GENWORTH FINANCIAL INC Form 10-Q August 02, 2011 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**

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

For the quarterly period ended June 30, 2011

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 33-1073076 (I.R.S. Employer

**Incorporation or Organization)** 

**Identification Number)** 

6620 West Broad Street

Richmond, Virginia (Address of Principal Executive Offices)

23230 (Zip Code)

(804) 281-6000

(Registrant s Telephone Number, Including Area Code)

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 x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer

Non-accelerated filer "Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes "No x

As of July 25, 2011, 490,716,493 shares of Class A Common Stock, par value \$0.001 per share, were outstanding.

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#### PART I FINANCIAL INFORMATION

#### **Item 1.** Financial Statements

#### GENWORTH FINANCIAL, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in millions, except per share amounts)

(Unaudited)

	Three months ended June 30,		Six mont June	
	2011	2010	2011	2010
Revenues:				
Premiums	\$ 1,455	\$ 1,470	\$ 2,892	\$ 2,940
Net investment income	881	823	1,711	1,588
Net investment gains (losses)	(40)	(139)	(68)	(209)
Insurance and investment product fees and other	359	256	688	512
Total revenues	2,655	2,410	5,223	4,831
Benefits and expenses:				
Benefits and other changes in policy reserves	1,672	1,340	3,081	2,655
Interest credited	204	211	405	424
Acquisition and operating expenses, net of deferrals	514	499	1,014	974
Amortization of deferred acquisition costs and intangibles	197	179	382	363
Interest expense	134	109	261	224
Total benefits and expenses	2,721	2,338	5,143	4,640
Income (loss) before income taxes	(66)	72	80	191
Provision (benefit) for income taxes	(6)	(5)	24	(98)
Net income (loss)	(60)	77	56	289
Less: net income attributable to noncontrolling interests	36	35	70	69
Net income (loss) available to Genworth Financial, Inc. s common stockholders	\$ (96)	\$ 42	\$ (14)	\$ 220
Net income (loss) available to Genworth Financial, Inc. s common stockholders per common share:				
Basic	\$ (0.20)	\$ 0.09	\$ (0.03)	\$ 0.45
Diluted	\$ (0.20)	\$ 0.08	\$ (0.03)	\$ 0.45
Weighted-average common shares outstanding:				
Basic	490.6	489.1	490.4	489.0
Diluted	490.6	494.2	490.4	493.9

Supplemental disclosures:				
Total other-than-temporary impairments	\$ (28)	\$ (24)	\$ (59)	\$ (101)
Portion of other-than-temporary impairments included in other comprehensive income (loss)	2	(27)	(3)	(30)
Net other-than-temporary impairments	(26)	(51)	(62)	(131)
Other investment gains (losses)	(14)	(88)	(6)	(78)
Total net investment gains (losses)	\$ (40)	\$ (139)	\$ (68)	\$ (209)

