such Improvements will be deemed included in the definition of “CUSTOMER Solutions”.

5.0 Residuals.

During the course of performing or receiving the Services, CUSTOMER and PROVIDER may further develop their knowledge, skills, and experience. The mere subsequent use by either the CUSTOMER or PROVIDER of such knowledge, skills and experience will not constitute a breach of this Agreement or any PSA, so long as such use is consistent with the confidentiality obligations under this Agreement and the applicable PSAs.

6.0 CUSTOMER Third Party Resources

6.1 To the extent that any Technology or Intellectual Property provided to PROVIDER by the Genworth Group is licensed or procured from third parties (“CUSTOMER Third Party Resources”), CUSTOMER and PROVIDER will cooperate to obtain any consents (each a “Required Consent”) from the applicable third parties permitting the use of such CUSTOMER Third Party Resources by PROVIDER as required under this Agreement. Any cost, charges or fees that must be paid to any such third party in respect of a Required Consent shall be paid by CUSTOMER. PROVIDER will not assess any Charges or fees to CUSTOMER for the services of its personnel associated with obtaining such Required Consents. Subject to the foregoing sentence, CUSTOMER will reimburse PROVIDER for its reasonable, pre-approved, documented costs and expenses associated with assisting CUSTOMER in obtaining the Required Consents.

6.2 PROVIDER agrees to comply with such terms and conditions of all licenses and other agreements relating to the CUSTOMER Third Party Resources to the extent and as of the date that CUSTOMER conveys such terms and conditions to PROVIDER or PROVIDER otherwise obtains knowledge of such terms and conditions.

6.3 In the event that CUSTOMER and PROVIDER are unable to obtain any Required Consent, (i) CUSTOMER and PROVIDER will work together to develop a suitable workaround, and (ii) PROVIDER will not be liable to CUSTOMER for PROVIDER's failure to perform any Services to the extent such failure results from such inability to obtain such Required Consent, and CUSTOMER shall not be obligated to pay for such Services.

7.0 Authorization, Representations and Warranties. CUSTOMER represents and warrants to PROVIDER that, subject to obtaining the Required Consents pursuant to Section 6.0 of this Exhibit I above, CUSTOMER has the authority and rights necessary to grant to PROVIDER the licenses contemplated by this Exhibit I. PROVIDER represents and warrants to CUSTOMER that PROVIDER has the authority and rights necessary to grant to CUSTOMER the licenses granted by PROVIDER contemplated by this Exhibit I (Intellectual Property).

8.0 Additional Acts. Each party agrees to execute, and cause its employees, agents and subcontractors permitted in accordance with Section 10.2 to execute, any documents at no additional cost, or take any other actions as may be reasonably necessary or as requested by the other party, to perfect such party's respective ownership rights as set forth above and to register, maintain and enforce such ownership rights. Each party will reimburse the other party for its reasonable, documented costs and expenses associated with the foregoing actions.

EXHIBIT J

Business Associate AddendumI. Purpose.

This Addendum outlines certain requirements for Provider in connection with obligations imposed by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), its implementing privacy regulations at 45 C.F.R. Parts 160-164 ("HIPAA Privacy Rule") and its implementing security regulations at 45 C.F.R. Parts 160, 162, and 164 ("HIPAA Security Standards"). In order to disclose certain information to PROVIDER under this Addendum, some of which may constitute Protected Health Information or PHI (as defined below), CUSTOMER and PROVIDER mutually agree to comply with the terms of this Addendum for the purpose of satisfying the requirements of HIPAA and its implementing regulations. These provisions shall apply to PROVIDER to the extent that PROVIDER is considered a "Business Associate" under the HIPAA Privacy Rule and all references in this section to Business Associates shall refer to PROVIDER. Notwithstanding anything else to the contrary in the Agreement, in the event of a conflict between this Addendum and the Agreement, the terms of this Addendum shall prevail.

II. Permitted Uses and Disclosures.

A. Business Associate agrees to use or disclose Protected Health Information that it creates for or receives from CUSTOMER or any other member of the Genworth Group only as follows. The capitalized term "Protected Health Information" or "PHI" has the meaning set forth in 45 C.F.R. Section 164.501, as amended from time to time. Generally, this term means individually identifiable health information including, without limitation, all information, data and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. This definition shall include any demographic information concerning members and participants in, and applicants for, health benefit plans of the Genworth Group. All other terms used in this Addendum shall have the meanings set forth in the applicable definitions under the HIPAA Privacy Rule and the HIPAA Security Standards, or such meanings as assigned in the Agreement.

B. Functions and Activities on CUSTOMER's Behalf. Business Associate is permitted to use and disclose PHI it creates for or receives from the Genworth Group only for the purposes described in this Addendum or the Agreement that are not inconsistent with the provisions of this Addendum, or as required by law, or following receipt of prior written approval from members of the Genworth Group for which the relevant PHI was created or from which the relevant PHI was received. In addition to these specific requirements below, Business Associate may use or disclose PHI only in a manner that would not violate the HIPAA Privacy Rule if done by the applicable members of the Genworth Group.

C. Business Associate's Operations. Business Associate is permitted by this Addendum to use PHI it creates for or receives from the Genworth Group: (i) if such use is reasonably necessary for Business Associate's proper management and administration; and (ii) as reasonably necessary to carry out Business Associate's legal responsibilities. Business Associate is permitted to disclose PHI it creates for or receives from the Genworth Group for the purposes identified in this Section only if the following conditions are met:

(1) The disclosure is required by law; or

(2) The disclosure is reasonably necessary to Business Associate's proper management and administration, and Business Associate obtains reasonable assurances in writing from any person or organization to which Business Associate will disclose such PHI that the person or organization will:

a. Hold such PHI as confidential and use or further disclose it only for the purpose for which Business Associate disclosed it to the person or organization or as required by law; and

b. Notify Business Associate (who will in turn promptly notify the members of the Genworth Group for which the relevant PHI was created or from which the relevant PHI was received) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.

D. Minimum Necessary Standard. In performing the functions and activities on behalf of the Genworth Group pursuant to the Agreement, Business Associate agrees to use, disclose or request only the minimum necessary PHI to accomplish the purpose of the use, disclosure or request. Business Associate must have in place policies and procedures that limit the PHI disclosed to meet this minimum necessary standard.

E. Prohibition on Unauthorized Use or Disclosure. Business Associate will neither use nor disclose PHI it creates or receives for or from the Genworth Group, or from another business associate of the Genworth Group, except as permitted or required by this Addendum or the Agreement that are not inconsistent with the provisions of this Addendum, or as required by law, or following receipt of prior written approval from members of the Genworth Group for which the relevant PHI was created or from which the relevant PHI was received.

F. De-identification of Information. Business Associate agrees neither to de-identify PHI it creates for or receives from the Genworth Group or from another business associate of the Genworth Group, nor use or disclose such de-identified PHI, unless such de-identification is expressly permitted under the terms and conditions of this Addendum or the Agreement and related to the Genworth Group's activities for purposes of "treatment", "payment" or "health care operations", as those terms are defined under the HIPAA Privacy Rule. De-identification of PHI, other than as expressly permitted under the terms and conditions of the Addendum for Business Associate to perform services for the Genworth Group, is not a permitted use of PHI under this Addendum. Business Associate further agrees that it will not create a "Limited Data Set" as defined by the HIPAA Privacy Rule using PHI it creates or receives, or receives from

another business associate of the Genworth Group, nor use or disclose such Limited Data Set unless: (i) such creation, use or disclosure is expressly permitted under the terms and conditions of this Addendum or the Agreement that are not inconsistent with the provisions of this Addendum; and such creation, use or disclosure is for services provided by Business Associate that relate to the Genworth Group's activities for purposes of "treatment", "payment" or "health care operations", as those terms are defined under the HIPAA Privacy Rule.

G. Information Safeguards. Business Associate will develop, document, implement, maintain and use appropriate administrative, technical and physical safeguards to preserve the integrity and confidentiality of and to prevent non-permitted use or disclosure of PHI created for or received from the Genworth Group. These safeguards must be appropriate to the size and complexity of Business Associate's operations and the nature and scope of its activities. Business Associate agrees that these safeguards will meet any applicable requirements set forth by the U.S. Department of Health and Human Services, including (as of the effective date or as of the compliance date, whichever is applicable) any requirements set forth in the final HIPAA security regulations. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate resulting from a use or disclosure of PHI by Business Associate in violation of the requirements of this Addendum.

III. Conducting Standard Transactions. In the course of performing services for the Genworth Group, to the extent that Business Associate will conduct Standard Transactions for or on behalf of the Genworth Group, Business Associate will comply, and will require any subcontractor or agent involved with the conduct of such Standard Transactions to comply, with each applicable requirement of 45 C.F.R. Part 162. "Standard Transaction(s)" shall mean a transaction that complies with the standards set forth at 45 C.F.R. parts 160 and 162. Further, Business Associate will not enter into, or permit its subcontractors or agents to enter into, any trading partner agreement in connection with the conduct of Standard Transactions for or on behalf of the Genworth Group that:

- A. Changes the definition, data condition, or use of a data element or segment in a Standard Transaction;
- B. Adds any data element or segment to the maximum defined data set;
- C. Uses any code or data element that is marked "not used" in the Standard Transaction's implementation specification or is not in the Standard Transaction's implementation specification; or
- D. Changes the meaning or intent of the Standard Transaction's implementation specification.

IV. Sub-Contractors, Agents or Other Representatives. Business Associate will require any of its subcontractors, agents or other representatives to which Business Associate is permitted by this Addendum or the Agreement (or is otherwise given by the applicable member of the Genworth Group's prior written approval) to disclose any of the PHI Business Associate creates or receives for or from the Genworth Group, to provide reasonable assurances in writing that subcontractor or agent will comply with the same restrictions and conditions that apply to the Business Associate under the terms and conditions of this Addendum with respect to such PHI.

V Protected Health Information Access, Amendment and Disclosure Accounting.

A. Access. Business Associate will promptly upon the request of a member of the Genworth Group make available to such member, or, such members, or, at the direction of the applicable member of the Genworth Group, to the individual (or the individual's personal representative) for inspection and obtaining copies any PHI about the individual which Business Associate created for or received from the Genworth Group and that is in Business Associate's custody or control, so that the Genworth Group may meet its access obligations under 45 Code of Federal Regulations § 164.524.

