

Genworth Ratings Update October 11, 2012

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On October 11, 2012, Standard and Poor's (S&P) announced that it has lowered its rating on Genworth's holding company one notch to BBB- with a negative outlook. At the same time, S&P also announced that it has lowered its rating on Genworth's U.S. life insurance companies one notch to A- with a stable outlook and downgraded our European Mortgage Insurance business to BBB-.

In its announcement, S&P cited as rationale for the downgrade to Genworth's holding company: "We continue to view GNW as investment grade due to its increased liquidity at the holding company, significant improvement in its U.S. mortgage insurance platform year to date, the Australian mortgage insurer's return to profitability in the second quarter, and the positive momentum in unassigned surplus at the U.S. Life operations. However, we are lowering the counterparty credit rating by one notch to reflect the low earnings level for the organization (below expectations for the 'BBB' category) and the difficulty it will face expanding margins globally in the weak economy." S&P also stated, "We believe that the ongoing strategic review will address many of the factors that currently strain the company's financial flexibility."

Regarding the downgrade of the U.S. life business, S&P stated, "The U.S. life operations are being downgraded one notch because of the business's sensitivity to interest rates (fixed annuities and long-term care [LTC]), and its underperforming legacy term and LTC blocks that will take time to stabilize and improve.... The 'A-' U.S. life operations are supported by a strong business profile with leadership positions in both term life and LTC product lines... Strong and improving capitalization at the U.S. life company also supports the 'A-' rating."

In our life insurance companies, we are already managing sales volume to achieve an appropriate balance between profitability and statutory capital. This action does not affect our ability to pay claims. We have sound claims-paying resources and new business capabilities.

We remain sharply focused on building shareholder value by pursuing a number of strategic and financial actions designed to improve returns on capital, simplify our mix of businesses, strengthen capital generation, and increase financial strength and capital flexibility. We will provide further details on these actions in our Q3 earnings call on October 31, 2012.

For a complete listing of Genworth's ratings, please visit the Investor site of genworth.com.