See Notes to Condensed Consolidated Financial Statements

#### GENWORTH FINANCIAL, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except per share amounts)

Assets Investments:         S 521 state 1 state 1 state 1 state 1 state 2 stat			June 30, 2011 (Unaudited)		cember 31, 2010
Fixed maturity securities available-for-sale, aft fair value	Assets		,		
Equity securities available-for-sale, at fair value         374         332         6.718         6.432         6.718         6.432         6.718         6.432         6.718         6.432         6.718         6.432         6.718         6.432         6.718         6.542         6.77         507	Investments:				
Commercial mortgage loans         6,432         6,718           Restricted commercial mortgage loans related to securitization entities         457         507           Policy loans         3,301         3,834           Restricted other invested assets         3,301         3,834           Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)         370         372           Total investments         68,706         68,437         2,331         3,132           Cash and cash equivalents         693         7,331         3,132           Accrued investment income         693         7,322         7,226           Intangible assets         692         7,42           Goodwill         16,999         71,913           Oblicy assets         11,599         71,919           Deferred tax set         12,91         1,106           Total assets         \$11,237         \$ 11,239           Elabilities and stockholders equity         1,1452         1,166           Elabilities and stockholders equity         2,127         6,933         6,937           Elabilities and stockholders equity         3,317         5,071         6,937         6,933         6,937         6,933         6,937         6,933	Fixed maturity securities available-for-sale, at fair value	\$	56,221	\$	55,183
Restricted commercial morrage loans related to securitization entities         457         507           Obley loans         1,542         1,471           Other invested assets         3,301         3,854           Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)         379         372           Total investments         68,706         68,337         1,332           Cash and cash equivalents         2,831         3,332         2,733           Deferred quisity time come         600         7,33         2,733           Deferred quisity time come         602         7,41         600         7,41           Goodwill         1,333         1,232         1,133         1,132         1,10           Other assets         98         8         8         1,10	Equity securities available-for-sale, at fair value		374		332
Policy lousn         1,542         1,471           Other invested assets         3,301         3,838           Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)         379         372           Total investments         68,706         8,437           Cash and cash equivalents         2,831         3,132           Accrued investment income         693         7,352           Goodwill         16,99         7,256           Intangible assets         16,99         17,29           Going Ill         15,99         17,29           Cheirs assets         988         8,10           Deferred tax seet         12,91         1,106           Forture policy benefits         11,452         11,666           Total assets         11,234         \$ 112,395           Liabilities and stockholders equity         11,452         11,666           Total assets         \$ 12,347         \$ 112,395           Liability for policy and contract claims         \$ 3,177         \$ 30,717           Policyholder account balances         26,115         \$ 26,978           Liability for policy and contract claims         4,55         4,54           Other liabilities (3145 and \$150 other liabilities related to			6,432		6,718
Policy lousn         1,542         1,471           Other invested assets         3,301         3,838           Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)         379         372           Total investments         68,706         8,437           Cash and cash equivalents         2,831         3,132           Accrued investment income         693         7,352           Goodwill         16,99         7,256           Intangible assets         16,99         17,29           Going Ill         15,99         17,29           Cheirs assets         988         8,10           Deferred tax seet         12,91         1,106           Forture policy benefits         11,452         11,666           Total assets         11,234         \$ 112,395           Liabilities and stockholders equity         11,452         11,666           Total assets         \$ 12,347         \$ 112,395           Liability for policy and contract claims         \$ 3,177         \$ 30,717           Policyholder account balances         26,115         \$ 26,978           Liability for policy and contract claims         4,55         4,54           Other liabilities (3145 and \$150 other liabilities related to	Restricted commercial mortgage loans related to securitization entities		457		507
Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)         379         372           Total investments         68,706         68,437           Cash and eash equivalents         2,831         3,132           Deferred acquisition costs         7,362         7,256           Intagible assets         69         741           Goodwill         1,333         1,239           Reinsurance recoverable         16,99         17,191           Other assets         988         810           Deferred tax asset         1,1452         11,000           Total assets         11,452         11,000           Separate account assets         11,452         11,606           Total assets         \$112,347         \$ 112,395           Liabilities and stockholders equity         11,452         11,606           Total assets         \$11,237         \$ 30,717           Policyholder account balances         26,115         26,978           Liability for policy and contract claims         7,327         6,933           Other liabilities (5145 and \$150 other liabilities related to securitization entities (58 and \$51 at fair value)         4,54         4,54           Other liabilities (145 and \$150 other liabilities related to securitization entities			1,542		1,471