B. Amendment. Upon the request of a member of the Genworth Group, Business Associate will promptly amend or permit such member access to amend any portion of the PHI which Business Associate created for or received from such member of the Genworth Group, and incorporate any amendments to such PHI, so that the members of the Genworth Group may meet their amendment obligations under 45 Code of Federal Regulations § 164.526.

C. Disclosure Accounting. So that the members of the Genworth Group may meet their disclosure accounting obligations under 45 Code of Federal Regulations § 164.528:

1. Disclosure Tracking. Business Associate will record for each disclosure, not excepted from disclosure accounting under Section V.C.2 below, that Business Associate makes to the Genworth Group of PHI that Business Associate creates for or receives from the Genworth Group, (i) the disclosure date, (ii) the name and member or other policy identification number of the person about whom the disclosure is made, (iii) the name and (if known) address of the person or entity to whom Business Associate made the disclosure, (iv) a brief description of the PHI disclosed, and (v) a brief statement of the purpose of the disclosure (items i-v, collectively, the "disclosure information"). For repetitive disclosures Business Associate makes to the same person or entity (including the Genworth Group) for a single purpose, Business Associate may provide a) the disclosure information for the first of these repetitive disclosures, (b) the frequency, periodicity or number of these repetitive disclosures and (c) the date of the last of these repetitive disclosures. Business Associate will make this disclosure information available to the Genworth Group promptly upon the Genworth Group's request.

2. Exceptions from Disclosure Tracking. Business Associate need not record disclosure information or otherwise account for disclosures of PHI that this Addendum or the applicable member of the Genworth Group in writing permits or requires (i) for the purpose of the Genworth Group's treatment activities, payment activities, or health care operations, (ii) to the individual who is the subject of the PHI disclosed or to that individual's personal representative; (iii) to persons involved in that individual's health care or payment for health care; (iv) for

notification for disaster relief purposes, (v) for national security or intelligence purposes, (vi) to law enforcement officials or correctional institutions regarding inmates; or (vii) pursuant to an authorization; (viii) for disclosures of certain PHI made as part of a Limited Data Set; (ix) for certain incidental disclosures that may occur where reasonable safeguards have been implemented; and (x) for disclosures prior to April 14, 2003.

3. Disclosure Tracking Time Periods. Business Associate must have available for the Genworth Group the disclosure information required by this section for the 6 years preceding their request for the disclosure information (except Business Associate need have no disclosure information for disclosures occurring before April 14, 2003).

VI Additional Business Associate Provisions.

A. Reporting of Breach of Privacy Obligations. Business Associate will provide written notice to the members of the Genworth Group for which the relevant PHI was created or from which the relevant PHI was received of any use or disclosure of PHI that is neither permitted by this Addendum nor given prior written approval by the applicable member of the Genworth Group promptly after Business Associate learns of such non-permitted use or disclosure. Business Associate's report will at least:

1. Identify the nature of the non-permitted use or disclosure;
2. Identify the PHI used or disclosed;
3. Identify who made the non-permitted use or received the non-permitted disclosure;
4. Identify what corrective action Business Associate took or will take to prevent further non-permitted uses or disclosures;
5. Identify what Business Associate did or will do to mitigate any deleterious effect of the non-permitted use or disclosure; and
6. Provide such other information, including a written report, as the applicable member of the Genworth Group may reasonably request.

B. Amendment. Upon the effective date of any final regulation or amendment to final regulations promulgated by the U.S. Department of Health and Human Services with respect to PHI, including, but not limited to the HIPAA privacy and security regulations, this Addendum and the Agreement will automatically be amended so that the obligations they impose on Business Associate remain in compliance with these regulations.

In addition, to the extent that new state or federal law requires changes to Business Associate's obligations under this Addendum, this Addendum shall automatically be amended to include such additional obligations, upon notice by any member of the Genworth Group to Business Associate of such obligations. Business Associate's continued performance of services under the Agreement shall be deemed acceptance of these additional obligations.

C. Audit and Review of Policies and Procedures. Business Associate agrees to provide, upon request by any member of the Genworth Group, access to and copies of any policies and procedures developed or utilized by Business Associate regarding the protection of PHI. Business Associate agrees to provide, upon such request, access to Business Associate's internal practices, books, and records, as they relate to Business Associate's services, duties and obligations set forth in this Addendum and the Agreement(s) under which Business Associate provides services and / or products to or on behalf of the Genworth Group, for purposes of their review of such internal practices, books, and records. Business Associate also agrees to make Business Associate's policies and procedures and documentation required by the HIPAA Privacy Rule available to the Secretary of the United States Department of Health and Human Services (the "Secretary") for purposes of determining CUSTOMER's compliance with the HIPAA Privacy Rule.

VII Additional Obligations for Securing Electronic Protected Health Information.

A. This Section VI is effective on April 21, 2005. The term "electronic Protected Health Information" or "Electronic Protected Health Information" has the meaning set forth in 45 Code of Federal Regulations Section 160.103, as amended from time to time and generally means PHI that is transmitted or maintained in any electronic media.

B. Business Associate will develop, implement, maintain and use appropriate administrative, technical, and physical safeguards ("Safeguards"), that reasonably and appropriately protect the integrity, confidentiality and availability of, and to prevent non-permitted or violating use or disclosure of, electronic Protected Health Information created, transmitted, maintained or received in connection with the services, functions, and/or transactions to be provided under this Addendum or the Agreement.

C. Business Associate will document and keep these Safeguards current. These Safeguards shall extend to transmission, processing, and storage of electronic Protected Health Information. Transmission of electronic Protected Health Information shall include transportation of storage media, such as magnetic tape, disks or compact disk media, from one location to another. Upon CUSTOMER's request, Business Associate will provide CUSTOMER with access to and copies of documentation regarding such Safeguards.

D. Business Associate agrees that by April 21, 2005, it shall fully implement the requirements of the HIPAA Security Standards (45 C.F.R. Parts 160, 162, and 164, issued on February 20, 2003) by:

1. Implementing administrative, physical, and technical safeguards consistent with (and as required by) the HIPAA Security Standards that reasonably protect the confidentiality, integrity, and availability of electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Genworth Group;

2. Ensuring that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it; and
3. Reporting and tracking all Security Incidents as described below. Business Associate will monitor and keep track of any Security Incident. A "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system. Business Associate will report to CUSTOMER any Security Incident that results in (A) unauthorized access, use, disclosure, modification, or destruction of CUSTOMER's Electronic Protected Health Information or (B) interference with Business Associate's system operations in Business Associate's information systems, of which Business Associate becomes aware. Business Associate will make the report to CUSTOMER's Legal Department within five (5) days after Business Associate learns of such non-permitted or violating use or disclosure, and the report must meet the requirements of Section VI(A) of this Addendum. For any other Security Incident, Business Associate will provide such report upon CUSTOMER's request.
4. Making Business Associate's policies and procedures and documentation required by the HIPAA Security Standards related to these Safeguards available to the Secretary for purposes of determining covered entity's compliance with the HIPAA Security Standards.

E. Mitigation. Business Associate agrees to take all reasonable steps to mitigate, to the extent practicable, any harmful effect that is known to Business Associate resulting from a Security Incident, including any reasonable steps recommended by the Genworth Group. Business Associate agrees to provide to CUSTOMER all information concerning such disclosure or breach as may be reasonably requested by CUSTOMER.

F. Access to CUSTOMER Information Systems. If Business Associate is provided access to any CUSTOMER information system or network containing any electronic PHI, Business Associate agrees to comply with all CUSTOMER policies for access to and use of information from the information systems or network.

VIII. Miscellaneous.

A. Breach of Business Associate Obligations. If CUSTOMER, in its sole discretion, determines that Business Associate has engaged in an activity or practice that constitutes a material breach or violation of the Business Associate's obligations under this Addendum, Business Associate shall promptly take reasonable steps to cure the breach or end the violation, as applicable.

B. Return of PHI. Upon the termination of the Agreement or any PSA between CUSTOMER and PROVIDER involving the sharing of PHI (including without limitation any electronic Protected Health Information), PROVIDER shall at CUSTOMER's option promptly (a) return such information, or (b) destroy such information within thirty (30) days of such

request. PROVIDER shall certify in writing that such information has been returned or destroyed and not retained in any form by PROVIDER or third parties receiving such information from PROVIDER. In the event that the parties agree that certain PHI must be retained by PROVIDER despite termination of the Agreement or any PSA, PROVIDER's obligations to protect the privacy and security of the PHI it created, received, maintained, or transmitted for or from CUSTOMER will be continuous and survive termination, cancellation, expiration or other conclusion of the Agreement or any PSA. PROVIDER further agrees in this event that it will continue to provide any individual rights as specified in this Addendum and will cooperate with CUSTOMER in providing these individual rights.

EXHIBIT K

Change Control Procedure

PURPOSE: Establish an efficient and effective means to control updates, modifications and other changes to the Agreement, including, without limitation, the scope of the Services, Performance Standards, Charges, Exhibits, Schedules and PSAs.

PROCESS: Consistent with the Agreement, the following process shall be followed to originate, process and maintain control over Change Order Requests and Change Orders under the Agreement.

A. Either PROVIDER or CUSTOMER may identify and submit for consideration a proposed change to the Agreement.

B. All requests for changes shall be submitted in writing to the Account Executives designated by PROVIDER and CUSTOMER. The following areas should be clearly addressed in each Change Order Request:

1. Origination;
2. Clear statement of requested change;
3. Rationale for change;
4. Impact of requested change in terms of operations, cost, schedule and compliance with the matters referred to in Section 19.0 of this Agreement;
5. Effect of change if accepted;
6. Effect of rejection of change;
7. Recommended level of priority;
8. Date final action is required; and
9. Areas for signature by the approval authorities of each party.

C. The Account Executives shall review all Change Order Requests, determine whether to recommend the Change Order Request be accepted or rejected by the parties and forward the Change Order Request, their individual recommendations and the basis for their recommendations to PROVIDER and CUSTOMER for a final decision.

D. The Account Executives will be responsible for the final approval of all Change Order Requests.

E. The Account Executives will be responsible for the implementation of all Change Orders approved pursuant to Change Order Requests, including the coordination of the preparation and execution by the parties of addendums to the Agreement and/or its associated Exhibits to incorporate each requested and agreed change into the Agreement, as applicable.

F. No Change Order or change shall be effective or binding upon the parties to the Agreement until an addendum to the Agreement and/or its associated Exhibits , as applicable, incorporating such change into the Agreement and/or its associated Exhibits has been executed by PROVIDER and CUSTOMER.

G. Requests for changes shall use the format provided below:

CHANGE ORDER REQUEST FORM

CHANGE ORDER REQUEST NUMBER:

ORIGINATOR:

REQUESTED CHANGE:

RATIONALE FOR CHANGE:

EFFECT OF CHANGE ACCEPTANCE:

IMPACT OF CHANGE REJECTION:

PRIORITY:

DATE FINAL ACTION ON CHANGE ORDER IS REQUIRED:

DISPOSITION OF REQUEST:

CHANGE ORDER NUMBER:

[Note: Attach any documents, comments or notes that explain, describe or otherwise support the Change Order Request.]

____ APPROVED
____ REJECTED
____ REJECTED WITH
 COMMENT

____ APPROVED
____ REJECTED
____ REJECTED WITH
 COMMENT

Approved as of: _____

CUSTOMER Account Executive

PROVIDER Account Executive

EXHIBIT L
PSAs and Base Costs

Original MOA: [Insert title]

The following PSAs are governed by this Agreement:

<u>PSA (PPC ID No.)</u>	<u>Y(0) Base Cost per FTE (2003)</u>	<u>Y(0) Baseline Charges per FTE (2003)</u>	<u>New Charges per FTE for Initial Contract Year (2004)</u>
-------------------------	--	---	---

Acknowledged and Agreed as of _____.

CUSTOMER

PROVIDER

By: _____

By: _____

EXHIBIT C

Competitive Services

<u>PPC ID</u>	<u>PU</u>	<u>PSA</u>	<u>Process Name</u>
03110801	0	J27, K12, M29	Actuarial Services - FSG Project Development
03111101	0	J27	Capital Market Analytics
03111301	0	A8, F25, H14, K12, P8	IBG Valuation
03111501	0	A8, F25, H14, J27, K12, P8	IBG Projection
03111701	0	A8, F25, J27	IBG Product Development
03112001	0	AA6	GEFA Risk Management
03112301	0	L4	ESG Actuarial
03112601	0	J 27, J27.1, J27.2	GEFI Reserving
03112701	0	J29	LTC Risk Management & Actuarial Services
03112801	0	F25,H14,K12,M29,A8,J27,P8	IBG Experience Analysis
03115199	0	J27, P8	GFA product Development
03116401	0	J 27, J27.1, J27.2	GFA Actuarial Services
03296001	0	J 27, J27.1, J27.2	Consumer Market Intelligence
03112201	0	AA6	Valuation & Liability Asset Management Training & Development
03110601	0	J27	Consumer Marketing Analytics
1247	01	J30	GEAM- Investment credit research

EXHIBIT D
Dedicated Luxco Employees as of the Effective Date

D-1

EXHIBIT D
Dedicated Luxco Employees as of the Effective Date

The number of Dedicated Luxco Employees include, without limitation, the number of FTEs set forth below in the column below titled "2004 end Baseline FTEs" for each PSA set forth in the column titled "Agreements Index Number." Not later than January 31, 2005, Luxco 2 shall provide Genworth a list containing the name of each Dedicated Luxco Employee as of December 30, 2004, which shall be incorporated herein.

<u>CoE / Business</u>	<u>PPC Code (GECIS inputs)</u>	<u>Process Name</u>	<u>Legal entities (GECIS inputs)</u>	<u>Agreements Index Number (GECIS inputs)</u>	<u>2004 end Baseline FTEs</u>
Insurance-IBG	01-1981-01	Financial NonFinancial Policy Servicing	American Mayflower Life Insurance Company of New York (AML)	A-7	35
Insurance-IBG	01-1981-01	Financial NonFinancial Policy Servicing	First Colony Life Insurance Company (FCL)	F-41	
Insurance-IBG	01-1981-01	Financial NonFinancial Policy Servicing	GE Capital Assurance Company (GECA)	J-50	
Insurance-IBG	01-1981-02	Financial NonFinancial Policy Servicing-SME	American Mayflower Life Insurance Company of New York (AML)	A-7	1
Insurance-IBG	01-1981-02	Financial NonFinancial Policy Servicing-SME	First Colony Life Insurance Company (FCL)	F-41	
Insurance-IBG	01-1981-02	Financial NonFinancial Policy Servicing-SME	GE Capital Assurance Company (GECA)	J-50	
Insurance-IBG	01-1982-01	Case Management and Servicing	Federal Home Life Insurance Company (FHL)	H-8, H-8.1, H-8.2	11
Insurance-IBG	01-1982-01	Case Management and Servicing	GE Life and Annuity Assurance Company (GELAAC)	M-18; M-18.1; M-18.2	
Insurance-IBG	01-1990-01	Life Policy Service	GE Life and Annuity Assurance Company (GELAAC)	M-23, M23.1	14
Insurance-IBG	01-3129-01	GEFA-IBG Cyberlife Complex Change	American Mayflower Life Insurance Company of New York (AML)	A-7	—
Insurance-IBG	01-3129-01	GEFA-IBG Cyberlife Complex Change	First Colony Life Insurance Company (FCL)	F-41	
Insurance-IBG	01-3129-01	GEFA-IBG Cyberlife Complex Change	GE Capital Assurance Company (GECA)	J-50	
Insurance-LTC	01-1745-01	Customer Transaction Processing Services - Call centre	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	—
Insurance-LTC	01-1745-01	Customer Transaction Processing Services - Call centre	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1745-02	Customer Transaction Processing Services - Transaction processing	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	20
Insurance-LTC	01-1745-02	Customer Transaction Processing Services - Transaction processing	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1745-93	Customer Transaction Processing Services - Transaction processing	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	9

Insurance-LTC	01-1746-01	Benefit Transaction Processing Services - Call Centre	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	15
Insurance-LTC	01-1746-01	Benefit Transaction Processing Services - Call Centre	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1746-02	Benefit Transaction Processing Services - Transaction processing	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	10
Insurance-LTC	01-1746-02	Benefit Transaction Processing Services - Transaction processing	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-WIM	01-1284-01	Annuity Cashiering	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1	13
Insurance-WIM	01-1754-01	Annuity New Business - SPDA	GE Capital Assurance Company (GECA)	J-22	20
Insurance-WIM	01-1754-02	Annuity New Business - SPDA Voice	GE Capital Assurance Company (GECA)	J-22	4
Insurance-WIM	01-1761-01	Annuity New Business 1035 Exchange & New Business Submit	GE Life and Annuity Assurance Company (GELAAC)	M-9, M-9.1	22
Insurance-WIM	01-1761-01	Annuity New Business 1035 Exchange & New Business Submit	GE Capital Life Assurance Company of New York (GECLANY)	K-7	
Insurance-WIM	01-1761-02	Annuity New Business 1035 Exchange & New Business Submit-GERA	GE Life and Annuity Assurance Company (GELAAC)	M-9, M-9.1	10
Insurance-HQ	01-1969-01	Web Support	American Mayflower Life Insurance Company of New York (AML)	A-4	12
Insurance-HQ	01-1969-01	Web Support	GE Capital Life Assurance Company of New York (GECLANY)	K-8	
Insurance-HQ	01-1969-01	Web Support	Federal Home Life Insurance Company (FHL)	H-22, H-27, H-27.3 (H-22 & H-27 are the same)	
Insurance-HQ	01-1969-01	Web Support	First Colony Life Insurance Company (FCL)	F-33, F-40, F-40.2	
Insurance-HQ	01-1969-01	Web Support	GE Group Administrators, Inc. (GEGA)	PSA not on Website	
Insurance-HQ	01-1969-01	Web Support	GE Life and Annuity Assurance Company (GELAAC)	M-37, M-42, M-42.3 (M-37 & M-42 are the same)	
Insurance-HQ	01-1969-01	Web Support	GE Capital Assurance Company (GECA)	J-46, J-46.3	
Insurance-HQ	01-1969-01	Web Support	GE Group Life Assurance Company (GEGALAC)	L-8, L-8.1	
Insurance-WIM	01-2627-01	Annuity Processing - New Business	GE Capital Life Assurance Company of New York (GECLANY)	K-7	11
Insurance-WIM	01-2999-01	Fixed Annuity Cashiering	GE Capital Life Assurance Company of New York (GECLANY)	K-7	6
Insurance-WIM	01-2999-01	Fixed Annuity Cashiering	GE Capital Assurance Company (GECA)	J-47	
Insurance-WIM	01-3145-01	SPIA New Business	First Colony Life Insurance Company (FCL)	F-43	12

Insurance-WIM	01-3145-01	SPIA New Business	GE Capital Assurance Company (GECA)	J-48	
Insurance-WIM	01-3145-01	SPIA New Business	GE Capital Life Assurance Company of New York (GECLANY)	K-7	
Insurance-WIM	01-3145-02	SPIA New Business			—
Insurance-WIM	01-2941-01	GELAAC Licensing Renewals	GE Life and Annuity Assurance Company (GELAAC)	M-22	4
Insurance-WIM	01-2941-02	GELAAC Licensing Renewals-SME	GE Life and Annuity Assurance Company (GELAAC)	M-22	1
Insurance-IBG	01-1244-01	Agent Licensing Support Services	First Colony Life insurance Company (FCL)	F-23, F-23.1	7
Insurance-IBG	01-1244-01	Agent Licensing Support Services	GE Capital Assurance Company (GECA)	J-24	
Insurance-IBG	01-1244-02	Agent Licensing Support Services-SME	First Colony Life insurance Company (FCL)	F-23, F-23.1	—
Insurance-WIM	01-1753-01	Agent Administration	GE Capital Assurance Company (GECA)	J-24	18
Insurance-WIM	01-1753-01	Agent Administration	GE Capital Life Assurance Company of New York (GECLANY)	K-6	
Insurance-WIM	01-1753-01	Agent Administration	GE Life and Annuity Assurance Company (GELAAC)	M-22	
Insurance-WIM	01-1753-02	Agent Administration-SME	GE Capital Assurance Company (GECA)	J-24	—
Insurance-IBG	01-1975-01	Data Entry-Commission Information	American Mayflower Life Insurance Company of New York (AML)	A-2, A-2.1	6
Insurance-IBG	01-1975-01	Data Entry-Commission Information	First Colony Life insurance Company (FCL)	F-14, F-14.1, F-14.2	
Insurance-IBG	01-1975-01	Data Entry-Commission Information	GE Capital Assurance Company (GECA)	J-20, J-20.1, J-20.2	
Insurance-IBG	01-1984-01	Commission Accounting	First Colony Life insurance Company (FCL)	F-37	5
Insurance-WIM	01-3066-01	Agent Appointment - QA	First Colony Life insurance Company (FCL)	F-23, F-23.1	2
Insurance-WIM	01-3066-01	Agent Appointment - QA	GE Capital Assurance Company (GECA)	J-24	
Insurance-WIM	01-3067-01	Licensing Data Entry Services	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	2
Insurance-LTC	01-1762-01	Data Summary Services	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	36
Insurance-LTC	01-1762-01	Data Summary Services	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1762-02	Data Summary Services-SME	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	2