Total investments         68,706         68,431           Cash and cash equivalents         2,831         3,132           Accrued investment income         693         733           Deferred acquisition costs         7,256         7,256           Intengible assets         692         741           Goodwill         16,999         17,191           Oberland assets         988         810           Deferred tax sset         988         810           Deferred tax sset         11,452         11,066           Total assets         11,234         11,106           Experiment account assets         11,100         11,100           Separate account assets         11,100         11,100         11,100           Separate account assets         11,100	Other invested assets		3,301		3,854
Cash and cash equivalents         2,831         3,132           Accured investment income         693         735           Deferred acquisition costs         7,362         7,256           Intangible assets         692         741           Goodwill         13,333         1,329           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,100           Separate account assets         11,452         11,666           Total assets         \$112,375         \$112,395           Liabilities and stockholders equity         ***         ***           Liabilities and stockholders equity         ***         ***           Liability Separate account assets         \$31,177         \$30,717           Policy benefits         \$2,115         26,978           Liability Separate account adalances         \$31,177         \$30,717           Policy policy and contract claims         \$3,374         \$4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         \$5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494	Restricted other invested assets related to securitization entities (\$378 and \$370 at fair value)		379		372
Cash and cash equivalents         2,831         3,132           Accured investment income         693         735           Deferred acquisition costs         7,362         7,256           Intangible assets         692         741           Goodwill         13,333         1,329           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,100           Separate account assets         11,452         11,666           Total assets         \$112,375         \$112,395           Liabilities and stockholders equity         ***         ***           Liabilities and stockholders equity         ***         ***           Liability Separate account assets         \$31,177         \$30,717           Policy benefits         \$2,115         26,978           Liability Separate account adalances         \$31,177         \$30,717           Policy policy and contract claims         \$3,374         \$4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         \$5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494	Total investments		68,706		68,437
Accurate investment income         693         7.33           Deferred acquisition costs         7,262         7.256           Intangible assets         692         7.45           Goodwill         1,333         1,329           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         11,291         1,106           Total assets         111,432         111,666           Total assets         \$112,347         \$112,395           Liabilities and stockholders equity         ***         ***           Liability propolicy benefits         \$31,177         \$30,717           Policyholder account balances         26,115         26,978           Liability for policy and contract clains         7,227         6,933           Unearned premiums         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities (\$8 and \$51 at fair value)         452         494           Non-recourse fluiding obligations         3,374         4,353         4,543           Lore protorwings         4,755         4,952         4,952         4,952         4,952         4,952         4,952         4,952         4,952	Cash and cash equivalents				
Intangible assets         692         741           Goodwill         1,333         1,329           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,106           Total assets         11,452         11,666           Total assets         112,347         \$ 112,395           Liabilities and stockholders equity         ************************************	1		693		733
Intangible assets         692         741           Goodwill         1,333         1,329           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,106           Total assets         11,452         11,666           Total assets         112,347         \$ 112,395           Liabilities and stockholders equity         ************************************	Deferred acquisition costs		7,362		7,256