Insurance-LTC	01-1762-02	Data Summary Services-SME	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-2827-01	GENIUS Rubicon	GE Capital Assurance Company (GECA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	17
Insurance-LTC	01-2827-01	GENIUS Rubicon	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-GEMICO	01-2045-01	Underwriting	GE Mortgage Contract Services, Inc.	BBB2	—
Insurance-GEMICO	01-2047-01	Non MI & FIQ	GE Mortgage Contract Services, Inc.	BBB2	14
Insurance-GEMICO	01-2049-01	Excel/MI/EZ	GE Mortgage Insurance Corporation (GEMICO)	AAA2	9
Insurance-GEMICO	01-2051-01	Agency	GE Mortgage Contract Services, Inc.	BBB2	17
Insurance-GEMICO	01-2707-01	Exception Handling	GE Mortgage Contract Services, Inc.	BBB2	19
Insurance-GEMICO	01-2743-01	GEMICO Quality Support	GE Mortgage Contract Services, Inc.	BBB2	—
Insurance-WIM	01-1272-01	Servicing & Call Center	GE Capital Assurance Company (GECA)	J-23	12
Insurance-WIM	01-1272-01	Servicing & Call Center	First Colony Life Insurance Company (FCL)	F-27	
Insurance-WIM	01-1744-01	Variable Annuity Call Centre	GE Life and Annuity Assurance Company (GELAAC)	M-21, M-21.1	16
Insurance-WIM	01-1744-02	Variable Annuity Call Centre-SME	GE Life and Annuity Assurance Company (GELAAC)	M-21, M-21.1	—
Insurance-WIM	01-1987-01	Servicing & Call Center	GE Capital Assurance Company (GECA)	J-23	12
Insurance-WIM	01-1987-01	Servicing & Call Center	First Colony Life Insurance Company (FCL)	F-27	
Insurance-WIM	01-1991-01	Policy owner servicing - Title & Value processing	GE Life and Annuity Assurance Company (GELAAC)	M-8, M-8.1	15
Insurance-WIM	01-2627-02	Annuity Processing - Policy Owner Servicing	GE Capital Life Assurance Company of New York (GECLANY)	K-7	5
Insurance-WIM	01-3381-01	GFBS Call Centre (IAN Brokerage)	GE Capital Assurance Company (GECA)		3
Insurance-WIM	01-3384-01	IAN Brokerage - Data Entry and Commission Coding	GE Capital Assurance Company (GECA)		4
Insurance-WIM	01-2658-01	Annuity Processing	GE Capital Life Assurance Company of New York (GECLANY)	K-7	8
Insurance-ESG	01-2311-01	Medical and Dental Claims Processing	GE Group Administrators, Inc. (GEGA)	BB-8	—
Insurance-ESG	01-1266-01	Customer Service Support and Call Center Services	GE Group Administrators, Inc. (GEGA)	BB-2	—

Insurance-ESG	01-1267-01	E & P Picking Processing Services	GE Group Administrators, Inc. (GEGA)	BB-4, BB-4.1	—
Insurance-ESG	01-1741-01	New Business and Customer Service Support Project	GE Group Life Assurance Company (GEGALAC)	L-5	11
Insurance-ESG	01-1267-02	Plan Document and Amendment Preparation	GE Group Administrators, Inc. (GEGA)	BB-5, BB-5.1	—
Insurance-ESG	01-1267-03	Renewal Report Preparation	GE Group Administrators, Inc. (GEGA)	BB-6, BB-6.1	—
Insurance-LTC	01-1763-01	Post Decision Processing Services	GE Capital Assurance Company (GEGA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	16
Insurance-LTC	01-1763-01	Post Decision Processing Services	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1763-02	Post Decision Processing Services-SME	GE Capital Assurance Company (GEGA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	1
Insurance-LTC	01-1763-02	Post Decision Processing Services-SME	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1994-01	New Business Data Entry Services	GE Capital Assurance Company (GEGA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	12
Insurance-LTC	01-1994-01	New Business Data Entry Services	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-LTC	01-1995-01	New Business Case Preparation Services	GE Capital Assurance Company (GEGA)	J-4, J-4.1, J-4.2, J-4.3, J-4.5, J-5.1, J-6.1	—
Insurance-LTC	01-1995-01	New Business Case Preparation Services	GE Capital Life Assurance Company of New York (GECLANY)	K-3, K-3.1, K-3.2, K-3.3, K-3.4	
Insurance-IBG	01-1977-90	Case Management Project (Sub Process : Data Entry)	American Mayflower Life Insurance Company of New York (AML)	A-2, A-2.1	73
Insurance-IBG	01-1977-90	Case Management Project (Sub Process : Data Entry)	First Colony Life Insurance Company (FCL)	F-10, F-10.1, F-10.2, F-10.3	
Insurance-IBG	01-1977-90	Case Management Project (Sub Process : Data Entry)	GE Capital Assurance Company (GEGA)	J-11, J-11.1, J-11.2, J-11.3	
Insurance-IBG	01-1985-01	Case Management Project (Sub Process: New Application Review and Application Processing)	First Colony Life Insurance Company (FCL)	F-10, F-10.1, F-10.2, F-10.3	25
Insurance-IBG	01-1985-01	Case Management Project (Sub Process: New Application Review and Application Processing)	GE Capital Assurance Company (GEGA)	J-11, J-11.1, J-11.2, J-11.3	
Insurance-IBG	01-1985-01	Case Management Project (Sub Process: New Application Review and Application Processing)	American Mayflower Life Insurance Company of New York (AML)	A-2, A-2.1	
Insurance-IBG	01-3380-01	IBG NB Indexing	American Mayflower Life Insurance Company of New York (AML)	A-2.1	13
Insurance-IBG	01-3380-01	IBG NB Indexing	First Colony Life Insurance Company (FCL)	F-10.3	
Insurance-IBG	01-3380-01	IBG NB Indexing	GE Capital Assurance Company (GEGA)	J-11.3	
Insurance-IBG	01-2764-01	FCL / GECA Case Management	American Mayflower Life Insurance Company of New York (AML)	A-2, A-2.1	41

Insurance-IBG	01-2764-01	FCL / GECA Case Management	First Colony Life Insurance Company (FCL)	F-10, F-10.1, F-10.2, F-10.3	
Insurance-IBG	01-2764-01	FCL / GECA Case Management	GE Capital Assurance Company (GECA)	J-11, J-11.1, J-11.2, J-11.3	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	5
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-1759-01	GEFA _ Statutory Reporting	GE Group Life Assurance Company (GEGALAC)	L-9	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	1
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-1759-02	GEFA _ Statutory Reporting	GE Group Life Assurance Company (GEGALAC)	L9	
Finance-Insurance Corporate	01-3085-01	Insurance Segment Reporting	GNA Corporation	AA-3, AA-3.1, AA-13	—
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	3
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	GE Capital Life Assurance Company of New York (GECLANY)	K-18	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	

Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	American Mayflower Life Insurance Company of New York (AML)	A-13	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	GE Group Life Assurance Company (GEGALAC)	L-12	
Finance-GEFA-FCOE	01-2182-01	GEFA - A2P2	GE Group Administrators, Inc. (GEGA)	AA-3, AA-3.1, AA-13	
Finance-GE Asset Management	01-1247-01	GEAM - Investment credit research	GE Capital Assurance Company (GECA)	J-30	3
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	2
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Life Assurance Company of New York (GECLANY)	K-5	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	American Mayflower Life Insurance Company of New York (AML)	A-11	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	American Agriculturist Services, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Assigned Settlements Inc.	AA-3, AA-3.1, AA-13	

Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Fee for Service, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	FFRL of New Mexico, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	FFRL of Texas	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Forth Financial Resources Insurance Agency of Massachusetts, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Forth Financial Resources of Alabama, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Forth Financial Resources of Hawaii, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Forth Financial Resources of Oklahoma Agency	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Newco Properties, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1967-90	WIM-GAAP Reconciliations	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Capital Life Assurance Company of New York (GECLANY)	K-16
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	American Mayflower Life Insurance Company of New York (AML)	A-11

6

Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	Brookfield Life Assurance Company Limited	AA-3, AA-3.1, AA-13	
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-HQ	01-2924-01	GEFA Statutory Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	Centurion Capital Group Inc.	AA-3, AA-3.1, AA-13	1
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	Centurion Financial Advisers Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	Centurion Hinds Investment Management	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	Centurion-Hesse Investment Management Corp.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	GE Financial Trust Company	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2895-01	GEPAM Reconciliations	GE Private Assets Management, Inc	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1239-01	GEGA Reporting	GE Group Administrators, Inc. (GEGA)	AA-3, AA-3.1, AA-13	1
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	American Mayflower Life Insurance Company of New York (AML)	A-11	4
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	California Benefits Dental Plan	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	FFRL of Texas	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Fort Financial Resources of Alabama, Inc.	AA-3, AA-3.1, AA-13	

Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Forth Financial Resources of Oklahoma Agency	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Capital Life Assurance Company of New York (GECLANY)	K-5	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Financial Trust Company	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Group Administrators, Inc. (GEGA)	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Group Life Assurance Company (GEGLAC)	L-3	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GEFA Special Purpose Two, LLC	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	LTC, Incorporated	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1734-01	FSG Inter Company/Production	Viking Insurance Company, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1735-01	Bank Reconciliations Trevose	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	2
Finance-GEFA-FCOE	01-1735-01	Bank Reconciliations Trevose	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	1
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	GE Capital Life Assurance Company of New York (GECLANY)	K-16	

Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	American Mayflower Life Insurance Company of New York (AML)	A-11	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	Assigned Settlements Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1737-01	GAAP Actuarial Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1738-01	Customer Service Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	2
Finance-GEFA-FCOE	01-1738-01	Customer Service Account Reconciliation	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1738-01	Customer Service Account Reconciliation	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1738-01	Customer Service Account Reconciliation	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1739-01	Investment Accounting (Cash Posting)	GE Group Life Assurance Company (GEGALAC)	L-14	6
Finance-GE Insurance Holdings	01-1836-01	Reporting	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	13
Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	3
Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	GE Capital Life Assurance Company of New York (GECLANY)	K-5	
Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	FFRL of Texas	AA-3, AA-3.1, AA-13	

Finance-GEFA-FCOE	01-1959-01	FSG Bank Recs/Production FSG	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Capital Life Assurance Company of New York (GECLANY)	K-5
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	American Mayflower Life Insurance Company of New York (AML)	A-11
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Professional Insurance Company (PIC)	R-9, R-9.1, R-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Brookfield Life Assurance Company Limited	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Seguros del Centro, S.A. de C.V.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	American Agriculturist Services, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Assigned Settlements Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	California Benefits Dental Plan	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Centurion Capital Group Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Centurion Financial Advisers Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Centurion Hinds Investment Management	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Centurion-Hesse Investment Management Corp.	AA-3, AA-3.1, AA-13

Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Group Retirement, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Dental Holdings	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Fee for Service, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	FFRL of New Mexico, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Forth Financial Resources of Texas, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Forth Financial Resources Insurance Agency of Massachusetts, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Forth Financial Resources of Alabama, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Forth Financial Resources of Hawaii, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Forth Financial Resources of Oklahoma Agency	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Financial Assurance Mortgage Funding Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Financial Trust Company	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Group Administrators, Inc. (GEGA)	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Group Retirement, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GE Private Assets Management, Inc	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	GNA Distributors, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13

Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	LTC, Incorporated	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Newco Properties, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Security Funding Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1959-90	FSG Bank Recs/Production FSG	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	3
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Life Assurance Company of New York (GECLANY)	K-2	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	American Mayflower Life Insurance Company of New York (AML)	A-3	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Group Life Assurance Company (GEGALAC)	L-3	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Brookfield Life Assurance Company Limited	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	American Agriculturist Services, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Assigned Settlements Inc.	AA-3, AA-3.1, AA-13	

Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	California Benefits Dental Plan	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Centurion Capital Group Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Centurion Financial Advisers Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Centurion Hinds Investment Management	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Centurion-Hesse Investment Management Corp.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Group Retirement, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Fee for Service, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	FFRL of Texas	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Financial Trust Company	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Group Administrators, Inc. (GEGA)	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Group Retirement, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Private Assets Management, Inc	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GEFA Special Purpose Five, LLC	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Security Funding Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GEFA Special Purpose One, LLC	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GEFA Special Purpose Three, LLC	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GEFA Special Purpose Two, LLC	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GNA Distributors, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13

Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	LTC, Incorporated	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Security Funding Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	Terra Securities Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1960-01	GEFA Corp Treasury Account Reconciliation	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GE Capital Life Assurance Company of New York (GECLANY)	K-15
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	American Mayflower Life Insurance Company of New York (AML)	A-10
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	Professional Insurance Company (PIC)	R-9, R-9.1, R-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GE Group Life Assurance Company (GEGLAC)	L-7
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	LTC, Incorporated	AA-3, AA-3.1, AA-13

10

Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1962-01	GE Financial HQ Global Tax Initiative Process	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1963-01	FASC Account Reconciliation	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	1
Finance-GEFA-FCOE	01-1963-01	FASC Account Reconciliation	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	1
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	GE Capital Life Assurance Company of New York (GECLANY)	K-16	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	American Mayflower Life Insurance Company of New York (AML)	A-11	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-1964-01	Bank Reconciliations Lynchburg Finance	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1965-01	Bank Reconciliations-Terra-IAN	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13	1
Finance-GEFA-FCOE	01-1965-01	Bank Reconciliations-Terra-IAN	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1965-01	Bank Reconciliations-Terra-IAN	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1966-01	CBC Bank Reconciliations	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13	1
Finance-GEFA-FCOE	01-1966-01	CBC Bank Reconciliations	GNA Distributors, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	1
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	GE Capital Life Assurance Company of New York (GECLANY)	K-2	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	

Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	FFRL of New Mexico, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	FFRL of Texas	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	Newco Properties, Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-1967-01	FSG Richmond Account Reconciliations	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GE Insurance Holdings	01-1971-01	GEFI - Stat Reporting	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	1
Finance-GEFA-FCOE	01-2246-01	BP & A	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	7
Finance-GEFA-FCOE	01-2246-01	BP & A	GE Capital Life Assurance Company of New York (GECLANY)	K-17	
Finance-GEFA-FCOE	01-2246-01	BP & A	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-2246-01	BP & A	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-2246-01	BP & A	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-2246-01	BP & A	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-2246-01	BP & A	American Mayflower Life Insurance Company of New York (AML)	A-12	
Finance-GEFA-FCOE	01-2246-01	BP & A	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-2246-01	BP & A	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	
Finance-GEFA-FCOE	01-2246-01	BP & A	GE Group Life Assurance Company (GEGALAC)	L-13	
Finance-GEFA-FCOE	01-2246-01	BP & A	Colonial Penn De Mexico	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2246-01	BP & A	Viking Insurance Company, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2246-01	BP & A	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2246-01	BP & A	Fee for Service, Inc.	AA-3, AA-3.1, AA-13	

Finance-GEFA-FCOE	01-2246-01	BP & A	GE Financial Trust Company	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	GE Private Assets Management, Inc	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	GNA Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	LTC, Incorporated	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	Newco Properties, Inc.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	Terra Financial Planning Group, Ltd.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	Terra Securities Corporation	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2246-01	BP & A	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Life Assurance Company of New York (GECLANY)	K-16
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Brookfield Life Assurance Company Limited	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Brookfield Life Assurance Company Limited	AA-3, AA-3.1, AA-13
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49

2

Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Capital Brokerage Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GNA Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	IFN Insurance Agency Inc.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	LTC, Incorporated	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	Terra Securities Corporation	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	The Terra Financial Companies, Ltd.	AA-3, AA-3.1, AA-13	
Finance-GEFA-FCOE	01-2306-01	San Rafael Account Reconciliations	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	
Finance-GEFA-FCOE	01-2307-01	ESG Account Reconciliations	Professional Insurance Company (PIC)	R-9, R-9.1, R-13	6
Finance-GEFA-FCOE	01-2307-01	ESG Account Reconciliations	GE Group Life Assurance Company (GEGALAC)	L-3	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	1
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	FFRL Re Corp. (FFRL)	G-10, G-10.1, G-16	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	Jamestown Life Insurance Company (JLIC)	P-10, P-10.1, P-18	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	American Mayflower Life Insurance Company of New York (AML)	A-11	
Finance-GEFA-FCOE	01-2491-01	Interface Balancing	Federal Home Life Insurance Company (FHL)	H-16, H-16.1, H-28	
Finance-GEFA-FCOE	01-2519-01	GEGA Reconciliation	GE Group Administrators, inc. (GEGA)	AA-3, AA-3.1, AA-13	1
Finance-GE Insurance Holdings	01-2524-01	Investment Accounting/Recs	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	4
Finance-GE Insurance Holdings	01-2525-01	GEIH, London Mgmt Reporting & Profit Share	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	3

Finance-GE Insurance Holdings	01-2526-01	Investment Accounting	RD Plus S.A.	Covered under the GEIH MSA	—
Finance-GE Insurance Holdings	01-2528-01	GEIH Cash & SG account clearing	RD Plus S.A.	Covered under the GEIH MSA	—
Finance-GE Insurance Holdings	01-2529-01	GECA Corp & Fixed Assets	RD Plus S.A.	Covered under the GEIH MSA	2
Finance-GE Insurance Holdings	01-2530-01	Holding and GE Life	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	—
Finance-GEFA-FCOE	01-2541-01	FSG Servicing - IBG	GE Capital Life Assurance Company of New York (GECLANY)	K-5	3
Finance-GEFA-FCOE	01-2541-01	FSG Servicing - IBG	GE Life and Annuity Assurance Company (GELAAC)	M-31, M-40.1, M-43	
Finance-HQ	01-3022-01	Implementation of Pheonix Tool	GNA Corporation	AA-3, AA-3.1, AA-13	—
Finance-GEFA-FCOE	01-1738-90	IBG Customer Service Recs Darn-IT	GE Capital Assurance Company (GECA)	J-33, J-33.1, J-49	3
Finance-GEFA-FCOE	01-1738-90	IBG Customer Service Recs Darn-IT	First Colony Life Insurance Company (FCL)	F-28, F-28.1, F-42	
Finance-GEFA-FCOE	01-1738-90	IBG Customer Service Recs Darn-IT	American Mayflower Life Insurance Company of New York (AML)	A-11	
Analytics-WIM	03-1108-01	Actuarial Services - FSG Project Development	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	3
Analytics-WIM	03-1108-01	Actuarial Services - FSG Project Development	GE Capital Life Assurance Company of New York (GECLANY)	K-12, K-12.1	
Analytics-WIM	03-1108-01	Actuarial Services - FSG Project Development	GE Life and Annuity Assurance Company (GELAAC)	M-29, M-29.1, M-29.2	
Analytics-WIM	03-1111-01	Capital Market Analytics	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	2
Analytics-IBG	03-1113-01	IBG Valuation	American Mayflower Life Insurance Company of New York (AML)	A-8, A-8.1	1
Analytics-IBG	03-1113-01	IBG Valuation	First Colony Life Insurance Company (FCL)	F-25, F-25.1, F-25.2	
Analytics-IBG	03-1113-01	IBG Valuation	Federal Home Life Insurance Company (FHL)	H-14, H-14.1, H-14.2	
Analytics-IBG	03-1113-01	IBG Valuation	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	
Analytics-IBG	03-1113-01	IBG Valuation	GE Capital Life Assurance Company of New York (GECLANY)	K-12, K-12.1	
Analytics-IBG	03-1113-01	IBG Valuation	Jamestown Life Insurance Company (JLIC)	P-8, P-8.1, P-8.2	
Analytics-IBG	03-1115-01	IBG Projection	American Mayflower Life Insurance Company of New York (AML)	A-8, A-8.1	1
Analytics-IBG	03-1115-01	IBG Projection	First Colony Life Insurance Company (FCL)	F-25, F-25.1, F-25.2	