Goodwill         1,333         1,339           Reinsurance recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,106           Separate account assets         11,452         11,666           Total assets         \$ 112,347         \$ 112,395           Liabilities         ****         ****           Teture policy benefits         \$ 31,177         \$ 30,717           Policy bholder account balances         26,115         26,978           Liability for policy and contract claims         7,327         6,933           Unearned premiums         4,563         4,541           Other liabilities (\$143 and \$150 other liabilities related to securitization entities)         5,637         6,835           Surrowings related to securitization entities (\$58 and \$51 at fair value)         4,55         4,54           Other liabilities (\$143 and \$150 other liabilities related to securitization entities)         3,37         4,83           Surrowings funding obligations         3,37         4,83           Long-term brorwings         4,75         4,95           Deferred tax liabilities         96,789         97,424           Commitments and contingencies         1,45			692		741
Reinsurace recoverable         16,999         17,191           Other assets         988         810           Deferred tax asset         1,291         1,100           Separate account assets         11,452         11,666           Total assets         112,347         \$ 112,395           Liabilities and stockholders equity         ****  ****  ****  ****  ****  ****  ****			1,333		1,329
Deferred tax asset         1,291         1,100           Separate account assets         11,452         11,666           Total assets         \$ 112,347         \$ 112,395           Liabilities and stockholders equity         Equity policy benefits         \$ 31,177         \$ 30,717           Policyholder account balances         26,115         26,978           Liability for policy and contract claims         7,327         6,933           Unearned premiums         4,563         4,541           Other liabilities (3145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         96,789         97,424           Commitments and contingencies         11,452         11,666           Total liabilities         96,789         97,424           Commitments and contingencies         1,210         1           Stockholders equity:         2         1           Class A co	Reinsurance recoverable				17,191
Separate account assets         11,452         11,666           Total assets         \$ 112,347         \$ 112,395           Liabilities and stockholders equity         Liabilities:           Future policy benefits         \$ 31,177         \$ 30,717           Policy pholder account balances         \$ 26,115         26,978           Liability for policy and contract claims         7,327         6,933           Unearned premiums         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         11,452         11,666           Total liabilities         96,789         97,424           Commitments and contingencies         5         11,452         11,666           Total liabilities         10,20,201 and December 31, 2010, respectively; 491 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30,	Other assets		988		810
Total assets   \$ 112,347   \$ 112,395	Deferred tax asset		1,291		1,100
Total assets         \$ 112,347         \$ 112,395           Liabilities and stockholders equity           Future policy benefits         \$ 30,717         \$ 6,933         \$ 4,563         4,541         Other liabilities (S145 and S150 other liabilities related to securitization entities)         \$ 5,637         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,933         \$ 6,93	Separate account assets		11,452		11,666
Liabilities:         \$ 31,177         \$ 30,717           Pitture policy benefits         \$ 26,115         26,978           Liability for policy and contract claims         7,327         6,938           Liability for policy and contract claims         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         11,452         11,666           Total liabilities         96,789         97,424           Commitments and contingencies         5         7           Stockholders equity:         Commitments and contingencies         5         4           Stockholders equity:         1         1         1           Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively         1         1         1		\$	112,347	\$	112,395
Future policy benefits         \$ 31,177         \$ 30,717           Policy holder account balances         26,115         26,978           Liability for policy and contract claims         7,327         6,933           Uncarned premiums         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         96,789         97,424           Commitments and contingencies           Stockholders equity:           Class A common stock, \$0,001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively         1         1           Accumulated other comprehensive income (loss):         45         1         1           Net unrealized investment gains (losses):         1         1         1           Net unrealized gains (losses) on securities not	1 7				
Policyholder account balances         26,115         26,978           Liability for policy and contract claims         7,327         6,933           Unearned premiums         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         96,789         97,424           Commitments and contingencies           Stockholders equity:           Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively         1         1           Accumulated other comprehensive income (loss):         Net unrealized investment gains (losses) on securities not other-than-temporarily impaired         352         21		ф	21 177	ф	20.717