Analytics-IBG	03-1115-01	IBG Projection	Federal Home Life Insurance Company (FHL)	H-14, H-14.1, H-14.2	
Analytics-IBG	03-1115-01	IBG Projection	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	
Analytics-IBG	03-1115-01	IBG Projection	GE Capital Life Assurance Company of New York (GECLANY)	K-12, K-12.1	
Analytics-IBG	03-1115-01	IBG Projection	Jamestown Life Insurance Company (JLIC)	P-8, P-8.1, P-8.2	
Analytics-IBG	03-1117-01	IBG Product Development	American Mayflower Life Insurance Company of New York (AML)	A-8, A-8.1	1
Analytics-IBG	03-1117-01	IBG Product Development	First Colony Life Insurance Company (FCL)	F-25, F-25.1, F-25.2	
Analytics-IBG	03-1117-01	IBG Product Development	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	
Analytics-HQ	03-1120-01	GEFA Risk Management	GNA Corporation	AA-6, AA-6.1	5
Analytics-ESG	03-1123-01	ESG Actuarial	GE Group Life Assurance Company (GEGALAC)	L4; L4.1	1
Analytics-GE Insurance Holdings	03-1126-01	GEFI Reserving	Financial Insurance Group Services Ltd. (FIGSL)	Covered under the GEIH MSA	2
Analytics-LTC	03-1127-01	LTC Risk Management & Actuarial Services	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	3
Analytics-IBG	03-1128-01	IBG Experience Analysis	American Mayflower Life Insurance Company of New York (AML)	A-8, A-8.1	2
Analytics-IBG	03-1128-01	IBG Experience Analysis	First Colony Life Insurance Company (FCL)	F-25, F-25.1, F-25.2	
Analytics-IBG	03-1128-01	IBG Experience Analysis	Federal Home Life Insurance Company (FHL)	H-14, H-14.1, H-14.2	
Analytics-IBG	03-1128-01	IBG Experience Analysis	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	
Analytics-IBG	03-1128-01	IBG Experience Analysis	GE Life and Annuity Assurance Company (GELAAC)	M-29, M-29.1, M-29.2	
Analytics-IBG	03-1128-01	IBG Experience Analysis	Jamestown Life Insurance Company (JLIC)	P-8, P-8.1, P-8.2	
Analytics-LTC	03-1151-99	GFA Product Development	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	1
Analytics-LTC	03-1164-01	GFA Actuarial Services	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	1
Analytics-LTC	03-2960-01	Consumer Market Intelligence	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	1
Analytics-HQ	03-1122-01	Valuation & Liability Asset Management Training & Development	GNA Corporation	AA-6, AA-6.1	—
Analytics-LTC	03-1106-01	Consumer Marketing Analytics	GE Capital Assurance Company (GECA)	J-27, J-27.1, J-27.2	19

E learning - WIM	02-1151-99	GEFA EBPP (WIM)	GE Life and Annuity Assurance Company (GELAAC)	M-37, M-42, M-42.2 (M-37 & M-42 are the same)	—
E learning - WIM	02-1151-99	GEFA EBPP (WIM)	GE Capital Life Assurance Company of New York (GECLANY)	K-9	
E learning - IBG	02-1152-99	GEFA EBPP (IBG)	First Colony Life Insurance Company (FCL)	F-33, F-33.1, F-40 (F33 & F40 are the same)	—
E learning - IBG	02-1152-99	GEFA EBPP (IBG)	American Mayflower Life Insurance Company of New York (AML)	A-5	
E learning - IBG	02-1152-99	GEFA EBPP (IBG)	GE Capital Assurance Company (GECA)	J-46, J-46.1	
	Total FTE's				799

GUARANTY

GUARANTY (as the same may be further amended, supplemented or otherwise modified from time to time, this "Guaranty"), dated as of December 30, 2004, made by GECIS GLOBAL HOLDINGS, a Société à Responsabilité Limitée under the laws of the Grand Duchy of Luxembourg (the "Guarantor") to GENWORTH FINANCIAL, INC., a Delaware corporation ("Genworth") and each of the Affiliates of Genworth that becomes a party to an agreement that gives rise to an Obligation, as defined below.

RECITALS

I. Reference is made to (i) the Outsourcing Services Amendment Agreement, as it may be amended, supplemented or otherwise modified from time to time, dated as of December 30, 2004 (the "OSAA"), by and among Gecis International Holdings, acting through its Swiss Branch ("Luxco 2"), and Genworth and (ii) the Amended ARMOAs referred to in the OSAA, as they may be amended, supplemented or otherwise modified from time to time, to be executed by and among Luxco 2 and certain Affiliates of Genworth. Except as otherwise provided herein, capitalized terms that are defined in the SPA or the OSAA and are not defined herein shall have the meanings assigned to such terms therein.

II. In order to induce Genworth and its Affiliates to enter into the OSAA, the Amended ARMOAs and each other agreement between Luxco 2 and Genworth and its Affiliates, Genworth has requested that the Guarantor guarantee the obligations of Luxco 2 under the OSAA, the Amended ARMOAs and such other agreements.

In consideration of the agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees as follows:

1. Guaranty.

(a) The Guarantor hereby absolutely, irrevocably and unconditionally guarantees the full and prompt performance when due of all present and future obligations of Luxco 2 to Genworth and its Affiliates under the OSAA, each of the Amended ARMOAs and each other agreement between Luxco 2 and Genworth and/or its Affiliates, whether now existing or hereafter arising, created, assumed, incurred or acquired, including, without limitation, the due and punctual performance of all covenants, agreements, obligations and liabilities of Luxco 2 under or pursuant to the OSAA, each Amended ARMOA and each such other agreement (collectively, the "Obligations").

(b) Genworth and its Affiliates may, at their option, proceed against the Guarantor, in the first instance to enforce the Obligations without first proceeding against Luxco 2, any other Guarantor or any other Person, and without first resorting to any other rights or remedies, as Genworth or such Affiliates may deem advisable. Notwithstanding the provisions of Section 8 of this Guaranty, Guarantor further agrees to pay any and all reasonable expenses (including, without limitation, fees and expenses of counsel) incurred by Genworth and its Affiliates in enforcing any rights under this Guaranty.

(c) The Guarantor guaranties that the Obligations will be satisfied strictly in accordance with the terms of the applicable agreement, regardless of any law now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Genworth or its Affiliates with respect thereto. Nothing herein shall be construed as to limit, negate or otherwise affect the rights of Genworth or its Affiliates under the such agreements. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any change in or any other amendment or waiver of any term of, or any consent to departure from any requirement of, the applicable agreement;

(ii) any release or amendment or waiver of any term of any other guaranty of, or any consent to departure from any requirement of any other guaranty of, all or any of the Obligations;

(iii) the absence of any attempt or action to enforce any of the Obligations of the Guarantor or any other guarantor or obligor or the absence of the election of any remedy by Genworth or its Affiliates; or

(iv) any waiver, consent, extension, forbearance or granting of any indulgence by Genworth or its Affiliates with respect to any provision of the applicable agreement.

2. Representations and Warranties. The Guarantor hereby represents and warrants that it has full legal power and authority to enter into, execute, deliver and perform the terms of this Guaranty and the transactions contemplated hereby, all of which have been duly authorized by all proper and necessary company action and is in full compliance with its charter documents, and no other company or other action is required.

(a) Binding Agreement. This Guaranty constitutes a valid and legally binding obligation, enforceable in accordance with its terms, (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally) and no offset, counterclaim or defense exists to the full performance by the Guarantor of this Guaranty.

(b) Required Consents. No consent, authorization or approval of, filing with, notice to, or exemption by, its members, any Governmental Entity or any other Person is required to authorize, or is required in connection with the execution, delivery and performance of this Guaranty and the transactions contemplated hereby, or is required as a condition to the validity or enforceability of this Guaranty, except those that have or will be obtained on the date hereof.

(c) No Conflicting Agreements. The execution, delivery or carrying out of the terms of this Guaranty and the transactions contemplated hereby, will not (i) violate, conflict with, result in a breach of, give rise to any right of termination, cancellation or acceleration under constitute a default under, or result in the creation or imposition of, or obligation to create, any lien upon any of its property or result in a breach of or require the mandatory repayment of or other acceleration of payment under or pursuant to the terms of any such mortgage, indenture, contract or agreement, or (ii) be prohibited by or require any additional approval under (1) the Guarantor's certificate of incorporation or bylaws, (2) any instrument or agreement to which the Guarantor is a party or by which the Guarantor is bound, which breach or default would interfere with or restrict in any manner the ability of the Guarantor to perform fully its obligations under this Guaranty (or the rights of Genworth or its Affiliates to enforce or obtain performance of the Guaranty), or (3) any law applicable to the Guarantor.

3. Waivers: Amendment.

(a) No failure or delay of Genworth or any of its Affiliates in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Genworth and its Affiliates hereunder are cumulative and are not exclusive of any rights or remedies provided by law, in the OSAA or in any other agreement or executed and entered into in connection with the transactions contemplated hereby or thereby. The Guarantor hereby waives (i) promptness, diligence, notice of acceptance and any and all other notices with respect to any of the Obligations or this Guaranty, (ii) any requirement that Genworth or its Affiliates exhaust any right or take any action against Luxco 2 or any other Person, (iii) protest or notice of protest with respect to non-performance of all or any of the Obligations, and (iv) all demands whatsoever (and any requirement that same be made on any Person as a condition precedent to the Obligations). No waiver of any provision of this Guaranty or consent to any departure by the Guarantor herefrom shall in any event be effective unless the same shall be permitted by paragraph (e) of this Section 3, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Failure by Genworth or any of its Affiliates at any time or times hereafter to require strict performance by Luxco 2, the Guarantor or any other Person of any of the provisions, warranties, terms or conditions contained in this Guaranty, any of the agreements comprising the Obligations or any other agreement executed and entered into in connection herewith or therewith shall not waive, affect or diminish any right of Genworth or its Affiliates at any time or times hereafter to demand strict performance thereof, and such right shall not be deemed to have been modified or waived by any course of conduct or knowledge of Genworth or any of its Affiliates or their respective agents, officers or employees.

(c) The Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of Luxco 2 and of all other circumstances bearing upon the risk of nonperformance of the Obligations or any part thereof. The Guarantor hereby agrees that Genworth and its Affiliates shall have no duty to advise the Guarantor of information known to Genworth or any of such Affiliates regarding such condition or any such circumstance.

(d) The Guarantor consents and agrees that Genworth and its Affiliates shall be under no obligation to provide any assets in favor of the Guarantor or otherwise in connection with obtaining payment or performance of any or all of the Obligations from any Person or source.

(e) Neither this Guaranty nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into by and between Genworth or its applicable Affiliate and the Guarantor.

(f) No waiver by Genworth or its Affiliates of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by Genworth or its Affiliates permitted hereunder shall in any way affect or impair any of the rights of Genworth or its Affiliates or the obligations of the Guarantor under this Guaranty.

4. Notices. All notices, requests, claims, demands and other communications under this Guaranty shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section):

(a) if to Genworth or any of its Affiliates:

GENWORTH FINANCIAL, INC.
6620 West Broad Street
Richmond, VA 23230
Attention: Scott McKay
Facsimile: (804) 662-7766

in each case, with a copy to:

GENWORTH FINANCIAL, INC.
6620 West Broad Street
Richmond, VA 23230
Attention: Ward Bobitz, Esq.
Facsimile: (804) 662-2414

and:

HUNTON & WILLIAMS LLP
951 East Byrd Street
Richmond, Virginia
Attention: Randall S. Parks, Esq.
Facsimile: (804) 788-8218

(b) if to GECIS GLOBAL HOLDINGS

GECIS GLOBAL HOLDINGS or
c/o General Atlantic Service Corporation
3 Pickwick Plaza
Greenwich, CT 06830
Attention: Matthew Nimetz
Facsimile: (203) 618-9207

with a copy to:

OAK HILL CAPITAL PARTNERS, L.P.
201 Main Street
Fort Worth, TX 76102
Attention: Ray Pinson
Facsimile: (817) 339-7350

and:

OAK HILL CAPITAL MANAGEMENT, INC.
Park Avenue Tower
65 East 55th Street, 36th Floor
New York, NY 10022
Attention: John R. Monsky, Esq.
Facsimile: (212) 758-3572

and:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Douglas A. Cifu, Esq.
Kenneth M. Schneider, Esq.
Facsimile: (212) 757-3990

Failure or delay in delivering any notice, demand, request, consent, approval, declaration or other communication to any person designated to receive a copy thereof shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

5. Survival of Agreement; Severability.

(a) All agreements, representations and warranties made by the Guarantor herein shall be considered to have been relied upon by Genworth and its Affiliates and shall continue in full force and effect until this Guaranty shall terminate.

(b) This Guaranty shall remain in full force and effect until the indefeasible satisfaction in full of the Obligations and all other requirements under this Guaranty.

(c) This Guaranty shall remain in full force and effect and continue to be effective should any petition be filed by or against Luxco 2 for liquidation or reorganization, should Luxco 2 become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the respective assets of Luxco 2, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be.

(d) In the event any one or more of the provisions contained in this Guaranty should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the

validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

6. Counterparts. This Guaranty may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart of this Guaranty by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Guaranty.

7. Successors and Assigns.

(a) This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that without the prior written consent of Genworth, the Guarantor may not assign or otherwise transfer any of its rights or obligations hereunder (and any such attempted assignment or transfer by the Guarantor shall be null and void).

(b) All references herein to Luxco 2 or the Guarantor shall include their respective successors, including, without limitation, a receiver, trustee or debtor-in-possession of or for Luxco 2 or the Guarantor. The section titles contained in this Guaranty are provided for convenience of reference only, and are, and shall be, without substantive meaning or content of any kind whatsoever and are not a part of this Guaranty.

8. Governing Law, Jurisdiction and Venue. This Guaranty and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the law of the State of New York. Any dispute involving this Guaranty shall be governed by the dispute resolution provisions of the agreement giving rise to the Obligation in question or, in the event of any conflict between the provisions of such agreements, the dispute resolution provisions of the OSAA. Such provisions are hereby incorporated by reference herein and made applicable to the Guarantor and Genworth and its Affiliates, *mutatis mutandis*.

9. Termination. Upon the termination of all of the agreements giving rise to the Obligations, this Guaranty shall terminate. Genworth and its Affiliates shall, upon the Guarantor's request and at the Guarantor's expense, execute and deliver to the Guarantor such documents as the Guarantor shall reasonably request to evidence such termination.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer as of the date first above written.

GECIS GLOBAL HOLDINGS

By: /s/ Christopher Lanning

Name: Christopher Lanning
Title: Authorized Signatory

ACCEPTED AND AGREED:

GENWORTH FINANCIAL, INC., on behalf of
itself and its Affiliates

By: /s/ Ward Bobitz

Name: Ward Bobitz
Title: Vice President

Genworth Financial, Inc.
Computation Of Ratio Of Earnings To Fixed Charges
(Dollar amounts in millions)

	(Year ended)				
	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000
Net earnings from continuing operations before income taxes and accounting changes	\$ 1,638	\$ 1,382	\$ 1,791	\$ 1,821	\$ 1,851
Fixed charges included in earnings from continuing operations:					
Interest expense	217	140	124	126	126
Interest portion of rental expense	14	23	25	23	25
Interest credited to contractholders	1,432	1,624	1,645	1,620	1,456
Subtotal	1,663	1,787	1,794	1,769	1,607
Fixed charges included in earnings from discontinued operations:					
Interest expense	—	12	16	15	17
Interest portion of rental expense	—	8	12	12	12
Interest credited to contractholders	—	68	79	51	41
Subtotal	—	88	107	78	70
Total fixed charges	1,663	1,875	1,901	1,847	1,677
Earnings available for fixed charges (including interest credited to contractholders)	\$ 3,301	\$ 3,257	\$ 3,692	\$ 3,668	\$ 3,528
Ratio of earnings to fixed charges (including interest credited to contractholders)(1)	1.98	1.74	1.94	1.99	2.10

- (1) For purposes of determining this ratio, 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 contractholders on annuities and financial products; and (c) the portion of operating leases that are representative of the interest factor.

Exhibit 21

Genworth Financial, Inc.'s subsidiaries are listed below. Except where noted below, Genworth Financial, Inc. owns, directly or indirectly, 100% of the outstanding shares of these companies (including, with respect to certain companies, shares in names of nominees and qualifying shares in names of directors).

Name	Domicile
GE Financial Assurance Holdings, Inc.	Delaware
American Agriculturist Services, Inc.	New York
American Mayflower Life Insurance Company of New York	New York
Assigned Settlement, Inc.	Virginia
Assocred SA	France
Brookfield Life Assurance Company Limited	Bermuda
California Benefits Dental Plan	California
Capital Brokerage Corporation (also doing business as GE Capital Brokerage Corporation (Indiana))	Washington
Centurion Capital Group Inc.	Arizona
Centurion Financial Advisers Inc.	Delaware
Centurion-Hesse Investment Management Corp.	Delaware
Centurion-Hinds Investment Management Corp.	Delaware
CFI Administrators Limited	Ireland
CFI Pensions Trustees Limited	England
Consolidated Insurance Group Limited	England
Dental Holdings, Inc.	Connecticut
F.I.G. Ireland Limited	Ireland
Federal Home Life Insurance Company	Virginia
Fee For Service, Inc. (also doing business as Fee For Service Insurance Agency (Texas))	Florida
FFRL Re Corp.	Virginia
Financial Assurance Company Limited	England
Financial Insurance Company Limited	England
Financial Insurance Group Services Ltd.	England
Financial Insurance Guernsey PCC Limited	Guernsey
First Colony Life Insurance Company	Virginia
GE Capital Life Assurance Company of New York	New York
GE Financial Assurance, Compania de Seguros y Reaseguros de Vida S.A.	Spain
GE Financial Insurance, Compania de Seguros y Reaseguros S.A.	Spain
GE Financial Trust Company	Arizona
GE Group Administrators, Inc. (also doing business as GE Administrators (California))	Delaware
GE Group Life Assurance Company	Connecticut
GE Group Retirement, Inc.	Connecticut
GE Life and Annuity Assurance Company	Virginia
GE Mortgage Contract Services, Inc.	Delaware
GE Mortgage Holdings, LLC	North Carolina