Liability for policy and contract claims         7,327         6,933           Uncarned premiums         4,563         4,541           Other liabilities (\$145 and \$150 other liabilities related to securitization entities)         5,637         6,085           Borrowings related to securitization entities (\$58 and \$51 at fair value)         452         494           Non-recourse funding obligations         3,374         3,437           Long-term borrowings         4,755         4,952           Deferred tax liability         1,937         1,621           Separate account liabilities         96,789         97,424           Commitments and contingencies           Stockholders equity:           Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively         1         1           Additional paid-in capital         12,110         12,095    Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired         352         21		\$	,	\$	
Unearned premiums       4,563       4,541         Other liabilities (\$145 and \$150 other liabilities related to securitization entities)       5,637       6,085         Borrowings related to securitization entities (\$58 and \$51 at fair value)       452       494         Non-recourse funding obligations       3,374       3,437         Long-term borrowings       4,755       4,952         Deferred tax liability       1,937       1,621         Separate account liabilities       96,789       97,424         Commitments and contingencies         Stockholders equity:         Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and paid-in capital       1       1         Accumulated other comprehensive income (loss):       1       1       1         Net unrealized investment gains (losses):       Net unrealized investment gains (losses):       21					
Other liabilities (\$145 and \$150 other liabilities related to securitization entities)5,6376,085Borrowings related to securitization entities (\$58 and \$51 at fair value)452494Non-recourse funding obligations3,3743,437Long-term borrowings4,7554,952Deferred tax liability1,9371,621Separate account liabilities11,45211,666Total liabilities96,78997,424Commitments and contingenciesStockholders equity:Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively11Additional paid-in capital12,11012,095Accumulated other comprehensive income (loss):Net unrealized investment gains (losses))Net unrealized investment gains (losses))35221			,		
Borrowings related to securitization entities (\$58 and \$51 at fair value)  Non-recourse funding obligations  Long-term borrowings  4,755 4,952 Deferred tax liability 1,937 1,621 Separate account liabilities  11,452  Total liabilities  96,789 97,424  Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21					
Non-recourse funding obligations  Say 3,374  A,4755  Long-term borrowings  Deferred tax liability  Separate account liabilities  11,452  11,666  Total liabilities  Pof,789  97,424  Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011  Additional paid-in capital  Accumulated other comprehensive income (loss):  Net unrealized gains (losses) on securities not other-than-temporarily impaired  352  21			,		,
Long-term borrowings 4,755 4,952 Deferred tax liability 1,937 1,621 Separate account liabilities 11,452 11,666  Total liabilities 96,789 97,424  Commitments and contingencies  Stockholders equity: Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss): Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21					
Deferred tax liability  Separate account liabilities  11,452 11,666  Total liabilities  96,789 97,424  Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011  Additional paid-in capital  1 1 Additional paid-in capital  1 2,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21					
Separate account liabilities 11,452 11,666  Total liabilities 96,789 97,424  Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011  Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses) on securities not other-than-temporarily impaired 352 21					
Total liabilities 96,789 97,424  Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively  Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses) on securities not other-than-temporarily impaired 352 21	·				
Commitments and contingencies  Stockholders equity:  Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively  1 1  Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21	Separate account natimities		11,432		11,000
Stockholders equity: Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively  1 1 Additional paid-in capital  12,110 12,095  Accumulated other comprehensive income (loss): Net unrealized investment gains (losses): Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21	Total liabilities		96,789		97,424
Stockholders equity: Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively  1 1 Additional paid-in capital  12,110 12,095  Accumulated other comprehensive income (loss): Net unrealized investment gains (losses): Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21	Commitments and contingencies				
Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of June 30, 2011 and December 31, 2010, respectively; 491 million and 490 million shares outstanding as of June 30, 2011 and December 31, 2010, respectively  1 1 Additional paid-in capital  12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21	Stockholders equity:				
Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21	Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million and 578 million shares issued as of				
Additional paid-in capital 12,110 12,095  Accumulated other comprehensive income (loss):  Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21			1		1
Net unrealized investment gains (losses):  Net unrealized gains (losses) on securities not other-than-temporarily impaired  352 21	ė ·		12,110		12,095
Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21	Accumulated other comprehensive income (loss):				
Net unrealized gains (losses) on securities not other-than-temporarily impaired 352 21	Net unrealized investment gains (losses):				
	Net unrealized gains (losses) on securities not other-than-temporarily impaired		352		21
	Net unrealized gains (losses) on other-than-temporarily impaired securities		(116)		(121)