Exhibit 21

GE Mortgage Insurance (Guernsey) Limited	Guernsey
GE Mortgage Insurance Company Pty Ltd	Australia
GE Mortgage Insurance Finance Holdings Pty Ltd	Australia
GE Mortgage Insurance Finance Pty Ltd	Australia
GE Mortgage Insurance Holdings Pty Ltd	Australia
GE Mortgage Insurance Limited	England
GE Mortgage Reinsurance Corporation of North Carolina	North Carolina
GE Mortgage Services Limited	England
GE Mortgage Solutions Limited	England
GE Private Asset Management, Inc.	California
GE Residential Mortgage Insurance Corporation of North Carolina	North Carolina
GE Seguros S.A. de C.V. (1)	Mexico
GECLANY Real Estate Holding, LLC	Delaware
GEFA Special Purpose Five, LLC	Delaware
GEFA Special Purpose Four, LLC	Delaware
GEFA Special Purpose One, LLC	Delaware
GEFA Special Purpose Six, LLC	Delaware
GEFA Special Purpose Three, LLC	Delaware
GEFA Special Purpose Two, LLC	Delaware
GEFA UK Finance Limited	England
GEFA UK Holdings Ltd	England
GEMIC Holdings Company	Canada
General Electric Capital Assurance Company (also doing business as GECA (New York))	Delaware
General Electric Home Equity Insurance Corporation of North Carolina	North Carolina
General Electric Mortgage Insurance Corporation	North Carolina
General Electric Mortgage Insurance Corporation of North Carolina	North Carolina
Genworth Center for Financial Learning, LLC	Delaware
Genworth Financial Asset Management, LLC	Virginia
Genworth Financial International Holdings, Inc.	Delaware
Genworth Financial Mortgage Funding Corporation	Delaware
Genworth Financial Mortgage Insurance Company Canada	Canada
Genworth Financial, Inc.	Delaware
GFCM LLC	Delaware
GNA Corporation	Washington
GNA Distributors, Inc.	Washington
HGI Annuity Service Corporation	Delaware
Hochman & Baker Insurance Services, Inc.	Illinois
Hochman & Baker Investment Advisory Services, Inc.	Illinois
Hochman & Baker Securities, Inc.	Illinois
Hochman & Baker, Inc.	Illinois
IFN Insurance Agency, Inc.	Virginia
Jamestown Life Insurance Company	Virginia
LTC, Incorporated	Washington
Mayflower Assignment Corporation	New York
Newco Properties, Inc.	Virginia
Private Residential Mortgage Insurance Corporation	North Carolina

(1) Genworth Financial, Inc. owns 99.6% of the shares of GE Seguros S.A. de C.V.

Exhibit 21

Professional Insurance Company (also doing business as PIC Life Insurance Company (California))	Texas
RD Plus S.A.	France
River Lake Insurance Company	South Carolina
River Lake Insurance Company II	South Carolina
Security Funding Corporation	Delaware
Sponsored Captive Re, Inc.	Vermont
Terra Financial Planning Group, Ltd.	Illinois
Terra Securities Corporation	Illinois
The Terra Financial Companies, Ltd.	Illinois
UK Group Holding Company Ltd	England
Financial Assurance Company Limited	England
GE Capital Mortgage Trust Deed Services, Inc.	California
GE Edison Systems, Inc.	Japan
Accident Assistance Limited	England
Administradora Habitat, S.A. de C.V.	Mexico
AEC Signature Industries, Limited	Canada
Alliance Maintenance Limited	England
Assist Maintenance Limited	England
Champion General Agency, Inc.	Florida
Consolidated Insurance Holdings Ltd.	England
Credit Card Sentinel, Inc.	California
Empresas Domos, SRL	Mexico
Ennington Properties Limited	Ireland
Express Maintenance Limited	England
First Call-Accident Assistance Ltd.	England
First Direct Maintenance Limited	England
First Westwood National Corporation	England
GE Administracao de Garatis do Brasil Ltda	Nevada
GE Administraco de Garantias e Participacoes Ltda	Brazil
GE Asset Management Co., Ltd. (Japan)	Brazil
GE Capital Administrative Services, Inc.	Japan
GE Capital Management Corporation	Florida
GE Capital Mortgage Funding Corporation	California
GE Capital Residential Connections Corporation	Delaware
GE Capital Warranty Corporation	Delaware
GE Dental & Vision	Delaware
GE Financial Asset Management Limited	California
GE Home Advantage Insurance Agency, LLC	Ireland
GE Insurance Holdings Limited	New Jersey
GE Life Equity Release Ltd.	England
GE Life Fund Management Ltd.	England
GE Life Group Limited	England
GE Life Limited	England
GE Life Residential Limited	England
GE Life Trustees Ltd.	England
GE Mortgage Services, LLC	England
GE Motor Club of California, Inc.	North Carolina
GE Pensions Limited	California
GE Pensions Trustees Limited	England
GE4C Inc.	England
	Canada

Exhibit 21

GECMIC Holdings Inc.	Canada
GEI, Inc.	Delaware
General Hipotecaria, S.A. de C.V.	Mexico
Guardian Maintenance	England
Heritage Indemnity Company	California
Heritage Insurance Group, Inc.	Delaware
Heritage Life Insurance Company	Arizona
Heritage Mechanical Breakdown Corporation	Delaware
Montgomery Ward Auto Club, Inc.	Delaware
Montgomery Ward Insurance Company	Illinois
Mortgage Services Captive Re, Inc.	Vermont
NAMULAS Pension Trustees Limited	England
National Dental Service, Inc.	Delaware
National Mutual Life Assurance Society	England
National Mutual Pension Trustees Limited	England
NetOriginate.com, LLC	North Carolina
Ocoma Industries, Inc.	Delaware
Prestige Assistance Limited	England
Resolucion Bios, SRL	Mexico
Resolucion Duo, SRL	Mexico
Resolucion Gamma, SRL	Mexico
Resolucion Novo, SRL	Mexico
Resolucion Oreon, SRL	Mexico
Road Assist Ltd.	England
Scrip Plus	California
Signature Agency, Inc.	Delaware
Signature Financial/Marketing, Inc.	Delaware
Signature's Nationwide Auto Club of California, Inc.	California
Signature's Nationwide Auto Club, Inc.	Delaware
Union Fidelity Life Insurance Company	Illinois
Vie Plus S.A.	France
Westlake Group, Ltd.	Turks & Caicos
Westlake Insurance Company, Limited	Bermuda
Westwood Life Insurance Company	Arizona
Westwood Warranty Corporation	Delaware
Eastgate Distribution Center LLC	Delaware
Riverside Distribution LLC	Delaware
SCI Carpeaux	France
SCI Laborde	France
Three X Communication Limited	England
GE Investment Distributors, Inc.	Delaware
GE Retirement Services, Inc.	Delaware
Colonial Valley Data, Ltd.	Pennsylvania
GE Capital Assignment Corporation	Delaware
Trooper Communications Corporation	Pennsylvania
Trooper Investment, Inc.	Delaware
Forrer FA LLC	Delaware
Franklin FA LLC	Delaware
GEFA Real Estate Holding, LLC	Delaware
Glendale FA LLC	Delaware
Park Center FA LLC	Delaware

Pewaukee FA LLC
GE Capital Mortgage Insurance Corporation (Australia) Pty Ltd
GE Mortgage Insurance Pty Ltd (Australia)
GEMICO Holdings (Australia)
United Pacific Structured Settlement Company
Verex Assurance, Inc.
Viking Insurance Company, Ltd.
WorldCover Direct Limited

Exhibit 21

Delaware
Australia
Australia
Australia
Florida
Wisconsin
Bermuda
England

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Genworth Financial, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-115825) on Form S-8 of Genworth Financial, Inc. of our reports dated February 11, 2005, with respect to the statement of financial position of Genworth Financial, Inc. as of December 31, 2004 and 2003, and the related statements of earnings, stockholders' interest, and cash flows for each of the years in the three-year period ended December 31, 2004, and all related financial statement schedules, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004, annual report on Form 10-K of Genworth Financial, Inc.

Our report dated February 11, 2005, with respect to the statement of financial position of Genworth Financial, Inc. as of December 31, 2004 and 2003, the related statements of earnings, stockholders' interest and cash flows for each of the years in the three-year period ended December 31, 2004 refers to a change in accounting for certain nontraditional long-duration contracts and for separate accounts in 2004, variable interest entities in 2003, and goodwill and other intangible assets in 2002.

/s/ KPMG LLP
Richmond, Virginia
March 1, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officer of Genworth Financial, Inc., a Delaware corporation (the "Company"), hereby severally constitutes and appoints Michael D. Fraizer, Richard P. McKenney and Leon E. Roday and each of them individually, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, or on such other form as such attorneys-in-fact, or any of them, may deem necessary or desirable and any amendments thereto, in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 1st day of March, 2005.

<p>/s/ MICHAEL D. FRAIZER</p> <hr/> <p>Michael D. Fraizer</p>	<p>Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)</p>		
<p>/s/ RICHARD P. MCKENNEY</p> <hr/> <p>Richard P. McKenney</p>	<p>Senior Vice President—Chief Financial Officer (Principal Financial Officer)</p>		
<p>/s/ JAMIE S. MILLER</p> <hr/> <p>Jamie S. Miller</p>	<p>Vice President and Controller (Principal Accounting Officer)</p>		
<p>/s/ FRANK J. BORELLI</p> <hr/> <p>Frank J. Borelli</p>	<p>Director</p>	<p>/s/ ELIZABETH J. COMSTOCK</p> <hr/> <p>Elizabeth J. Comstock</p>	<p>Director</p>
<p>/s/ PAMELA DALEY</p> <hr/> <p>Pamela Daley</p>	<p>Director</p>	<p>/s/ DENNIS D. DAMMERMAN</p> <hr/> <p>Dennis D. Dammerman</p>	<p>Director</p>
<p>/s/ J. ROBERT KERREY</p> <hr/> <p>J. Robert Kerrey</p>	<p>Director</p>	<p>/s/ DAVID R. NISSEN</p> <hr/> <p>David R. Nissen</p>	<p>Director</p>
<p>/s/ JAMES A. PARKE</p> <hr/> <p>James A. Parke</p>	<p>Director</p>	<p>/s/ THOMAS B. WHEELER</p> <hr/> <p>Thomas B. Wheeler</p>	<p>Director</p>

CERTIFICATIONS

I, Michael D. Fraizer, certify that:

1. I have reviewed this annual report on Form 10-K of Genworth Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2005

/S/ MICHAEL D. FRAIZER

Michael D. Fraizer
Chairman, President and Chief Executive Officer

CERTIFICATIONS

I, Richard P. McKenney, certify that:

1. I have reviewed this annual report on Form 10-K of Genworth Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2005

/s/ Richard P. McKenney

Richard P. McKenney
Senior Vice President – Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

I, Michael D. Fraizer, as Chairman, President and Chief Executive Officer of Genworth Financial, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2004 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2005

/s/ Michael D. Fraizer

Michael D. Fraizer
Chairman, President and Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

I, Richard P. McKenney, as Senior Vice President—Chief Financial Officer of Genworth Financial, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2004 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2005

/s/ Richard P. McKenney

Richard P. McKenney
Senior Vice President – Chief Financial Officer