Net unrealized investment gains (losses)	236	(100)
Derivatives qualifying as hedges	943	924
Foreign currency translation and other adjustments	883	668
Total accumulated other comprehensive income (loss)	2,062	1,492
Retained earnings	2,959	2,973
Treasury stock, at cost (88 million shares as of June 30, 2011 and December 31, 2010)	(2,700)	(2,700)
Total Genworth Financial, Inc. s stockholders equity	14,432	13,861
Noncontrolling interests	1,126	1,110
Total stockholders equity	15,558	14,971
	, -	<i>y</i>
Total liabilities and stockholders equity	\$ 112,347	\$ 112,395

See Notes to Condensed Consolidated Financial Statements

#### GENWORTH FINANCIAL, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

#### (Amounts in millions)

#### (Unaudited)

	Com sto		Additional paid-in capital	comp	umulated other prehensive ncome (loss)	Retained earnings	Treasury stock, at cost	sto	Total enworth inancial, Inc. s ckholders equity	ontrolling terests	Total kholders equity
Balances as of December 31, 2010	\$	1	\$ 12,095	\$	1,492	\$ 2,973	\$ (2,700)	\$	13,861	\$ 1,110	\$ 14,971
Repurchase of subsidiary shares Comprehensive income (loss):										(71)	(71)
Net income (loss)						(14)			(14)	70	56
Net unrealized gains (losses) on securities not other-than-temporarily impaired					331				331	5	336
Net unrealized gains (losses) on other-than-temporarily impaired											
securities					5				5		5
Derivatives qualifying as hedges Foreign currency translation and					19				19		19
other adjustments					215				215	36	251
Total comprehensive income (loss)											667
Dividends to noncontrolling interests										(24)	(24)
Stock-based compensation expense											
and exercises and other			15						15		15
Balances as of June 30, 2011	\$	1	\$ 12,110	\$	2,062	\$ 2,959	\$ (2,700)	\$	14,432	\$ 1,126	\$ 15,558
Balances as of December 31, 2009	\$	1	\$ 12,034	\$	(164)	\$ 3,105	\$ (2,700)	\$	12,276	\$ 1,074	\$ 13,350
Cumulative effect of change in accounting, net of taxes and other											
adjustments					91	(104)			(13)		(13)
Comprehensive income (loss):						220			220	60	200
Net income						220			220	69	289
Net unrealized gains (losses) on securities not other-than-temporarily impaired					1,268				1,268	9	1,277
Net unrealized gains (losses) on					1,200				1,200	- J	1,411
other-than-temporarily impaired											
securities					68				68		68
Derivatives qualifying as hedges					360				360		360
Foreign currency translation and other adjustments					(292)				(292)	(15)	(307)

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Total comprehensive income (loss)								1,687
Dividends to noncontrolling								
interests							(21)	(21)
Stock-based compensation expense								
and exercises and other		24				24		24
Other capital transactions		20				20		20
Balances as of June 30, 2010	\$ 1	\$ 12,078	\$ 1,331	\$ 3,221	\$ (2,700)	\$ 13,931	\$ 1,116	\$ 15,047

See Notes to Condensed Consolidated Financial Statements

#### GENWORTH FINANCIAL, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (Amounts in millions)

#### (Unaudited)

Cash flows from operating activities:  Net income  Adjustments to reconcile net income to net cash from operating activities:	209 (233)
Net income \$ 56 Adjustments to reconcile net income to net cash from operating activities:	5 209 (233)
Adjustments to reconcile net income to net cash from operating activities:	5 209 (233)
	209 (233)
	209 (233)
Amortization of fixed maturity discounts and premiums and limited partnerships (53)	(233)
Net investment losses (gains) 68	
Charges assessed to policyholders (327)	
Acquisition costs deferred (449)	
Amortization of deferred acquisition costs and intangibles 382	363
Deferred income taxes (85)	(173)
Net increase in trading securities, held-for-sale investments and derivative instruments 79	119
Stock-based compensation expense 16	23
Change in certain assets and liabilities:	
Accrued investment income and other assets (83)	24
Insurance reserves 1,281	1,208
Current tax liabilities 5	(211)
Other liabilities and other policy-related balances (48)	(674)
Net cash from operating activities 842	557
Cash flows from investing activities:	
Proceeds from maturities and repayments of investments:	
Fixed maturity securities 3,069	2,057
Commercial mortgage loans 411	263
Restricted commercial mortgage loans related to securitization entities 49	27
Proceeds from sales of investments:	
Fixed maturity and equity securities 1,893	2,393
Purchases and originations of investments:	
Fixed maturity and equity securities (5,183)	(6,867)
Commercial mortgage loans (142)	(23)
Other invested assets, net (28)	1,491
Policy loans, net (71)	(64)
Payments for businesses purchased, net of cash acquired (4)	
Net cash from investing activities (6)	(723)
Cash flows from financing activities:	
Deposits to universal life and investment contracts  1,221	1,174
Withdrawals from universal life and investment contracts (2,123)	
Short-term borrowings and other, net	(285)
Redemption and repurchase of non-recourse funding obligations (45)	
Proceeds from the issuance of long-term debt  545	660
Repayment and repurchase of long-term debt (760)	
Repayment of borrowings related to securitization entities (49)	(31)

Repurchase of subsidiary shares	(71)	
Dividends paid to noncontrolling interests	(24)	(21)
Net cash from financing activities	(1,169)	(243)
Effect of exchange rate changes on cash and cash equivalents	32	(7)
Net change in cash and cash equivalents	(301)	(416)
Cash and cash equivalents at beginning of period	3,132	5,002
Cash and cash equivalents at end of period	\$ 2,831	\$ 4,586